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Original Scientific Paper

## Marketing research among companies in Pollog region

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### Abstract

Marketing research in general and market research in particular have proven as a key factor in gaining and maintaining success in today's business environment. This process is of immense importance, since it serves as a connecting bridge between the marketer that is the company on one side and the customers and end users on the other side. Thus, the information gathered via marketing research provides insides as to the customer's needs and wants as well as helps in defining new market opportunities. On the other side it also supports company flexibility and makes addressing customer needs and wants easier. The very fact that marketing research emphasizes the need for a company to be proactive when it comes to identifying new opportunities and seizing them makes marketing research even more important nowadays. But, it should also be noted that successful marketing research is not a sole guarantee of company success since it only results in finding new opportunities and identifying market changes and challenges, but the rest in terms of reacting and seizing the moment depends on a broader variety of factors all leading to managers and managerial styles and capabilities. The paper is not focused on literature review, but rather on determining the level of implementation of marketing research techniques and models by companies in Pollog region, as well as determining the key challenges they are being faced with in an attempt to provide clear recommendations that might give a boost to marketing research among companies in this region.

*Keywords:* marketing research, challenges, Pollog region

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### 1. Literature Review

Marketing research has been variously defined but, essentially, it relates to the collection of information regarding actual and potential customers in the market place together with the analysis and interpretation of these market data for use in management marketing decision making. Usually such decisions relate to the elements of the marketing mix, i.e. to product, pricing, promotion and channels of distribution decisions. (Stone & Desmond, 2007, p.117).

Marketing research is the process of planning, collecting, and analyzing data relevant to a marketing decision. The results of this analysis are then communicated to management. Thus, marketing research is the function that links the consumer customer, and public to the marketer through information. Marketing research plays a key role in the marketing system. It provides decision makers with data on the effectiveness of the current marketing mix and also with

insights for necessary changes. (Lamb et al, 2013, p.308). Kotler and Keller (2012, p.98) define marketing research as the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company. According to the American Marketing Association Marketing research is the function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

Marketing research is the systematic design, collection, interpretation, and reporting of information to help marketers solve specific marketing problems or take advantage of marketing opportunities. As the word *research* implies, it is a process for gathering the information needed that is not already available to decision makers. The purpose of marketing research is to inform an organization about customers' needs and desires, marketing opportunities for particular goods and services, and changing attitudes and purchase patterns of customers. Market information increases the firm's ability to make informed decisions and respond to customer needs, which can lead to improved organizational performance. Detecting shifts in buyers' behaviors and attitudes helps companies react to the ever-changing marketplace. Strategic planning requires marketing research to facilitate the process of assessing such opportunities or threats. (Prode & Ferrell, 2015, p.178).

Marketing research can be viewed as playing three functional roles: descriptive, diagnostic, and predictive. Its descriptive function includes gathering and presenting statements of fact. What is the historic sales trend in the industry? What are consumers' attitudes and beliefs toward a product? The second role of research is the diagnostic function, wherein data and/or actions are explained. The final role of research is the predictive function. How can the firm best take advantage of opportunities as they arise in the ever-changing marketplace? (McDaniel & Gates, 2013, p.4).

Some large companies have their own research departments that work with marketing managers on marketing research projects. This is how Procter & Gamble, GE, and many other corporate giants handle marketing research. In addition, these companies like their smaller counterparts frequently hire outside research specialists to consult with management on specific marketing problems and conduct marketing research studies. Sometimes firms simply purchase data collected by outside firms to aid in their decision making. (Armstrong & Kotler, 2011, p.106)

Zigmund and Babin (2007, p.6) propose a distinction to be made between applied and basic marketing research. According to them, while applied marketing research is conducted to address a specific marketing decision for a specific firm or organization, basic marketing research is conducted without a specific decision in mind, and it usually does not address the needs of a specific organization (as) it attempts to expand the limits of marketing knowledge in general, and as such it is not aimed at solving a particular pragmatic problem.

