

# MARKETING STRATEGIES AMONG COMPANIES IN THE POLLOG REGION

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(Original scientific paper)

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## Abstract

Marketing strategies are beyond any doubt a gateway to success in doing business nowadays. Although a great body of knowledge exists on marketing strategies in general and marketing strategies for SME's in particular, the fact remains that when it comes to the Polog region there is a sufficient lack of data regarding the implementation of marketing strategies even by the most successful companies and managers in the region. Totally aware that the lack of finance and being over focused on daily survival are among the main factors affecting such situations, the paper strives to provide insides regarding other key factors that cause the lack of implementation of marketing strategies in the region in an attempt to identify what can be done to improve the level of implementation of marketing strategies by SME's in the Polog region.

**Keywords:** Marketing strategies, SME, Polog region, business performance

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## INTRODUCTION

Much has been said, researched and published on traditional marketing, worldwide and in the region as well. 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. Therefore, even though totally aware of the fact that most companies from our region are only making the first steps in implementing these much needed changes to their marketing strategies, the paper strives to offer a well-structured analyzes of what has grown to become contemporary marketing in general and contemporary marketing strategies in particular as well as to provide insides regarding the level of implementation of such strategies by companies in the Republic of Macedonia.

Although strategically placed at the functional organizational levels, marketing strategies remain crucial factors in ensuring success in gaining and maintaining a much needed competitive edge, especially in the contemporary global world. Several types of models and classifications of marketing strategies and strategic marketing in general can be found in

literature, but still modern companies are in a permanent search of new types of approaches to their clients.

In order to strive, grow and develop, nowadays companies must more than ever be able to adapt their functions and offers to reach the contemporary generations of customers. Such a need will grow even stronger as alpha generation joins the market and slowly but surely become a moving force in the world to come in the following decades.

Marketing strategies aim at increasing the sales of a company, by the sociological and psychological influences they create on consumers as well. In addition, each distinct individual is influenced in a different level and each individual has the ability to influence other people with their purchase experience. Product characteristics values are also important factors in influencing the buying decision of the consumer. Modern technologies and new marketing strategies evolve over time.<sup>1</sup>

Therefore, quite understandable, companies worldwide, maintain several elements of the classical marketing strategies, but many of them have started to introduce more and more marketing strategies based on the internet, world wide web, social media etc. After all, marketing has been proven to play a major role in overall corporate strategies, thus going beyond the functional level.

The company's marketing strategy outlines which customers it will serve and how it will create value for these customers.<sup>2</sup> Marketing strategies have traditionally played a crucial role in helping not well informed and experienced buyers in their decision making, but nowadays have gone beyond this and strive to "manipulate" people's needs and wants.

A marketing strategy specifies a target market and a related marketing mix. It is a big picture of what a firm will do in some market. Two interrelated parts are needed: 1. A target market—a fairly homogeneous (similar) group of customers to whom a company wishes to appeal. 2. A marketing mix—the controllable variables the company puts together to satisfy this target group.<sup>3</sup>

Specific marketing strategies are typically developed at the product delivery level where the action plans are carried out. Remember, market space assessment is about understanding external realities, and techniques for taking advantage of the opportunities, not about marketing strategies.<sup>4</sup> Although marketing strategies are not whole-company plans, company plans should be market-oriented. And the marketing plan often sets the tone and direction for the whole company.<sup>5</sup>

Market penetration, market development, product development and diversification are the most commonly addressed marketing strategies, as provided by Ansoff. fig.1.

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<sup>1</sup>Çiğdem Karakaya, Bertan Badur, Can AYTEKİN: "Analyzing the Effectiveness of Marketing Strategies in the Presence of Word of Mouth: *Journal of Marketing Research and Case Studies*, Vol. 2011 (2011), pp.3 **Agent-Based Modeling Approach**

<sup>2</sup> Gary Armstrong, Philip Kotler: **Marketing: An Introduction**, Pearson, 2015, pp.40

<sup>3</sup> William D. Perreault, E. Jerome McCarthy: **Basic Marketing: A Global Managerial Approach**, McGraw Hill- Irwin, 2002, pp. 56

<sup>4</sup> David L. Rainey: **Enterprise-wide Strategic Management: Achieving Sustainable Success through Leadership, Strategies, and Value Creation**, Cambridge University Press, 2010, pp.270

<sup>5</sup> William D. Perreault, E. Jerome McCarthy: **Basic Marketing: A Global Managerial Approach**, McGraw Hill- Irwin, 2002, pp. 58

