

**'Strategic Marketing Planning in the Small Business  
Sector in Ireland'**

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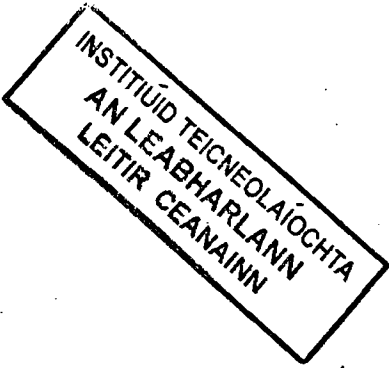
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## LIST OF ABBREVIATIONS

B2B	Business-to-Business
CEB	County Enterprise Board
CRM	Customer Relationship Management
CSO	Central Statistics Office
EI	Enterprise Ireland
EU	European Union
HR	Human Resources
IMC	Integrated Marketing Communications
IT	Information Technology
MD	Managing Director
NPD	New Product Development
PEST	Political, Economic, Sociocultural and Technological
PLC	Product Life Cycle
PR	Public Relations
ROI	Return On Investment
SBA	Small Business Administration
SERVQUAL	Service Quality
SFA	Small Firms Association
SME	Small and Medium-sized Enterprise



SMP	Strategic Marketing Planning
SPSS	Statistical Package for Social Science
SRS	Simple Random Sampling
SWOT	Strengths, Weaknesses, Opportunities and Threats
WOM	Word-of-Mouth



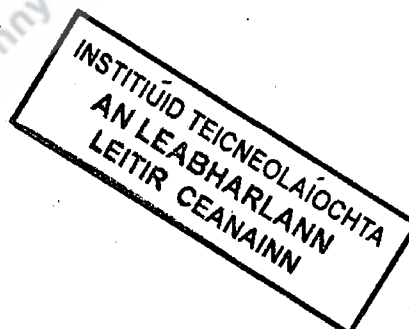
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## EXECUTIVE SUMMARY

This research aims to investigate strategic marketing planning (SMP) in the small business sector in Ireland. Small firms have unique characteristics that make small firms' owner/managers differentiate their marketing from conventional marketing as applied in large organisations (Stokes, 2006). Most existing SMP frameworks were designed for bigger firms with plentiful resources and therefore, should not be liberally borrowed and advanced as solutions for small firms with resource constraints. The use of strategic marketing planning in small firms is a relatively new phenomenon (Lee *et al.*, 2002). Thus, small firms' owner/managers who are trying to apply SMP can be considered innovators, and innovators very often experience problems while attempting new approaches.

The overall study consisted of a literature review and a three-phase primary research. The literature review is presented in the first two chapters. Chapter one introduces the small business sector in Ireland by defining the target of this research and continues by describing the concept of strategic marketing planning. The key objective of this entire research is to develop an SMP model that will aid small firms' owners/managers in practice. Chapter two describes and evaluates existing SMP models and presents the rationale for developing a new model for the small business sector.

In chapter three the researcher presents and justifies the research methodology that forms the basis of the primary study. Having evaluated diverse objectives of the primary research, which included formulating theories, measuring attitudes, awareness and concept testing, the researcher concluded that a three-phase research was required. The primary study commenced with depth interviews that were followed by the main survey of 1,000 small firms and a focus group. All the research techniques applied during each phase are explained in chapter three.

The primary findings of the research are presented in chapter four and subsequently analysed in chapter five. The researcher identifies problems relating to SMP, analyses the applicability of marketing theory to the small business sector and evaluates the quality of strategic marketing plans in small firms. Furthermore, variations in strategic marketing planning approaches in different types of small firms are identified and discussed.

The final chapter begins with the introduction of a SMP model for application in small firms. The researcher explains that the proposed model would address those SMP problems identified during the primary research and aid small firms' owner/managers in practice. Chapter six also concludes the study of strategic marketing planning in the small business sector in Ireland.