Several categories of applied marketing research can be differentiated (Proctor, 2005, p.13-14):

- Preliminary research. Preliminary research is often necessary before a final statement and definition of a problem can be agreed on.
- Conclusive research. Conjectures or hypotheses are developed in the preliminary search and in the course of defining the marketing problem. Conclusive research is carried out to produce evidence to support these hypotheses. In conducting conclusive research, a thorough search of already published data is made. Fieldwork may also be conducted.
- Performance research. Performance research is concerned with assessing how well recommended marketing actions are being carried out and what benefits in terms of the objectives set are being realized. Performance research monitors the effectiveness of marketing management. It questions the definition of the problem that has directed the work to date. It makes one review whether a new study is desirable because certain questions remain unsatisfactorily resolved.

Managers consider several factors before embarking on a marketing research project. First, will the research be useful; will it provide insights beyond what the managers already know and reduce uncertainty associated with the project? Second, is top management committed to the project and willing to abide by the results of the research? Related to both of these questions is the value of the research. Marketing research can be very expensive, and if the results won't be useful or management does not abide by the findings, it represents a waste of money. Third, should the marketing research project be small or large? A project might involve a simple analysis of data that the firm already has, or it could be an in-depth assessment that costs hundreds of thousands of dollars and takes months to complete. (Grewal, Levy, 2014, p.298). Aside from this, several other constraints need to be kept in mind when deciding whether marketing research should or should not be conducted, fig.1.

Time Constraints	Availability of Data	Nature of the Decision	Benefits versus Costs	
Is sufficient time available before a decision will be made?	Can the decision be made with what is already known?	Is the decision of considerable strategic or tactical importance?	Does the value of the research information exceed the cost of conducting research?	Conduct Marketing Research
Yes →	Yes →	Yes →	Yes →	Yes →
No ↓	No ↓	No ↓	No ↓	
Do Not Conduct Marketing Research				

**Figure 1.** When should marketing research be conducted? (Zigmund & Babin, 2007, p.21)

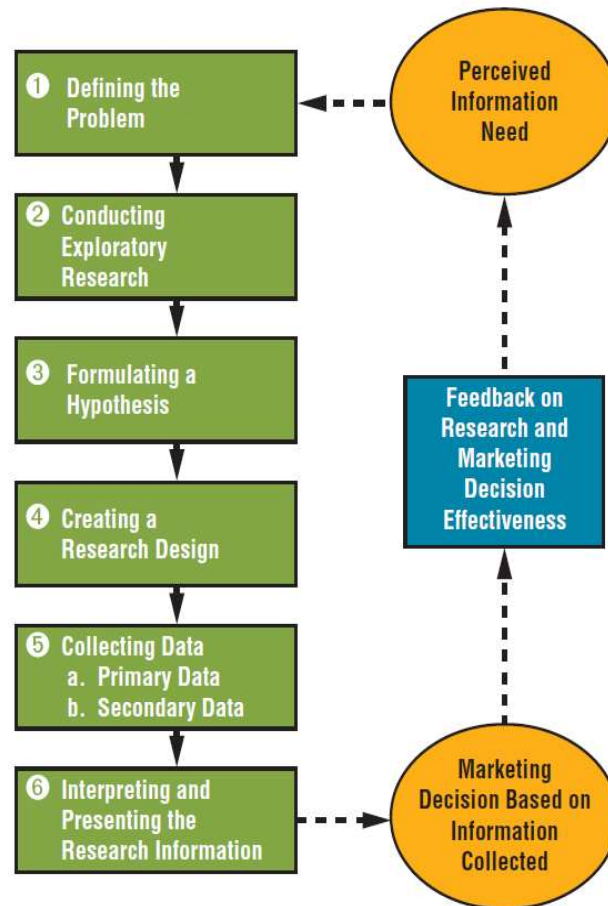
On the other hand, the American Marketing Association determines three basic usages of marketing research: Identifying market opportunities and problems; Generating, refining, and evaluating potential market actions and Monitoring marketing performance.

Although usually discussed as one general term, marketing research is a very complex issue, especially having in mind that it includes several components: (Blythe, 2009, p. 31-32).