Fig.1. Market/product and Services Strategies

	Products and Services	
Markets	Current	New
Current	Market Penetration	Product Development
New	Market Development	Diversification

Source: Dhruv Grewal, Michael Levy: **Marketing**, McGraw-Hill, 2008, pp. 43

Market penetration means trying to increase sales of a firm's present products in its present markets—probably through a more aggressive marketing mix. Market development means trying to increase sales by selling present products in new markets. Product development means offering new or improved products for present markets. Diversification means moving into totally different lines of business—perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system. Products and customers that are very different from a firm's current base may look attractive to the optimists—but these opportunities are usually hard to evaluate.<sup>6</sup>

Aside from the above mentioned marketing strategies that are also known as grow market strategies, in certain circumstances companies implement consolidation strategies such as<sup>7</sup>:

- **Divestment.** Selling of a business or a product line is called divestment. This strategy is often followed when an organization believes there is a weak fit between its major core business and a particular product line.
- **Pruning.** This strategy occurs when a firm reduces the number of products or services it offers to the market. The company continues to serve the market but does so with a reduced set of products.
- **Retrenchment.** In a retrenchment strategy a company decides to withdraw from certain markets. This strategy might be considered the opposite of the market development growth strategy.
- **Harvesting.** Harvesting involves gradually withdrawing support from a product until there is little or no market demand. In these instances, an organization continues to support a product but at a decreasing level.

Kotler and Keller offer a summary of Product Life-Cycle Characteristics, Objectives, and Strategies, presented in table 1.

<sup>6</sup> William D. Perreault, Joseph P. Cannon, E. Jerome McCarthy: **Essentials of Marketing: A Marketing Strategy Planning Approach**, McGraw Hill/Irwin, 2012, pp.49

<sup>7</sup> [http://samples.jbpub.com/9780763783334/83334\\_CH02\\_5713.pdf](http://samples.jbpub.com/9780763783334/83334_CH02_5713.pdf)

Table 1. Summary of Product Life-Cycle Characteristics, Objectives, and Strategies

	<b>Introduction</b>	<b>Growth</b>	<b>Maturity</b>	<b>Decline</b>
<b>Characteristics</b>				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
<b>Marketing Objectives</b>				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
<b>Strategies</b>				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brands and items models	Phase out weak products
Price	Charge cost-plus	Price to penetrate market	Price to match or best competitors'	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Communications	Build product awareness and trial among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits and encourage brand switching	Reduce to minimal level needed to retain hard-core loyals

Source: Philip Kotler, Kevin Lane Keller: **Marketing Management**, Prentice Hall, 2012, pp. 317

Margarita Isoraite offers a rather integrative analysis of the vast majority of marketing strategies available to business.