# **CHAPTER 1 - STRATEGIC MARKETING PLANNING IN THE SMALL BUSINESS SECTOR**

## **1.1 Introduction**

## **1.2 Small firm definition and small business sector contribution to the wider economy**

## **1.3 Strategic Marketing Planning (SMP) defined**

## **1.4 SMP in small firms**

## **1.5 Problems associated with SMP in small firms**

## **1.6 Conclusion**

## 1.1 Introduction

Chapter 1 introduces the area of small business in Ireland by defining the target of this research – the small firm. The researcher utilises the European Union (EU) definition of a small firm, which is presented in section 1.2. Having defined the target of this study, the chapter explains that the small business sector is a major contributor to the economies of all European countries and Ireland in particular. Furthermore, chapter 1 illustrates that in the Republic of Ireland small and medium-sized enterprises (SMEs), which include small firms, are the dominant sector according to class size.

The chapter continues by describing the concept of strategic marketing planning (SMP). Firstly, the researcher defines and explores the overall concept of strategic marketing planning and explains the most important SMP approaches and specific tools covered in the strategic marketing theory. Secondly, this chapter examines the literature on strategic marketing planning in the context of the small business sector. It evaluates differences and similarities in SMP practices in small firms and large-scale enterprises. Finally, in the last section, the researcher explores the strategic marketing planning problems that small firms encounter.



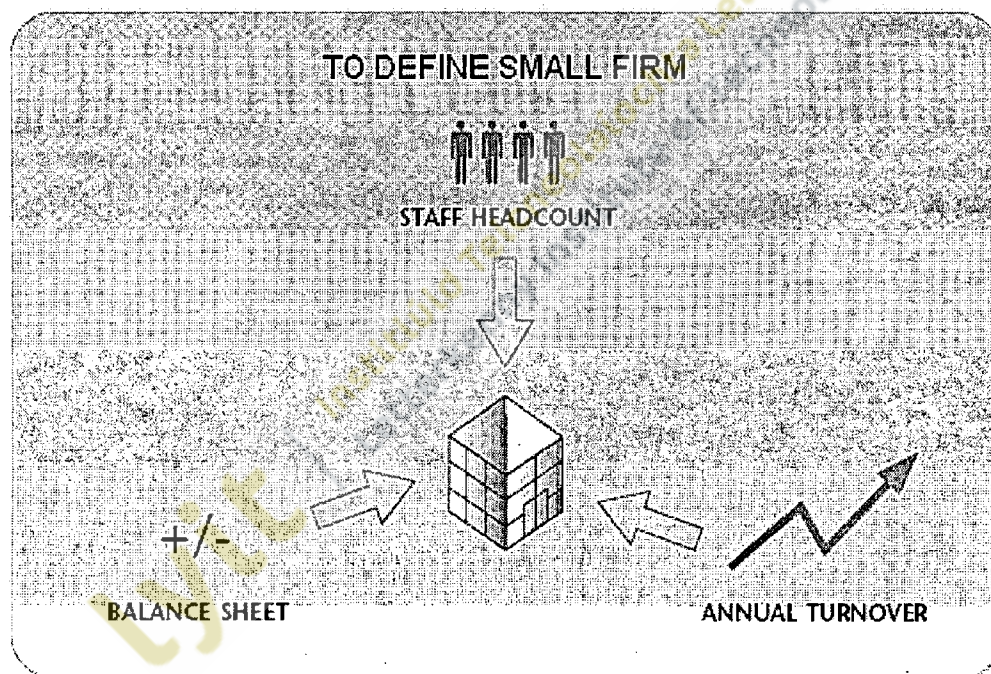
## **1.2 Small firm definition and small business sector contribution to the wider economy**

Definitions of small firms vary widely in different countries. According to the Small Firms Association (SFA) of Ireland, small firms are defined as having 50 employees or less, with micro firms having less than 10 employees. In other countries the definitions can be much broader. In the United States, for instance, there are definitions for most sectors to make clear what firms are eligible for support from the Small Business Administration (SBA), the semi-state agency supporting the development of the small business sector in the US. Very often, 500 employees is the limit in the US. Only in retail and wholesale trade is the limit lower, usually 100 employees. Furthermore, for some sectors the SBA has a limit in terms of the value of turnover rather than in terms of employees.

