

Organizing a marketing function in SME in Kosovo

Prof. dr. Fatos Ukaj

University "Hasan Pristina", Kosovo

Abstract

Due to structural differences amongst the large enterprises as well as, small and medium enterprises, from different authors and marketing specialists it has been observed that marketing applied to SMEs should be adapted, especially in marketing mix. In Kosovo, the number of SMEs is also high and in the past period were made institutional efforts in order to support these enterprises by developing a wide range of measures and activities to help their development, with the aim of increasing employment in the country and economic development. In this paper we will address the disparities between SMEs and other enterprises that affect the application of marketing different from the traditional. Development of SMEs is undergoing an analysis through life cycles of the enterprise, but it also can be found simply in any stage such as that of growth, stagnation or fall, and this dictates the application of appropriate marketing mix that responds to the market movements. Based on the research done, it appears that there are more limiting factors for the application of marketing to these companies, such as poor acquaintances of the owners/managers for marketing. This made it necessary to find some innovative methods and modes of marketing actions on SMEs, which is a task that should be learned and adopted from their managers. It is normal that a model could be applied if we recognize the needs of consumers and the market, this making it possible to create a field for a specific marketing application also to SMEs in Kosovo.

Keywords: SME, marketing, consumers, market, competition.

Introducing

Nowadays in Europe as well as in the countries in the region, SME development in Kosovo is a permanent development phase and it constitutes the main force for economic development, oppositely from the strategies before the 80', when large enterprises were treated as the main factor of economic development. The problem occurs in the power enterprises due to lack of the financial and other resources for a further development of their products and services. Many authors dealing with studies about the issue of Relationship marketing and SMEs, came to the conclusion that the similarities between the theory of entrepreneurship and relationship marketing are very impressive, and it is difficult for them to make an important difference between, entrepreneurial activity and relationship marketing (Zontanos & Anderson, 2004, 229). The aim of this paper is to outline the development of marketing theory specifically to Relations Marketing, and if there is a possibility of applying this framework to small and medium enterprises. There are questions in the paper concerning the distinctions between SMEs and large enterprises? Which is the difference amongst the marketing applied to SMEs and large enterprises? The findings are that the companies that oppose the changes in applying the marketing reduce their chances for emerging. Enterprises need to fit to changes occurred in demand and offer of

their products, possibly by introducing innovative products. This can happen for many reasons and those may be an influencing factor: the development of products from the competition, behavior change of consumers, or the fall of demand for those products. An enterprise can overcome difficulties and reduce the risks of doing business, only if it owns theoretical and practical knowledge, and there is market orientation and innovations in the management of enterprises. Gilmore (2001) argues that literature suggests that SMEs are faced with problems in marketing due to lack of appropriate marketing knowledge and the existence of limitations regarding resources and emphasizes the assertion that there is no obviously a mismatch between the theory of marketing to be encountered in textbooks and approaches toward marketing of SMEs in practice (Gilmore, Carson, Grant, 2001, 7). Gronroos (1995) has noticed changes in the marketing concept, in the sense of the appearance of Relationship marketing, which can replace 4P approach or 7P approach, or existing traditional enterprise marketing. A new modern approach to marketing appears where the focus on classic instruments and business orientation is replaced with customer orientation, value and dimension of service, with more significant support of the customer. It has been treated theoretically, and verified that there are four components of holistic marketing, which are: a. Relations Marketing, b. Integrated Marketing, c. Internal marketing, d. Social responsibility marketing (Gronroos 1995,130; Kotler, Jain & Maesincee, 2002, 54). New trends in marketing discerns because there is a completely new approach to relations with customers. The relation marketing is applicable in small enterprises and effects in the network created by the manager or owner of the company.

Characteristics of small and medium enterprises-SMEs

The acronym SME refers to the economic sector, it is very present and distinct in small and medium Enterprises. These are privately owned enterprises and in most cases in Kosovo with less than 10 employees. The fact that they are in private ownership makes them more flexible and adaptable to meet the demands of the market, which in fact refers to the owners' entrepreneurial skills. The adoption of legislation in order to support the business is based on European experiences and has been sponsored and supported by various European agencies, such as ADA (Austrian Development Agency), ATA (Academic Training Association-Holland) who continued with the project BSC (Business Start Up Center), KCBS/USAID with the project of clusters in Kosovo and project supporting at SVKT (Voucher Scheme of Counseling and Training), (Ukaj, 2010, 140). Policies and programs on SME development of Kosovo's government were implemented in accordance with the recommendations of the European Charter for Small Enterprises, when Kosovo has acceded to this convention. The European Charter for Small Enterprises was adopted in June 2008. This Charter reflects the political will of the European Commission, which recognizes the role of SMEs sector in the economy of the EU and member states, and for the first time establishes a framework for its comprehensive SME policy (Commission of the European Communities, 2008, 3). Basic characteristics of SMEs in Kosovo, and elsewhere are no different, and they consist of an individual or a small number of