Tab.1. Classification of marketing strategies

Marketing Strategy	Types of Marketing Strategies	Definition
<b>The main marketing strategy</b>	Deep penetration strategy (an old product – an old market)	This strategy is effective if the market is still unsaturated with products. When selling old products in the old market, the advantages can be achieved only by reducing costs of production and by selling goods at lower prices than competitors.
	Market expansion strategy (an old product – a new market)	Applying this strategy, the company can increase sales of old products in new markets or available new market segments.
	Trade creation (modification) strategy (new product – an old market)	Essence of this strategy: new product development for the old market.
	Diversification strategy (new product – a new market)	The strategy is used to avoid the manufacturer's dependence on one product or market.
<b>General competitive advantage in the acquisition strategy</b>	Expenditure leadership strategy	Through expenditure strategy, the company bases its activities on resources, which guarantees the lowest cost in industry in which it operates. The ability to efficiently manage resources allows the company to achieve the lowest operating costs in their field and at the same time to acquire the long-term competitive advantage.
	Differentiation strategy	Applying the differentiation strategy, the company aims at uniqueness. In most cases it is intended to differentiate the company's offered product so that it would be perceived by consumers as unique. The essence of differentiation is profit entity is to receive, creation of customer value, which is different and higher than that proposed by competitors.
	The concentration of the costs and the differentiation	In this case, the company focuses its efforts on any aspect of a restricted area of competition within the industry: consumer group, a specific product or specific geographic market. The objective is a market segment as well as serving it better than the competitors. Competitive advantage can be gained by reducing costs or increasing product differentiation. The company has reached a competitive advantage when competitors cannot serve target market equally well.
<b>Competing strategies by market share</b>	Market leader strategy	Usually one company is ahead of competitors and has taken the largest share of the market. This situation gives more freedom of choosing to compete against competitors in the targeted strategies. The market leader has more options than any other to increase market share, etc. That is, it attracts new customers or encourages existing customers to buy more, or more often. The market leader in advertising and other marketing activities to encourage consumers often chooses just the goods.
	Market strategy for the actor	The main aim for the actor is to become a leader as soon as circumstances permit. Market actor is strong enough and has sufficient resources and expertise to become a leader. It may also increase market share by directly attacking the selected competitor (usually a leader).
	Market followers strategy	Often, the market leader's product or marketing action is copied by the market follower. The strategy is two-fold: some basic concepts and sequence of steps taken by market leader are copied, and everything related to the market leader in product and marketing activities is directly followed, trying to sell goods on behalf of the leadership. All market followers have one thing in common: they do not intend to occupy the leading position, but try to use the leader's proven action in the market. Therefore, over time they are always a little behind, and the same strategy is passive, dependent on actions of market leader.
	Market niche strategy	Market niche strategy is suitable in almost all markets. The primary goal of competing is to adapt to specific market segments of small consumers. Sales volume in the small target market usually is not large, but market niche filler often works very profitably. Market niche filler strategy is used by small businesses, as large companies are not very interested in small segments of the market and not trying to meet their distinctive needs.
<b>Marketing strategy for its intended market</b>	Non-differentiated marketing strategy	Non-differentiated marketing means that the enterprise markets as a homogeneous whole and expects the same reaction to marketing activities from all consumers. It may be that: a) a professional user will not notice the difference b) such differences are insignificant in offering specific products, c) the company does not have the means or desire to adapt to different needs.
	Differentiated marketing strategy	In differentiated marketing, different market shares of the company are offered different things. Usually more or less all the elements of marketing complex are different: a different (often with a different name) product has a different price when sold in different places and in different ways; it is not so well advertised and offered.
	Concentrated marketing strategy	Concentrated marketing has long been considered to be primarily the small businesses strategy, because they can "live" with relatively small market segments. The company's success depends on the ability to identify and properly meet the specific needs of that segment.
<b>Positioning strategy</b>	According to product use	Positioning is a creative activity, therefore it is difficult to express it in a structured way. Positioning can be by product use, consumer goods, on the basis of direct comparison, etc. Positioning decisions cannot be made before the perspective, and in particular the strategy of competitors, is analyzed. Nor can those decisions be made before the selection of the target market, as provided for in the consumer segment of the properties owned and positioning opportunities. On the other hand, positioning strategy should be created before making decisions on specific elements of marketing complex.
	According to consumer goods	
	On the basis of direct comparison, and others	
<b>Strategy of the complex marketing elements</b>	Product strategy	In marketing with the complex element of "product", strategic decisions are made in product mix, quality, and product names in use.
	Price strategy	In marketing with the complex element of "price", strategic decisions are made on new trade price ("penetration" and "picking" strategy), reduction of payment of the issues.
	Distribution strategy	In marketing with the complex element of "distribution", strategic decisions intensify distribution (exclusive, selective, intensive distribution strategy), distribution control system (system of ownership and control methods) issues.
	Support strategy	In marketing with the complex element of "sponsorship", strategic decisions are made in the choice of a common strategy in support ("push", "pull" or mixed), budget allocation, the individual actions to promote the comparative values.

Source: Margarita Isoraite: "Theoretical Aspects of Marketing Strategy", *Ekonomika yr Vadiba, Aktualijos Yr Perspektivos*, 2009, 1(14)

**Sample description**

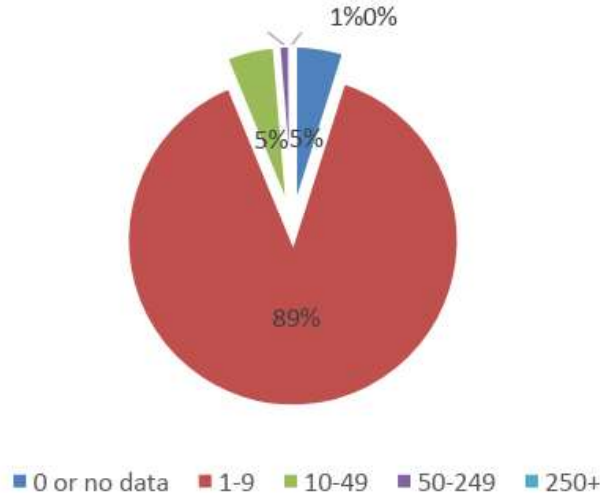
The Republic of Macedonia is divided into eight separate regions, the Polog region being of them. Its national economy in 2017 included a total of 71419 companies while the Polog region participated with around 11.37% in the total number of business's, thus being the second biggest in the country, right after the Skopje region.