The target of this research (small firms) is part of a bigger group of business classification - small and medium-sized enterprises (SMEs). According to the "New SME Definition" (2005) by the EU Publication Office, the European Union has from the 1<sup>st</sup> of January 2005 adopted a new standardised definition of SMEs which is to be used for all cases where eligibility is to be assessed and programmes targeted. This definition is also recognised by the SFA of Ireland. To be classified as an SME, the enterprise must employ fewer than 250 people and must have an annual turnover not exceeding €50 million Euro, and/or an annual

balance sheet total not exceeding 43 million euro. Within the broader category of SMEs, the EU also introduced the new definition of a small firm. From the 1<sup>st</sup> of January 2005 small firms are defined by the EU as: 'Enterprises which employ fewer than 50 but more than 10 persons and which have an annual turnover not exceeding €10 million euro, and/or an annual balance sheet total not exceeding €10 million Euro'.

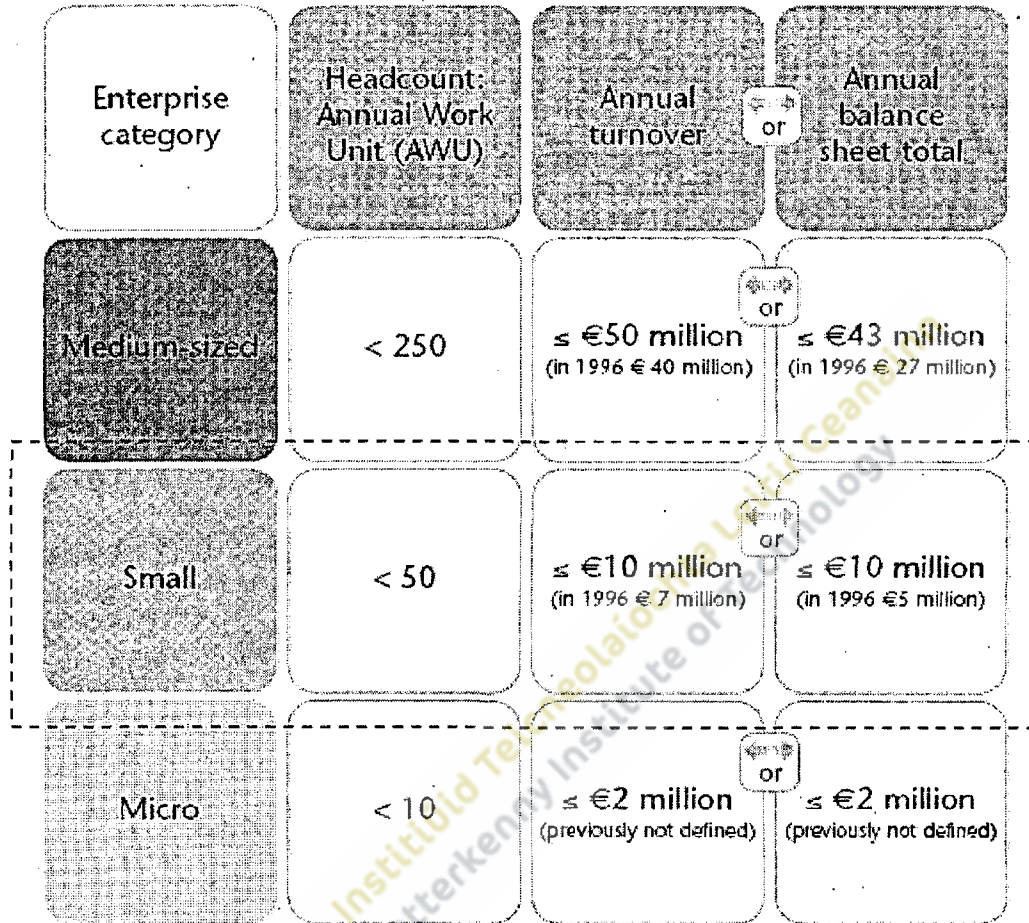
Figure 1.1 Variables used by the EU to define small firm



Source: "New SME Definition, The (2005)", EU Publication Office.

As illustrated in figure 1.2 below, the target audience for this research will be all small firms (10-50 employees) irrespective of their industry class that are located in the Republic of Ireland.

Figure 1.2 The target audience of this research



Source: "New SME Definition, The (2005)", EU Publication Office.

