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## MARKETING STRATEGIES AMONG SMALL AND MEDIUM SIZED COMPANIES IN THE POLOG REGION

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### Abstract

Marketing strategies, being an integral part of the large family of functional strategies play a major role in attaining and sustaining competitive advantage in the contemporary business environment. This is totally understandable having in mind the immense importance of marketing in general and its elements, mainly the 4P's and the 7P's. Aside from this, there is a large body of knowledge proving that marketing and strategic marketing contribute greatly to strategy and strategic management. The paper strives to provide an analysis of the level of implementation and obstacles to the implementation of marketing strategies by small and medium sized companies operating in the Polog region. As the results show, the companies in this region lack behind the developed world when it comes to the creation and implementation of marketing strategies, but on the other hand are not reluctant to learning and enabling members of their staff to gain appropriate knowledge on marketing strategies and later contribute for an improved future by supporting the management/owners in drafting and implementing marketing strategies, of course always having in mind the concrete situations these companies function in, and the capacities they possess.

**Keywords:** marketing, strategy, SME's, Polog region

### 1. Literature review

Critics of formal planning systems argue that we live in a world in which uncertainty, complexity, and ambiguity dominate, and in which small chance events can have a large and unpredictable impact on outcomes. In such circumstances, they claim, even the most carefully thought-out strategic plans are prone to being rendered useless by rapid and unforeseen change. In an unpredictable world, there is a premium on being able to respond quickly to changing circumstances and to alter the strategies of the organization accordingly (Hill, Jones, 2010, p.21).

**Table 1.** Alternative definitions on strategy (Aziri & Nedelea, 2013, pp.6)

Author	Definition
Weaver	Tourism is the sum of the phenomena and relationships arising from the interaction among tourists, business suppliers, host governments, host communities, origin governments, universities, community colleges and non-governmental organizations, in the process of attracting, transporting, hosting and managing these tourists and other visitors
Veblen	Tourism, then, is a form of leisure which demarcates the classes from one other and separates the enriched life from the ordinary person. Certainly, if Veblen were still alive, he would argue that exotic travel functions as a conspicuous display of wealth, and constitutes a class-identifying activity
Hunziker, Craft	The sum of the phenomena and relationships arising from the travel and stay of nonresidents, insofar as they do not lead to permanent residence and are not connected with any earning activity

Historically, views of strategy fall into two camps. There are those who equate strategy with planning. According to this perspective, information is gathered, sifted and analyzed, forecasts are made, and senior managers reflect upon the work of the planning department and decide what the best course for the organization is. This is a top-down approach to strategy. Others have a less

structured view of strategy as being more about the process of management. According to this second perspective, the key strategic issue is to put in place a system of management that will facilitate the capability of the organization to respond to an environment that is essentially unknowable, unpredictable and, therefore, not amenable to a planning approach. (Dobson *et al*, 2004, pp. 2).

Strategy focuses on making decisions today that affect the strategic direction and future success of the company. It involves strategic decision making about creating, developing, and building sustainable positions and achieving success in the business environment and markets. It also involves creating value for the whole enterprise through strategic leadership and sustainable solutions. Strategies and the related decision-making processes must be based on a multifaceted assessment of the business environment, a clear understanding of the opportunities and challenges in the market spaces of today, and the potential ones for tomorrow, and comprehensive perspectives about the capabilities, resources, capital, and leadership of the organization. (Rainey, 2010. Pp.169).

Strategies are usually classified into three broad “families” that is corporate strategies, business strategies and functional strategies. The attention of the author is focused on marketing strategies as a part of the functional strategies.

Corporate strategy is also known as enterprise strategy and it addresses the strategic question, “What set of businesses should we compete in?” This means it examines and clarifies at the group level which businesses should be operated overall. The best example of this are the conglomerates, such as General Electric and Siemens, which bring a wide range of very diverse businesses – from power plant construction to fridge manufacture – under one roof. In the case of legally independent integrated companies, there are also parent companies, each of which has a number of subsidiaries, which, in turn, all operate different businesses. For a parent company to justify its existence economically, it must offer its subsidiaries a parenting advantage. Such parenting advantages may be benefits arising from a common umbrella brand, from having management structures and systems consolidated at a single point instead of present in each company, from value-oriented portfolio management, and from other economies of scope. (Kotler *et al*, 2010, pp.34).