- Customer research. This is concerned with the motivation and behavior of customers, their geographic and demographic spread, their number and spending power and their

creditworthiness. It is predominantly used for segmentation and targeting purposes, but is also useful for predicting trends and developing new products.

- Advertising research. This is used to measure the success (or otherwise) of advertising campaigns.
- Product research. Product research provides information on which features and benefits most appeal to customers, and can also provide information on competitors' products.
- Distribution research. This is concerned with finding the most effective distribution channels.
- Sales research. Sales research helps to assess the effectiveness of individual salespeople, of different sales techniques and of different sales management methods.
- Environment research. Environment research looks at the social, political, economic and technological factors that might affect the firm and its brands in the future.
  - Kurtz provides a six step process of marketing research, presented in figure 2.



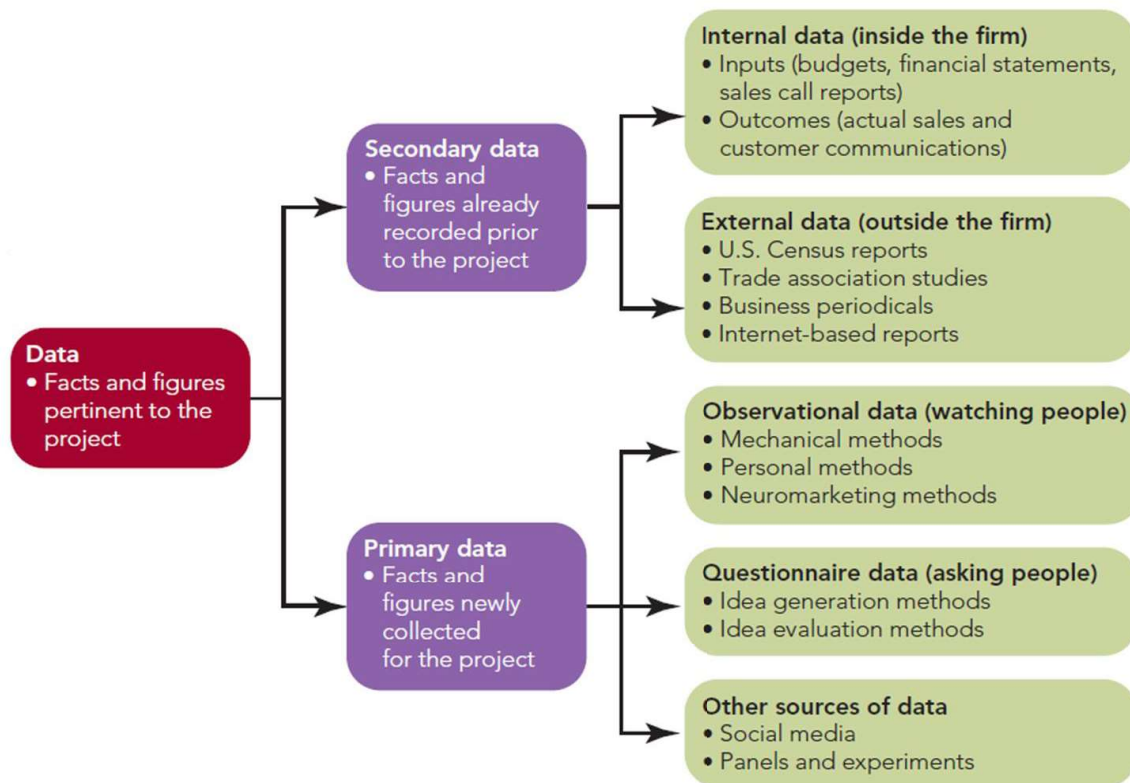
**Figure 2.** Process of marketing research (Kurtz, 2010, p.244)

According to the above mentioned model the process of marketing research begins with a well-defined problem as a key stage that among others includes an analysis of the marketing mix of the company. After proper definition of the problem, the researcher begins with his attempts of defining the source or sources of the problem by discussing the same with others

within the organization and outside of it. After having this done, the marketing researcher may or may not define a hypothesis to test. In the following stage a certain research design, and based on the planned design they collect primary and secondary data to be used in determining solutions to the problem and to test the hypothesis. After having collected the needed data, the marketing researcher needs to interpret them to the decision makers in the form of written and oral reports.