According to the Small Business in Ireland (2007) report compiled by the Central Statistics Office (CSO) four out of every five industrial enterprises (82%) were small firms employing less than 50 people. Small firms in industry employed 53,000 people, just under a quarter of total industrial employment. The vast majority of small industrial firms are Irish owned (95%) while over 40% of larger firms have foreign ownership. Furthermore, in the services sector almost all

firms (98%) are small. Small firms employed over 400,000 people in services, accounting for more than half of total employment in the sector. These figures demonstrate that the majority of firms in Ireland are either small or micro firms and the significance of these firms to the Irish economy is not open to question.

Reynolds and Lancaster (2007) also argued that small firms make an invaluable contribution to the wider economy, which is often overlooked, including increasing competition, creating jobs, building effective networks, sharing knowledge and making a positive contribution towards social inclusion. The importance of small firms in achieving economic growth in contemporary economies is widely recognised both by policy makers and economists (Wennekers *et al.*, 2005; Acs and Armington, 2006; Audretsch *et al.*, 2006).

Small firms contribute significantly to employment, turnover and the number of businesses in many economies (Acs, 2006; Van Stel *et al.*, 2005). However, it should be noted that labour productivity in Irish small firms, according to the C.S.O. Small Business in Ireland (2007) report, remained very low and close to the bottom of European rankings. Indeed, the report highlighted that three quarters of manufacturing turnover in Ireland is generated by large enterprises while the EU average is just 60%. This demonstrates that although SMEs have quantitative dominance in the Republic of Ireland, their productivity is very low.

### 1.3 Strategic Marketing Planning (SMP) defined

The twenty-first century concept of marketing, according to Keegan (2004), has moved beyond the old and new concepts of the twentieth century to the 'strategic concept' which recognises that in strategic marketing, everything matters: not only the product and the customer, but everything in the external environment including competition, technology, government, culture and whatever the company controls including product, price, place, promotion and branding while ultimately value as perceived and experienced by the customer matters. Furthermore, Cravens (2006) added that at the beginning of the century strategic marketing is confronted with an unprecedented array of complex challenges and exciting opportunities. These changes, according to the theorist, are the consequences of demanding customers with complex value requirements, aggressive global competition, turbulent markets, new technologies and escalating globalisation. In that context it is important to highlight that the strategic influence of marketing appears to have diminished as short-term revenue goals become more dominant (Webster *et al.*, 2004). Moreover, Court (2004) argued that an explosion of customer segments, products, media and distribution channels has made strategic marketing more complex, more costly and less effective.

When describing the basics of marketing strategy, Drummond *et al.* (2001) identified the concept of marketing as being inherently simple – business success via a process of understanding and meeting customer needs. Given this basic simplicity why do we need something as complicated and time-consuming as a marketing strategy? While the basic principle may be simple common sense i.e. achieving excellence in marketing involves many complex, interdependent or even conflicting tasks.

The same authors saw the strategic role of marketing in the transformation of corporate objectives and business strategy into a competitive market position. Essentially, the concern is to differentiate firms' activities/products by meeting customer needs more effectively than competitors.

Furthermore, Brooksbank (1999) wrote that, according to Hooley and Saunders (1993), 'successful marketing strategy development is fundamentally a process of finding the optimum "fit" between the firm and the competitive environment in which it operates - not just today's environment, but also that of the foreseeable future'. Drummond *et al.* (2001) agreed and characterised marketing strategy as 'the process of analysing the business environment, defining specific customer needs, matching activities/products to customer segments and implementing programmes that achieve a competitive position, superior to competitors'.

There are many other definitions of marketing and marketing strategy. Lambin (2007), for example, characterised marketing as both a business philosophy and an action-orientated process. He highlighted two broad functions of marketing within the firm: strategic and operational. *Strategic marketing*, which is essentially the side of spectrum that must be explored in this research, according to Lambin (2007), is effectively leading the firm towards 'market opportunities adapted to its resources and know-how and which offer potential profit and growth in the long-term'. However, Webster *et al.* (2004) offered convincing and worrying evidence that marketing's strategic influence has declined over the past decade and resources have been redeployed from strategic marketing planning to the sales force, driven apparently by customer relationship and account management priorities.

Ashill *et al.* (2003) summarise the evolution of SMP. According to this study, in recent years several conceptual frameworks have been developed to better understand the processes of strategy formulation. Ashill *et al.* (2003) quote Urban and Star (1991) who suggested that the term "strategic marketing" is used to describe the decisions taken to develop long-run strategies for survival and growth.