Business strategy focuses on improving the competitive position of a company’s or business unit’s products or services within the specific industry or market segment that the company or business unit serves. Business strategy is extremely important because research shows that business unit effects have double the impact on overall company performance than do either corporate or industry effects. Business strategy can be competitive (battling against all competitors for advantage) and/or cooperative (working with one or more companies to gain advantage against other competitors). Just as corporate strategy asks what industry (ies) the company should be in, business strategy asks how the company or its units should compete or cooperate in each industry. (Wheelen & Hunger, 2012, pp.183).

Functional strategies are those which involve the functional departments or divisions of organizations. Most companies have some elements of a functional or divisional structure in which people focus on a particular specialization such as finance, marketing, manufacturing, quality assurance, information systems, customer care, or a specialization such as a product or market. The overall business strategy has to be reflected and linked into the functional level strategies,

such as marketing strategies, human resource strategy and financial strategies. The organizational structure of a business needs to assist the business level strategy in one way or another, otherwise responsibilities for parts of the strategy may not be picked up by the functional units. At the same time, the functional departments may interpret the business strategy in ways that suit them rather than reflecting the needs of the whole business. (Hannagan, 2002, pp.16) Functional level strategy creates the action plans to achieve objectives as outlined in the corporate and business strategies. These action plans can lead to organizations obtaining superior efficiency, quality, innovation and customer responsiveness. Effective management of core functions such as accounting and finance, marketing, productions and operations, human resource management and research and development are a prerequisite for effective strategic planning, implementation and control. How each function contributes to business strategy, and determining their priorities is a concern for the CEO. Organizations can become market leaders based on their unique functional skills and competencies. This can either enable the execution of functional activities more efficiently or lower cost, or derive a differentiation advantage from their competitors. Functional strategies can build resources and capabilities that enhance an organisation's distinct competencies. (Philips & Moutinho, 2018, pp.33)

Marketing strategy has been the key planning challenge since the 1980s. From all indications, it should dominate your thinking and actions for the foreseeable future. Marketing strategy envelopes numerous and diverse issues, most of which relate directly to how successfully you can compete in a combative market place. They include: The level of customer relationships that you have cultivated; How effectively your new products and services match the needs of targeted customer groups; The commitment to competitive intelligence, which is the underpinning of competitive strategy; The awareness of changing demographics and shifting buying patterns; Where your company or product line is on the product life cycle; Your responsiveness to emerging, neglected and poorly served markets; supply chain issues; Internet and technological changes and the globalization of markets and products.( Paley, 2005, pp.10)

Marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It shows how strategies for target markets and positioning build upon the firm's differential advantages. It should detail the market segments on which the company will focus. These segments differ in their needs and wants, responses to marketing, and profitability. The company should put its effort into those market segments it can best serve from a competitive point of view. It should develop a marketing strategy for each targeted segment. (Kotler *et al*, 2005, pp.72)

Another fact about marketing strategy is that it is inherently people-driven. Marketing strategy is about people (inside an organization) trying to find ways to deliver exceptional value by fulfilling the needs and wants of other people (customers, shareholders, business partners, society at large), as well as the needs of the organization itself. Marketing strategy draws from psychology, sociology, and economics to better understand the basic needs and motivations of these people—whether they are the organization's customers (typically considered the most critical), its employees, or its stakeholders. In short, marketing strategy is about people serving people. (Ferrell & Hartline, 2011, pp.49).

Implementation of effective marketing strategy is a 'building-block' exercise which requires perfect coordination among various elements of marketing-mix and associated attributes like

emotions, validity of decisions, and consumer value. Such architecture of marketing strategies helps companies in developing a brilliant breakthrough of their products and services in the competitive marketplace. While there are several ways experimented by the companies in the past century to develop and implement a successful marketing strategy. Marketing strategies are developed by the companies to fit into organizational design of the companies. Design of a marketing organization is founded on the structural variables, organizational resources including human capital and finance, capabilities and competencies, and the workplace culture. The performance of marketing strategies varies for companies with different organizational designs representing prospectors, analyzers, low-cost defenders, and competitive differentiation oriented company policies. However, marketing-mix practices can be modified in reference to the marketing organization culture, strategy formation process, market-focused strategic organizational behaviors, and marketing control systems. (Stanley *et al*, 2010).

Most consumer-centric companies work with dynamic marketing-mix, as often strategies need to be revised either by introducing ad hoc elements of marketing strategies, or by laying emphasis on specific marketing-mix elements to develop marketing strategies specific to geo-demographic segments. The widespread adoption of marketing technology driving e-commerce trends, and social media leveraging peer interactions to share their consumption experiences has dramatically altered the set of products consumers compare before making a purchase decision. Marketing through social channels in the twenty-first century have succeeded in connecting consumers with companies, brands, and destinations by highlighting peer evaluations, consumer preferences, and motivations toward buying decisions. (Rajagopal, 2009, pp.122).