partners (usually family). SMEs easily adapt to market demands, and the management is reserved for the owners of enterprises, meaning they do not have a stable organizational structure, but are a flexible organization (workers are trained for different tasks). Moreover the size of the enterprises (by number of employees, sales volume, assets of company) is small compared to the main competitors in the country (whether domestic or foreign). Regarding the size of enterprises, the classification in Kosovo is done in three levels: micro enterprises, small and medium enterprises. This classification was made in conformity with European Union standards. Among the criteria which were used by the European Community were the number of employees, turnover and the fixed capital. Considering the difficulties to apply these criteria for defining SMEs in Kosovo, the number of employees has been taken as the basis for the classification of private enterprises in different categories. Based on these criteria, private enterprises in Kosovo are classified as follows: Micro enterprises – are considered those employing 0-9 workers; Small enterprises - are considered those employing 10-49 employees; and medium enterprises are considered those employing 50-249 workers. The entrepreneur requires sufficient resources and in this game the majority may not resist, thus it remains only a small number that achieves stability. On a observation of the dynamic of registration and extinction of SME, claimed within a day there are ten enterprises opened while at the same time closed nine of them. Since the beginning there are distinguished enterprises who implement the successful business based on the marketing concept, respectively customer satisfaction and in achieving competitive advantages. It is proved that entrepreneurs in doing business do not hold and do not enforce entirely traditional marketing which is preferred and practiced based on the practices of large enterprises. In this case SMEs are identifying the needs of certain groups of consumers and trying to meet them in a specific way in order to connect the customer their offer. This is analyzed by Hills (1995) who states that marketing is more important than planning and strategy. This is achieved at SMEs precisely for reasons in which the most important decisions are made, in comparison to large enterprises where there is a more hierarchical decision making. Gilmore et al (2001) mentioned that the entrepreneur has a significant impact on marketing practices that is exactly what they characterize as the style and nature of marketing that performs in small business. Zontanos and Anderson (2005) also consider the significant influence of owner/managers and their marketing activities. Expectations are that small enterprises need a greater flexibility to prevail, but also to react on the market faster than the competition. One of the possibilities that the entrepreneurs exploit is advanced communication technology and efficient system of distribution created around the world, which enables SMEs generating specific organization and networking, by utilizing the skills and experience in terms of management of demands in different markets, which minimizes the size of the enterprise as factor of success. Small enterprises wish to develop a marketing that is competitive. The combination of the marketing mix has the tendency that through product, distribution and promotion it is created a value for the customer, while through the price as element of that mix is intended to achieve the benefit and profit for the company. Main purpose in small enterprises is the achievement of profitability in business, and profit maximization in the short period. In the strategy of small

enterprises, attention could be drawn to the image creation of the own products and the enterprise, and that could also be reflected through the price. If the price is used as a tool for combating competition, it should not be on long terms, because it is expressed directly on the level of profit, confirming the connections of the process with earned profit. If the company tries to be competitive in a market with certain products in the framework, they have at least three alternatives available: a. offering low price for high-quality products, (risks creating doubt to the consumer regarding the attributes of products), b. offering higher prices for products (with intention confirming to consumers that you offer high-level products, to the quality), and c. using the promotional and the penetrating prices that are lower than those standards that the customers notice. Depending on the market situation and the offer undertaken, the situation of the company may be favorable if there is a higher demand than offer; today's conditions are rare in reality, because in most cases the opposite happens where the offer is greater than demand. This brings in the situation that enterprises compete for each buyer. Promotion is one of the elements that has great role in the activities of the enterprise towards the accomplishment of those objectives, normally with the condition that is to be used as a tool in a professional, efficient and timely manner as a communication of enterprise and consumer market. A company needs to communicate with the consumers and the environment in which carries out the business, making it easy if they are familiar with the requirements of consumers, providing stimulants for inciting them to buy products from the company offer. Enterprises identify a different range of problems due to the failure in adequate communication with the environment and the consumer, that are: the lack of funds, lack of familiarity of employees to communicate and provide information to consumers. SMEs therefore are trying to achieve through the sales process methods to satisfy the customer by contacting him, in order to carry the best information for its own products and enterprise, because they support a formula that satisfies the consumer which plays a role in the promotion and encouragement of others to buy. Part of the promotional activity are also owners/managers, who are doing individual promotion, and use personal selling.