But, when discussing the process of marketing research, it should be noted that although tens of model have been provided so far, in general they are very similar and differ only in the number of stages including. Otherwise, the process of marketing research follows the clear logic of research in general and includes stages such as: problem identification, gathering data and their management, data interpretation and based on that finding a proper solution to the problem. From this point of view, it is obvious that the researchers should be extra careful in determining the problem since this stage requires a multi-dimensional approach and capacity to focus in order not to deal with the symptoms, consequences instead of the source of such symptoms/consequences. A clearly defined problem would focus further activities and make the whole process more effective.

As can be noted throughout literature, perhaps the most crucial phase in conduction successful marketing research, aside from the marketing research techniques themselves, is marketing information, which in turn can be found from different sources, fig.3.



**Figure 3.** Types of marketing information (Kerin & Hartley, 2016, p.165)

Interpretation is an important phase of the marketing process. The best research is meaningless if the manager blindly accepts wrong interpretations from the researcher. Similarly, managers may have biased interpretations – they tend to accept research results that show what they expected and to reject those that they did not expect or hope for. Thus managers and researchers must work together closely when interpreting research results and both share responsibility for the research process and resulting decisions. (Kotler et al, 2005, p.361).

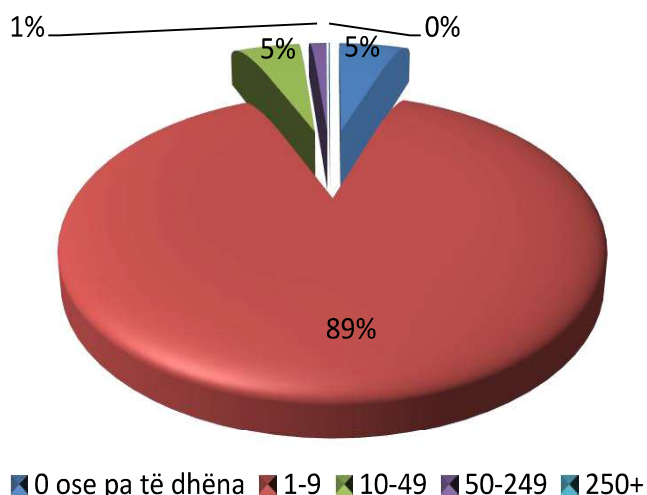
## 2. Sample description

The paper is based on a research conducted within companies from the Pollog region. The region has been chosen due to the fact that it has the largest number of active businesses after Skopje region that includes the capital of the country. In fact, as can be noted from the data presented in the following table, at the end of 2018 around 11.44% from the total number of active business subjects in the country belonged to Pollog region.

**Table 1.** Active business entities in the Republic of North Macedonia by regions

Region	n	%
Vardar region	5409	7,48
Eastern region	5632	7,79
Southwestern region	7209	9,97
Southeastern region	5985	8,28
Pelagonija region	8118	11,23
Pollog region	8272	11,44
Northeastern region	4078	5,64
Skopje region	27612	38,18

On the other hand, it should be noted that most companies in Pollog region belong to the category of micro business, with big businesses having a very low participation in the total number of companies in this region, chart 1.



**Chart 1.** Companies in the Pollog region by number of employees at the end of 2018

As can be noted almost nine in ten companies in this region have less than 10 employees. The region includes only 408 small businesses and only 106 medium-sized enterprises.

**Table 2.** Size Active business entities in the Republic of North Macedonia according to number of employees by regions

Region	1-9	10-49	50-249	250 +
Vardar region	79,1	7,3	1,9	0,3
Eastern region	81,7	6,6	1,8	0,3
Southwestern region	79,5	8,1	3,1	0,4
Southeastern region	83,4	5,6	1,5	0,2
Pelagonija region	78,4	8,2	1,9	0,2
Pollog region	83,3	6,3	1,7	0,3
Northeastern region	88,5	4,9	1,3	0,1
Skopje region	82,4	7,5	1,9	0,1

As shown in table 2, even though having a large number of active companies, Pollog region does not have a very favorable structure of active companies according to company size, compared to other regions in the country, with the exception of the Northeastern region. In fact, 88.5% of the total number of companies in Pollog region are micro companies while the medium for the country is 79.1%; 4.9% of companies in Pollog region are small business while the country medium is 7.3%; medium sized enterprises participate with 1.9% in the total number of companies in Pollog region, while the state medium is 1.9%. The Pollog region includes only 3.3% of the total number of companies with more than 250 employees and it includes only 7.5% of the total number of medium sized enterprises operating in the Republic of North Macedonia.