Although the generally accepted marketing strategies have not lost their importance and role in shaping an organizations success, it has become more than obvious that the permanent and quite intensive development of information technologies during the last one or two decades have had an impact on the way how companies address their strategic issues, amongst other things. In fact, the simplified access to information via the world wide web, the ability to reach enormous numbers of customers in a more than cost effective manner by utilizing social media, the way how the Z and surely the Alpha generation perceive the world surrounding them, has and will continue to revolutionize marketing strategies as well. (Ismaili & Aziri, 2018, pp. 149).

A study of 277 companies in the Republic of North Macedonia showed that only 37% of responding companies included a marketing expert in their HR structure with only a half of them showing some sort of satisfaction with the job performance of such marketing experts, only a fifth of the companies had exclusive strategies of sales and distribution. The research also showed that most companies presented in the sample although have a general idea regarding the role and importance of marketing strategies for the achievement of competitive advantage, in fact fail to make the proper distinction between the different types of marketing strategies. Besides this, it can be easily concluded that the owners are used to non formal approaches to sales and are not prepared to implement proper marketing strategies. (Veseli *et al*, 2012).

Another study of around 89 SME's from the Polog region showed that (Ismaili & Aziri, 2018, pp.156):

- Only 3% of the total number of companies that were part of the analysis do have a marketing department.
- Less than a tenth of companies that were part of the survey do have staff members that are specialized in marketing.
- Only two companies have contacted with a marketing specialist during their existence.
- Only 15.7% of companies have had some type of cooperation with a marketing company.
- Almost none of the companies have ever hired a marketing consultant.
- Only a quarter of companies have at least once prepared a marketing plan.
- Over 60% of respondents have declared that they possess some knowledge on business strategies and marketing strategies.
- Over 85% of respondents have declared that they are willing to learn about marketing strategies.
- Less than 5% of companies have ever prepared a marketing strategy during their existence.

## 2. Sample description

To provide as much of insights as possible regarding marketing strategies among SME's in the Polog region, a total of 300 such companies have been included in the survey via questionnaire containing a total of 15 questions.

Out of 300 contacted enterprises, the questionnaire submitted for data collection was completed by persons positioned as follows: 61% of the questionnaire was completed by marketing managers, 11% by managers of other departments and in 28% the questionnaire has been filled by other members of the company. In almost all cases this category included the accountants of the enterprises because in fact they have had more information on the companies of the Polog region.

**Table 2.** Type of activity of responding companies

Activity	N	%
Production	62	21
Trade	117	39
Services	65	21
Combined	45	15
Other	11	4
Total	300	100%

From the collected and analyzed data it results that 21% of the enterprises are engaged in production activities, 39% are engaged in trade, 65% are engaged in service activities, 15% of enterprises are engaged in combined production and service activities and only 4% from them deal with other activities which means various handicrafts.

### 3. Data analysis

Out of 300 surveyed enterprises, 41% of them stated that they have a marketing department in their organizational structure, while 59% of the enterprises stated that they do not have a marketing department. From this research data, unfortunately, most businesses do not have marketing departments, making it more difficult for them to design marketing plans.

**Table 3.** Marketing models among companies in the Polog region

<b>Marketing model being applied</b>	<b>n</b>	<b>%</b>
Functional model	99	81
Geographic model	11	9
Production based model	9	7
Other	3	3
Total	122	100

As can be noted from the data presented in table 3, 81% of the responding enterprises that have a marketing department have a functional marketing model, 9% of enterprises have a geographical model, 7% have a model based on production and only 3% of enterprises have another marketing model. From these data it results that from the enterprises of the region which in their organizational structure have marketing departments mostly have oriented towards the functional model, which signals a limitation of activities and a limited structure of enterprises.

**Table 4.** Type of marketing being implemented by responding companies

<b>Type of marketing being applied</b>	<b>n</b>	<b>%</b>
Total marketing	68	22.5
Partial marketing	201	67
No marketing is being applied	31	10.5
Total	300	100

As can be noted from the data presented in table 4, 22.5% of respondents answered that they implement overall marketing, 67% of them implement partial marketing and only 10.5% of the total number of enterprises do not implement any kind of marketing. It is clear from the data that the largest number of enterprises, even though they have marketing departments, does not implement complete marketing, which leaves room for doubt in the functioning of the marketing specialists who are employed in these enterprises. Given that a significant number of enterprises cannot implement comprehensive marketing, they are often and mostly focused on partial marketing elements. To explore this issue, companies have been asked which marketing element they focus mostly on in their business policies.