Research results

Marketing research at SMEs application is developed with the purpose of finding data and achieving the identification of an accepted concept for marketing, to be applied from these enterprises in their business. The research is done through two activities, that will be presented below.

Methodology

A research survey is an instrument for obtaining data from customers and the owner-managers of companies in the Pristina region. Interviews with the managers were held in small trade and services, the basis for it has been a semi-structured questionnaire, including five subjects, three in trade- and two in services. The questions consisted not only of the general information for enterprises, but also of the year of

establishment, number of employees, professional qualifications, turnover etc. This is done in order to obtain the data for the owners-managers position on the need for marketing in their activities.

Analysis of the findings

The data acquired demonstrate that 80% of SMEs claimed the need for marketing in their business activity, since at least they mention one of a marketing activity that has developed. Among the reasons on applying the marketing, respondents have singled as a reason: sales growth (60% of respondents), increasing profits (20% of respondents), upon satisfying customers (20% of respondents). To the question on how they are able to recognize their customers and clients as a part of their marketing strategy as well as they classify them, in 80% of the cases the answer is that their customers are on a regular basis and have established relationships with them by knowing their requirements and needs, while customers are classified on the basis of the: quantity purchased (60% of respondents), specific requirements (20% of respondents), and mode of acquisition (in cash or credit) to (20% the respondents). This shows the degree of familiarity which has to do with the strategy of the relations to them. On the questions about the category of consumers for their products and services in terms of social category, the respondents indicated that they have customers and clients with low-, medium-, and high income,. Another issue that emerges from the data has to do with marketing activities being waged by these enterprises. Activities have been performed in order to attract consumers and clients of all SMEs at our sample, and all of them have developed marketing activities (notable promotion) 60% of cases, involvement in their offer for the new products and services at 80% of the respondents, and sales promotion through the policy of price 60% of the respondents. Furthermore activities such as quality, building staff communication skills, offering the additional services to consumers and clients are also mentioned. To the question on how much they pay attention to customer satisfaction and their social responsibility, more than 80% have always taken into account the satisfaction of the customer during their purchase and offering of services. As a form they mention personal communication, and maintaining close relationships with them. 60% of the respondents understand as an activity relating to the provision of quality goods and services, loyal competition, and respect for law and regulations. The rest has not given any thought about social responsibility of the enterprise/managers and owners. To the question of how much do they pay attention to the enterprise image, and the image of products and services offered, all the respondents noted as an achievement the establishment of a good image as they explain through increasing the number of consumers, and all of them give importance for this to products and brands they have in their offer. They evaluate the role of image as a specific marketing tool to make possible their positioning in the memory of their consumers and in the market in general.

This Survey has demonstrated that the SMEs in Kosovo's are increasingly applying the marketing concept and it is mostly oriented to relations marketing, directed towards their customers and clients. In general, the information dominating refers to the failure of knowledge of most managers in enterprises or the employment of professional staff.

Conclusions

If Kosovo SMEs want to succeed, they need to focus on the improvement of their staff skills, where are included: the adaptation of the marketing concept based on planning, organization, management, and control as functions within the framework of their management. This will enable them in the future to be able to respond to market requirements, which are becoming more and more sophisticated, as a consequence of competition in the domestic-, as well as in the international market. We believe that SMEs have a perspective from the fact that in the EU and in developing countries they are treated as an important economic factor, in developing Kosovo's economy in general. The backwardness in economic development behind the EU and the countries of the region could be reduced as a result of the capabilities of SMEs that at this globalization are capable to adapt and to identify opportunities and gaps in the market for their products. It should be noted that the size of the company does not have an important role as one of the factors for success. Therefore, it is recommended for the SMEs to be pinned to their own abilities, and to apply an appropriate model of marketing, which will focus on research in the market, developing marketing mix, communication with customers, and the creation of the good image. They should promote the flexibility of themselves as "small", based on close relations with customers, fast response to changing the requirements of consumers. It should also be pointed out the importance of the owner-manager relation, when developing the marketing of an enterprise.

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