This survey is part of a larger project on marketing practices in Pollog region, therefore the sample description is identical to a previously published paper (Ismaili & Aziri, 2018). In fact the study was focused on companies that have at least 10 employees or more. This group of companies as can be noted from the data from the State statistical office of the Republic of Macedonia, is comprised of only 506 companies, 8 of which have 250 or more employees, 100 have between 50-249 employees and 398 companies have 10-49 employees.

From the above mentioned companies, 305 were approached to participate in the research, but only 89 of them responded positively, table 3.

**Table 3.** Data sample

Companies	n	%
Companies according to the number of employees		
10-49	21	23.60
51-100	17	19.10
101-150	21	23.60
151-200	18	20.22
201-250	9	10.11
More than 250	3	3.37
Companies according to the industry		

Agriculture	11	12.36
Production	42	47.19
Construction	9	10.11
Trade	19	21.35
Other	8	8.99

As can be noted, the sample is dominated by companies that have between 10-150 employees, which is a good representation of the actual structure of companies by size. According to industry, most companies taking part in the survey were production companies and trade companies.

### 3. Data analysis

First things first, it should be noted that companies in Pollog region, are lacking behind, when it comes to marketing in general, marketing departments and marketing experts as illustrated in table 4.

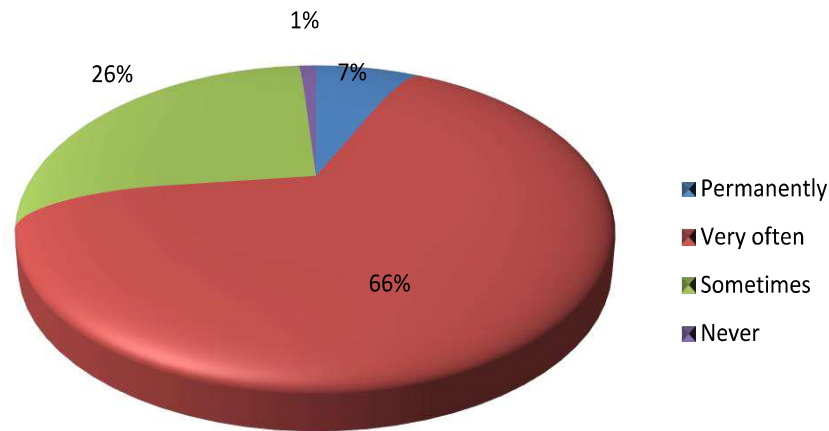
**Table 4.** General data on marketing among companies in Pollog region (Ismaili & Aziri, 2018)

	Yes		No	
	n	%	n	%
Does the company have a marketing department	3	3,4	86	96,6
Does the company have specialized marketing staff	8	9,0	81	91,0
Has the company ever contacted a marketing specialist	2	2,2	87	97,8
Has the company ever cooperated with a marketing company	14	15,7	75	84,3
Has the company ever had a marketing consultant	1	1,1	88	98,9
Has the company ever prepared a marketing plan	23	25,8	66	74,2

Another previous study (Veseli et al, 2014), conducted several years ago, confirmed a larger interest of SME's in Pollog region, in terms of engaging marketing experts. This might be due to the worsened financial positions and the changed focus on mere survival on the market for many companies over the year, although the reasons need to be further studied, which is one of the limitations of this paper.

Having this in mind, it should not be surprising that only 13% of the total number of businesses have confirmed that they have placed functional marketing research systems. But, on the other hand, it should be mentioned that, as the paper will further show a large portion of these companies in fact are engaged in marketing research activities as a tool to maintain market success.