**Table 5.** Marketing elements companies are mostly focusing their efforts on

<b>Marketing element companies focus mostly on</b>	<b>n</b>	<b>%</b>
Product	22	11%
Price	44	22%
Promotion	93	46%
Placement	42	21%
Total	201	100%

As can be noted from the data presented in table 5, 11% of marketing managers focus their efforts on the product policies, 22% of them focus on pricing policy, 46% focus on promotion activities and 21% of managers prioritize distribution policy. From these data, it results that the largest number of enterprises in the region in their operation mostly gives importance to the policy of promotion activities.

When it comes to marketing strategies, the conducted survey, showed the following results:

- Around 66% of the region's enterprises do draft marketing strategies while 44% of them do not draft marketing strategies. Namely, the largest number of enterprises design marketing strategies. From these data it results that marketing managers in these enterprises have a good understanding that designing marketing strategies is a necessity in reaching competitiveness in contemporary business.
- Around 24% of the total number of enterprises when designing marketing strategies prioritizes the market, 36% of the number of enterprises prioritizes market penetration, 35% prioritize maintaining the position they have in the market and only 5% of managers have expressed that they do not devise strategies as they focus on their survival. So, we can conclude that the majority of managers have stated that when designing marketing strategies, they mostly focus on positioning enterprises in penetration and maintaining the market share they have.
- While around 60% of enterprises implement competitiveness strategies in the optimal adaptation of the marketing mix for specific segments, which are covered by the enterprise, while 40% of them base their competitive strategies on the use of special methods for achieving and maintaining competitive position in the segment that enterprises have in the market.
- Around 88% of the number of enterprises are aware that what they have fulfilled their marketing objectives and therefore have competitive advantage in the market, while only 12% of them are not of the same opinion.
- Marketing managers of 178 enterprises make marketing efforts and constantly strive to enrich the plan in designing marketing strategies. But what needs to be added is this: 41% of managers say the marketing plan should contain a more thorough analysis of the strengths and weaknesses of enterprises, 32% of managers have stated that the marketing budget should be included, which is not so small, 21% of surveyed managers emphasize the need to focus on prices and the way of selling their products and 6% of respondents do not have any proposal on improving the strategic marketing plan.

**Table 6.** Marketing strategies among companies in the Polog region

	n	%
Do companies in the Polog region have marketing strategies?!		
Yes	178	66
No	91	44
Total	269	100
Main obstacles in drafting and implementing marketing strategies		
Organizational structure	121	45
Lack of staff	111	41
Other	37	14
Total	269	100
Strategic priorities in drafting marketing strategies		
Competitive advantage	42	24%
Market penetration	65	36%
Protection of market share	62	35%
Survival	9	5%
Total	178	100%
Approaches to sustaining competitive advantage via marketing strategies		
Different marketing mix combinations depending on segment	101	60%
Focusing on one segment	68	40%
Total	169	100%
Level of satisfaction with the effectiveness in implementing marketing plans		
Satisfied	157	88%
Dissatisfied	21	12%
Total	178	100%

#### 4. Conclusions and recommendations

The research highlighted that companies in the Polog region do make efforts in developing marketing strategies. It is more than reasonable that marketing managers focus mostly on advertising and distribution, which proves the genuine orientation of the limited resources of their marketing budgets. Furthermore, due to the impossibility of implementing complete marketing, they focus their efforts on partial marketing elements, thus designing marketing strategies at the strongest points they have against competition. The shortcomings that arise as a result of the organizational structure of enterprises are complemented by marketing managers by borrowing different services from different marketing agencies. Enterprises also claim competitive advantage by claiming new consumer segments and maintaining the positions achieved in existing segments by "cooking" the most optimal marketing mixes for relevant segments. Marketing managers achieve the set marketing objectives. They know well how to use marketing tactics as a means of realizing their strategies.



The following recommendations may result from the survey:

- Enterprises that do not have marketing experts should make more efforts in finding and employing such experts, to increase their market success rates.
- Enterprises in their business policies should implement the concept of marketing as a necessary need of contemporary business.
- Enterprises need to design marketing strategies and implement them through a well-designed marketing planning process.

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