Table 2. Number of companies by region in the Republic of Macedonia

Region	n	%
Vardar region	5383	7.54
Eastern region	5615	7.86
Southwestern region	7238	10.13
Southeastern region	5970	8.36
Pelagonia region	8064	11.29
Polog region	8118	11.37
Northeastern region	4084	5.72
Skopje region	26947	37.73

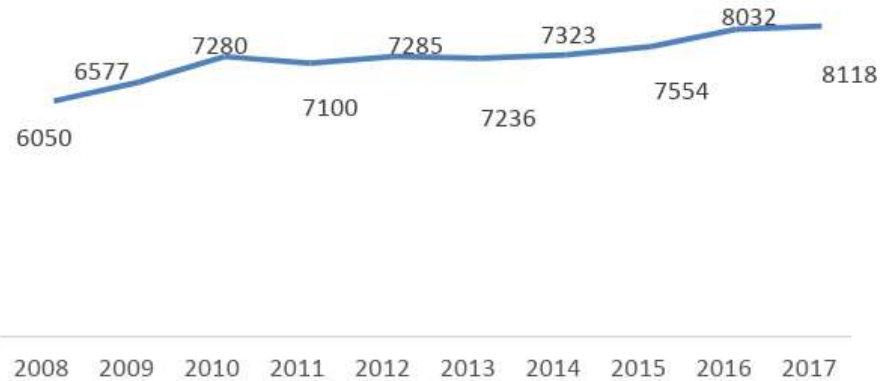
As can be noted from the data presented in chart 1, the structure of companies in the Polog region is dominated mainly by micro and small companies, according to the number of their employees. In fact, only a tenth of companies have ten or more employees and only eight companies with this region have 250 or more employees.

Chart 1. Structure of companies in the Polog region according to number of employees



It should be noted that the number of companies in the Polog region has been increasing over time, as can be noted from the data presented in chart 2.

Chart 2. Number of companies in the Polog region for the period 2008-2017



Having in mind that the chances of having marketing strategies being applied by micro companies are very small, 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, this group 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	%
<b>Companies according to number of employees</b>		
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
<b>Companies according to industry</b>		
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.

## DATA ANALYSIS AND RESULTS

The data analysis shows some very disappointing results when it comes to the general knowledge on business strategies in general and marketing strategies in particular amongst the owners of companies in the Polog region, table 4.

Tab.4.General knowledge on marketing strategies among companies in the Polog region

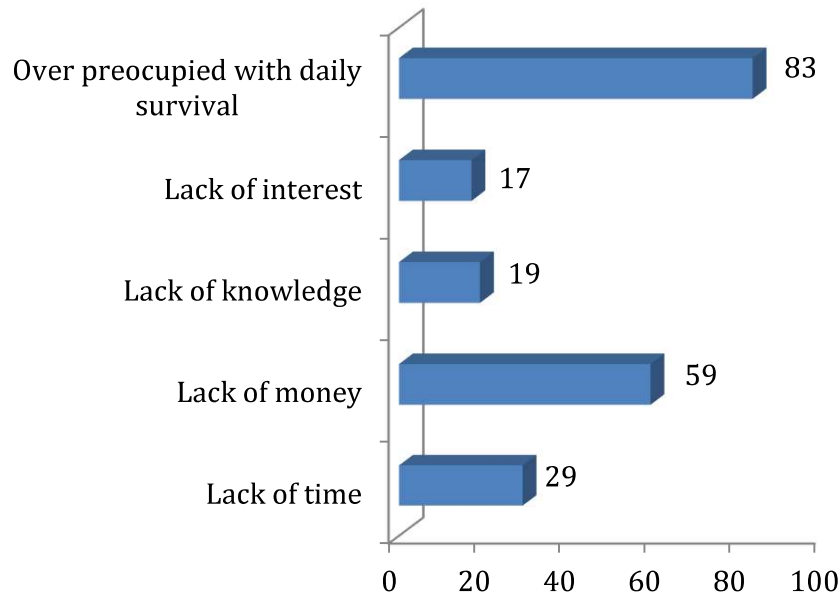
	Yes		No	
	n	%	n	%
Does the company have a marketing department	3	3,4	86	96,6
Does the company have specialized marketing staff	8	9,0	81	91,0
Has the company ever contacted a marketing specialist	2	2,2	87	97,8
Has the company ever cooperated with a marketing company	14	15,7	75	84,3
Has the company ever had a marketing consultant	1	1,1	88	98,9
Has the company ever prepared a marketing plan	23	25,8	66	74,2
Do you have any knowledge on business strategies	54	60,7	35	39,3
Do you have any knowledge on marketing strategies	54	60,7	35	39,3
Are you willing to learn about marketing strategies	76	85,4	13	14,6
Has your company ever prepared a marketing strategy	4	4,5	85	95,5