Furthermore, strategic marketing literature can be classified as characterising two schools of thought. The first "school" adopts a normative position and

conceptualises SMP primarily in terms of rational "content" models of strategy formulation (e.g. McDonald, 1984; Greenley, 1986). The normative approach typically describes the application of logical flow models (O'Shaughnessy, 1988; Kotler, 1991) documenting a pre-determined series of discrete steps or operations. This literature draws heavily upon classical organisation and decision-making theories (Weber, 1947; Fayol, 1949), and stresses four issues:

- the need for SMP;
- the format for planning;
- the formal procedures to institutionalise planning; *and*
- the general "location" of analytical techniques within the operational frameworks.

The second school of thought consists of a more limited number of exploratory studies, which focus on the issue of "context" (e.g. Leppard and McDonald, 1991; Piercy and Morgan, 1994). So-called "robust strategies" are about survival in the long-term, ensuring that all potential threats are covered.

The following three sub-sections (1.3.1 - 1.3.3) will examine in detail the elements of the following definition of strategic marketing planning by Berry and Wilson (2000):



*"SMP is the planned process of defining the organization's business, mission, and goals; identifying and framing organizational opportunities; formulating product-market strategies, budgeting marketing, financial, and production resources."*

### **1.3.1 The strategic marketing plan**

Pulendran *et al.* (2003) rated strategic planning as one of the most widely used and widely understood techniques in marketing and argued that marketing planning is the principle mechanism firms possess for aligning their efforts with the expectations of their customers.

In the same article, the above mentioned strategic marketing planning advocates argued that adoption of strategic marketing planning technology provides for decision-making that is more comprehensive, rational and objective and that this leads to more appropriate resource allocation (which is critically important for small firms) and improved overall organisational performance.

Lambin (2007) also tried to illustrate the importance of written strategic marketing plans. He believed that sound strategic thinking about the future must be spelled out in a written document which describes the ends and means required to implement the chosen development strategy. Neves (2007) added that the growth in international trade, the opening of economies and global

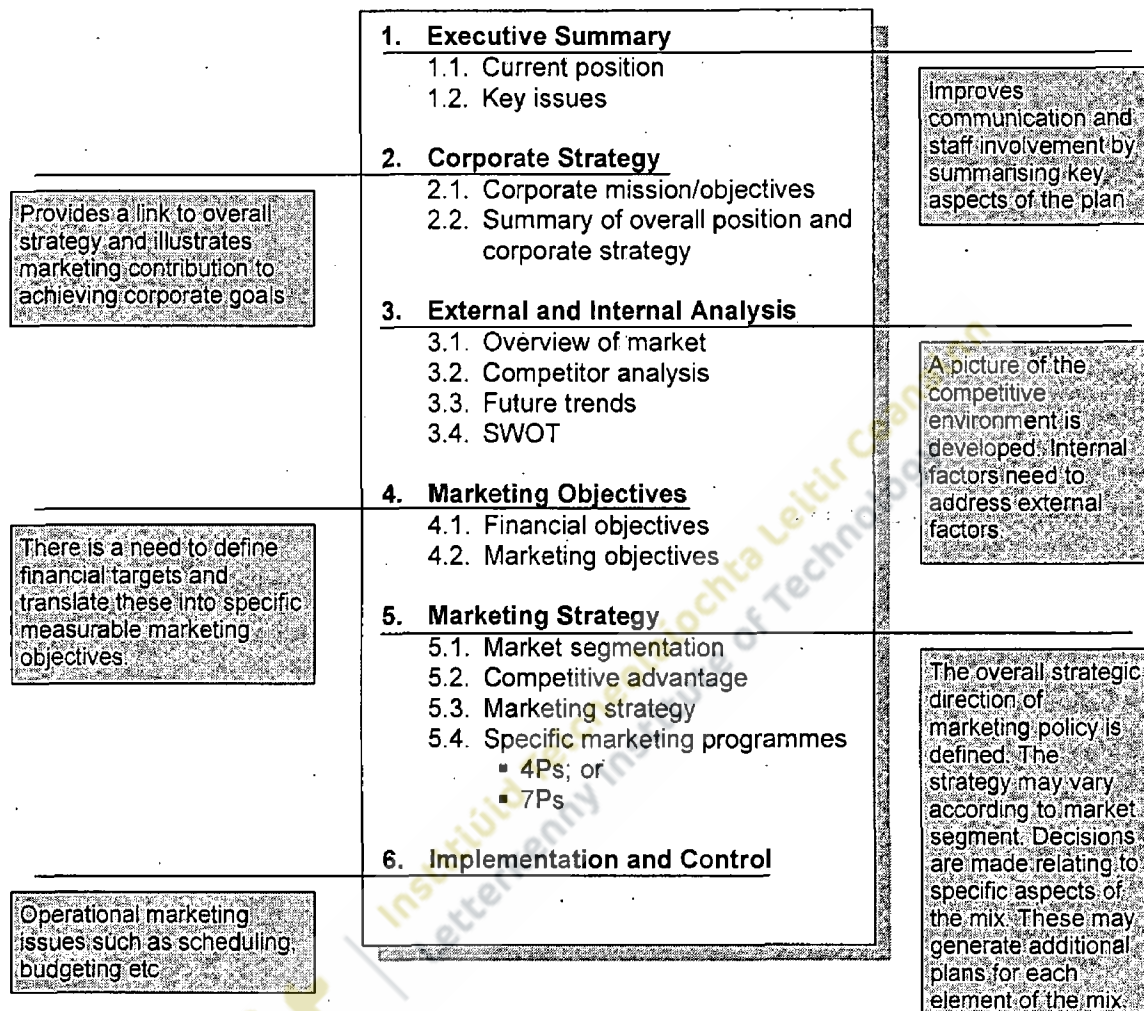
access to information have brought increasing competition to domestic economies, resulting in strong consolidation and reduction of margins. As a result, a modern strategic marketing plan is often assembled under strict budgetary control and coordination, demanding very careful decision-making with respect to where and how to spend the limited resources that are available.