**Chart 2.** Frequency of being faced with problems with the 4P

As the data presented in chart 2 prove, almost all companies are faced with issues in the field of marketing, as expected. In fact, 73% of the total number of responding companies shows a high frequency of dealing with problems either in the field of product management, pricing, promotion or in the distribution of their products. This should without a doubt be addressed to the general business climate in the region, but also to the lack of proper marketing departments which in turn signals the lack of a much needed systematic focus on marketing issues and problems.

**Table 5.** Exploratory research among companies in Pollog region

	Yes		No	
	n	%	n	%
We discuss the problem with our employees	23	25,8	66	74,2
We discuss the problem within our managerial structure	78	87,6	11	12,4
We discuss the problem with our business partners	31	34,8	58	65,2
We seek advice from experienced people	76	85,4	13	14,6
We seek advice from marketing companies	6	6,7	83	93,3

As can be noted from the data presented in table 5, although they might not call it “exploratory research”, in practice companies from this region do conduct some sort of exploratory research, since they try to discuss the problem with those that the decision makers consider to be important stakeholders or might be able to contribute to solving the issue. As can be noted, in most companies, discussing the problems with the employees at large is not preferred, although over 85% of companies seek advice from experienced people when being faced with a marketing problem. As individual discussions with the respondents have shown, this group includes particular older employees with longer experiences managerial structures prefer

to maintain “special relations” with. A surprising fact is that over 12% of respondents have declared that when being faced with marketing problems, they keep a “closed system” approach and do not openly discuss the issue with other people in managerial positions. Unfortunately, this was not expected therefore no follow-up questions were a part of the survey regarding this matter.

When it comes to the “development of hypothesis” and the “research design” part of the marketing research process (as presented in fig. 2), none of the responding companies declared being engaged in such activities. On the other hand, as can be noticed from the data presented in table 6, the managerial structure of the company with the support of individual employees are in all companies permanently engaged in data gathering, from both primary and secondary sources.

**Table 6.** Data gathering among companies in Pollog region

	Yes		No	
	n	%	n	%
We use social media as a source of information	67	75,3	22	24,7
We use panels as source of information	0	0,0	89	100,0
We sometimes conduct questionnaire research with our customers	76	85,4	13	14,6
We use data published by the state statistical office	87	97,8	2	2,2
We use business periodical as a source of information	43	48,3	46	51,7
We use data from the commercial chambers	43	48,3	46	51,7
We permanently generate sales reports and use them as needed	89	100,0	0	0,0
We permanently communicate with our customers	89	100,0	0	0,0

As can be noted from table 6, all responding companies keep permanent communications with their customers, thus use them as a source of data in case of being faced with marketing problems. Sales reports are also widely used as sources of information. As can be noted panels are not at all applied by companies from Pollog region. On the other hand, these companies largely rely on other primary data sources.

All responding companies have declared that based on the data gathered and other factors, a set of actions is determined and that applied by the company in order to overcome the problems.

#### **4. Conclusions and recommendations**

As expected, the survey proves a lack of interest in establishing and maintaining a more systematic approach on marketing research by companies from Pollog region. The reasons should be additionally researched, although the lack of marketing departments, marketing experts and financial sources are among the many factors to be kept in mind. But, this in no case means that these companies are not striving to face with marketing problems, nor they are not willing to improve the process. As data shows, they struggle to find proper resources and build marketing sectors and departments. For the moment in the vast majority of cases, the CEO’s who

are by the way at the same time owners and in most cases founders of the companies, continue to exercise control over the marketing function, among other reasons because they are aware of its immense importance therefore show a lack of willingness to delegate decision making authority when it comes to these matters. The survey also proves that these companies have a certain “rudimentary approach” towards marketing research, but lack a holistic system of marketing management.

Based on the findings of the paper, one might recommend that these companies do more in terms of establishing systems of marketing research, but first overcome the obstacles in creating marketing departments in general. Such a recommendation, the authors are aware, that can be easily given, but not so easily applied due to the general way of doing business, the level of business’s development and their market positions and experiences in general.

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