As it can be noted from the data presented in table 4:

- 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.

Chart 3. Reasons for not applying marketing strategies

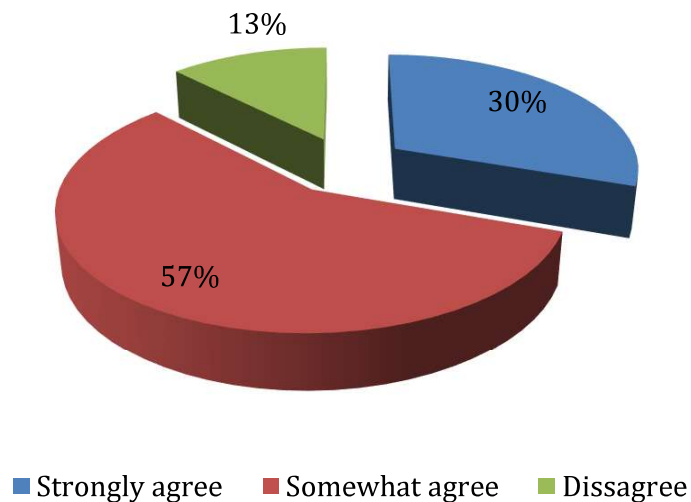




As can be noticed from chart 3:

- A third of companies have declared that the lack of time is a reason for not preparing and applying marketing strategies.
- Two thirds of companies have declared that the lack of money is a reason for not preparing and applying marketing strategies.
- Around a fifth of companies have declared that the lack of knowledge and interest are reasons for not preparing and applying marketing strategies.
- Over 93% of respondents have declared that they are over-occupied with daily survival, thus do not spend any time in preparing and/or implementing marketing strategies.

Chart 4. Level of agreement that the application of proper marketing strategies would increase company overall results



As can be noted from the data presented in chart 4, there is a high level of agreement on the possible positive effects in case that proper marketing strategies would be applied amongst the companies that were part of the survey.

## CONCLUSION AND RECOMMENDATIONS

Although much has been researched and surveys, written and analyzed on marketing strategies and their positive impact on sales, thus general company performance, when it comes to the level of their implementation by companies in the Polog region the survey results are quite disappointing.

As noted in the text the companies from this region have very low levels of implementation of marketing strategies and implementation of marketing activities in a professional manner at all. They have a somewhat higher level of cooperation with marketing agencies due to the fact that some of them have been advertised in the media and thus cooperated with marketing agencies.

A positive factor in the midst of “bad news” is the fact that the respondents have declared that they do have some previous knowledge on the issue and are willing to learn more.

Although the list of factors behind the non-implementation of marketing strategies is longer, the most often cited factor is that companies from this region are very concerned about their general survival on the market.

This is quite understandable and logical having in mind the high level of insecurity in the Republic of Macedonia, almost for the entire period of its existence as an independent country. The many crisis, including the last political crisis that created unforeseen risks for the very core of statehood, the drawback in the process of euro-integration, lack of trust in the judiciary, are all factors that have contributed to the way how companies in this region function.

For the will of truth, it should be noted that several extra-successful companies function in the region, but those businesses were not a part of the analysis.

Having in mind the above mentioned issues, it would be easy to recommend the companies to conduct marketing research, implement strategic marketing and marketing strategies, focus on the long run, invest more in their human resources and many other recommendations, but the harsh reality is that the best many of them can do for the moment is “hang in there” and hope that the country will soon become a part of the greater European family, therefore gain access to a much larger market where competition is free and business success and failure depend on creativity, organization, knowledge, strategy, adaptability, trust and everything else that a normal way of doing business would and should include.

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