Due to the differences in size, organisational structure, financial (and other) resources or marketing philosophy, firms draw up diverse strategic marketing plans, but according to Drummond *et al.* (2001), regardless of precedent and planning formats, strategic plans tend to have common elements. Marketing managers would expect a strategic marketing plan to cover:

- (i) industry analysis;
- (ii) internal analysis;
- (iii) opportunity identification;
- (iv) objective setting;
- (v) formulation of strategy, including mission statement;
- (vi) proposed marketing programmes and actions, *and*
- (vii) implementation and control – including financial forecasts.

The following figure 1.3 illustrates common areas that are usually covered in the process of strategic marketing planning.

Figure 1.3 Common areas of the Strategic Marketing Plan



Source: Adapted from Drummond *et al.* (2001), Strategic Marketing, p.243

Lambin (2007) pointed out that one of the key elements of the strategic marketing plan is the mission statement, which should outline the firm's long-term vision of what it wants to be and whom it wants to serve. The strategic marketing plan is also based on an external audit. The environment is ever-changing and complex and the firm must constantly scan and monitor the environment to identify the

main threats and opportunities. Thus, it is most likely that the strategic marketing plan of any given firm would be constantly evolving depending on changes in the external environment. The objective is to evaluate firm's resources in order to identify a sustainable competitive advantage on which to base development strategy.

There are numerous definitions of the term "strategic marketing plan". One of the commonly used is by McDonald (2007). He defines the strategic marketing plan as 'a document outlining target markets; the development of marketing programmes and the execution of those programmes - which covers a period of between three and five years'.

According to the above-mentioned Lambin (2007), the strategic marketing process can be summarised in six key questions relating to a firm's mission, target markets, external and internal environments, strategic ambition and strategic marketing mix. The answers provided to these questions constitute the backbone of the plan and also the objectives of the firm.

Having identified the firm's broad mission and strategic marketing objectives, business managers subsequently engage in the three-step process of positioning their product/service in the marketplace.

### 1.3.2 Segmentation, targeting and positioning

According to Clarke and Freytag (2008), segmentation is currently one of the core concepts in strategic marketing planning. Many strategic marketing theorists (Brooksbank, 1999; Dibb *et al.*, 2002) agree that segmentation, targeting and positioning are the foundation of SMP. Drummond *et al.* (2001) suggested that at a fundamental level, organisations' marketing objectives become a decision about which products or services they are going to deliver into which markets. Consequently, decisions on target markets are a critical step in strategy formulation. The segmentation process therefore is central to strategy and it can be broken into three distinct elements: segmentation, targeting and positioning.

Successful segmentation, according to Drummond *et al.* (2001), relies on a clear understanding of the market, with knowledge of consumer behaviour being the critical foundation on which market understanding is built. Doyle (2002) highlighted five reasons why organisations undertake segmentation:

- to meet customer needs more precisely;
- to gain segment leadership;
- to increase profits;
- to retain customers; *and*
- to focus marketing communications.

When explaining targeting and positioning, Drummond *et al.* (2001) outlined that the subject of targeting and positioning arises from segmentation techniques. Once segments have been identified, they then have to be evaluated in order that an organisation can decide which particular segments it should serve. Targeting is the common term for this process. Woo *et al.* (2005) argued that customer targeting is 'a key to finding the minority of "good" customers among the mass of prospects, and keeping them'. Many studies have proposed a variety of conceptual models and practical tools, such as regression modeling (Deichmann *et al.*, 2002; Rud, 2003), artificial neural networks (Ha *et al.*, 2005; Kim *et al.*, 2005) and mathematical models (Weber and Sun, 2000). In addition some theorists have focused on direct marketing and consumer marketing as targeting strategies (Li *et al.*, 2005).

To evaluate or target different market segments effectively, marketing managers, according to Drummond *et al.* (2001), must systematically review two issues: the market attractiveness of the competing segments and the organisation's comparative ability to address the needs of the segments. As the authors state:

*'An organisation has to establish whether entering a particular segment is consistent with its long-term aims and objectives. If not, then no matter how tempting, entering the segment should be resisted. It will only divert company resources and management time away from the core goals of the enterprise.'*

In addition, Weinstein (2004) has introduced a strategic market definition framework. The framework adds to the understanding of a market by distinguishing between relevant, defined and target markets. The relevant market is the market which fits the resources and objectives of the organisation in the environment. The defined market is those customer segments that are penetrated or could be penetrated. The target market contains the present market segment and targeting of the market. Having selected a target market or markets the organisation then has to decide on what basis it will compete in the chosen segment(s). How best can it combine its assets and competencies to create a distinctive offering in the market? This has to be done in such a way that consumers can allocate a specific position to the firm's product or service within the market relative to other products.

### 1.3.3 Managing the marketing mix

#### **Strategic product development, innovation and branding**

Product development as identified by Drummond *et al.* (2001) is a strategic necessity. In terms of product development, organisations can modify, imitate or innovate. A rigorous New Product Development (NPD) process is essential to avoid marketing failures. It is crucial that all organisations develop products. Product development and innovation are the "life blood" of any business. By definition, development and innovation are strategic activities that shape the

future. The creation of an acceptable product offering involves many strategic decisions.

Given that many organisations now face difficult commercial conditions - static/declining demand and intense competition - innovation and product development should top the agenda of modern successful organisations. Product development and innovation allow organisations to evolve.

Table 1.1 Types of "new" product

Type of Product Development	Nature
1. New to world	Often scientific or technical development, high risk/return activities which can revolutionize or create markets. Very rare.
2. New product lines or line additions	Such products can be: (i) new to the provider as opposed to the market place, or (ii) additions to the product ranges already on offer.
3. Product revision	Replacements and upgrades of existing products. This category is likely to cover the largest single number of new product developments. Additionally, this may cover changes aimed at generating cost reductions - no perceived change in performance but more economic product/provision of the product.
4. Reposition	Aiming to diversify away from existing markets by uncovering new applications, uses or market segments for the current products.

Source: Drummond *et al.* (2001), Strategic Marketing.



There is much debate around product development strategies (Mosey, 2005). For example, how is the term “new product” defined? The reality is that few products are “new” in the sense they are innovative, unique or novel. Most “new” products are updates or revamps of existing goods and services. Booz *et al.* (1982) classified “new” products using the categories shown in table 1.1. Again this indicates that truly original, innovative products represent only a small proportion of total development.

The creation of a product/service is only the first step in the product management process. The concept of managing a product as it goes through different stages of “life” is described in Product Life Cycle (PLC) theory (Hart and Tzokas, 2000). Furthermore, according to Mohan and Krishnaswamy (2006), PLC suggests that a product must be managed differently depending on the stage of development it is in. PLC is widely accepted and understood as it uses a biological metaphor. Products go through five distinct stages - product development, introduction, growth, maturity and decline. However, in recent years the concept of PLC has been widely criticised. Different theorists (Yang *et al.*, 2007) suggested that not all products/services follow through all stages of PLC: some stages are passed over or not reached at all. Others (Hines *et al.* 2006) criticised PLC for being too descriptive in nature. According to the concept and depending on where companies perceive their products to be currently located in the PLC process, different marketing objectives must be followed and diverse

marketing strategies applied. But the strategies to be applied are not outlined in the PLC.

Another issue of great importance in the area of strategic product management is branding. Furthermore, according to Doyle (2002), 'brands are at the heart of marketing and business strategy'. Branding plays a crucial role in attracting and retaining customers. Successful strategic branding creates customer loyalty, helps to build strong market share and allows the maintenance of optimal prices, which in turn drives share prices up and 'provides the basis for future growth'.

Brand, organisational identity and reputation as they relate to large organisations have been around for quite some time with an established wealth of published research and extant literature. Originally designed for large companies, branding is just beginning to attract the attention of small business researchers (Abimbola, 2007).

A successful brand must be perceived by customers as one offering superior quality. Doyle (2002) suggested that a brand image is built up in four layers:

1. *a quality product* – having a product of superior or high quality is the foundation upon all other associations are built;

2. *the basic brand* - basic elements upon which first differentiations are built (design, packaging, logo, colour);
3. *the augmented brand* - these are additions to the core product/service (guarantees, direct relationship marketing);
4. *the potential brand* - at this level a brand's added values are so great that customers will not accept substitutes even when alternatives are substantially cheaper (Coca-cola, Kellogg, Gillette).

Strong brands according to Abimbola (2007) convey a feeling of familiarity and trust, reduce risk and serve as the basis for dialogue and engagement between consumers and producers. In increasingly fragmented markets, brands and other forms of symbolic abstractions are part of individual customer identities and provide motivating incentives that influence the propensity to purchase.

#### **Strategic distribution decisions**

Lambin (2007) dedicated a separate chapter in his book to the topic of strategic distribution management. He explained that in most markets, the physical and psychological distance between producers and end-users is such that intermediaries are necessary to ensure efficient matching between the segments of demand and supply. Lambin (2007) described the notion of a distribution channel as 'a structure formed by interdependent partners participating in the process of making goods and services available for consumption or use by

consumers or industrial users'. The design of a channel structure, according to the theorist, is a major strategic marketing decision, neither frequently made nor easily changed.

Strategic marketing distribution channels gradually came to be viewed as the set of interdependent organisations involved in the process of making a product or service available for use or consumption (Coughlan *et al.*, 2001). This institutional-oriented perspective draws attention to those members (e.g. wholesalers, distributors, retailers, etc.) comprising the distribution system and engaged in the delivery of goods and services from the point of conception to the point of consumption (Anderson and Coughlan, 2002). The management of such institutions through marketing channel management, according to Gundlach *et al.* (2006), involves the planning, organising, coordinating, directing and controlling efforts of all channel members.

Lambin (2007) identified that at the operational side of distribution many different functions can be performed by wholesalers, retailers or agents for producers such as: transporting, storing and assorting. At the strategic marketing planning level three market coverage schemes can be adopted:

- Intensive distribution - the firm seeks the maximum possible number of retailers to distribute its product to ensure a maximum market coverage and the highest brand exposure;
- Selective distribution - the producer uses fewer distributors than the total number of available distributors in a specific geographic area;
- Exclusive distribution - the manufacturer relies on only one retailer or dealer to distribute products in a given geographic territory.

Today, according to some scholars the institutional perspective of marketing channels and their management is giving way to a more customer-focused view of the channels (El-Ansary, 2005). Reflecting marketing channels within newer experienced-based economies and involving value adding chains and larger networks of members, this emerging perspective emphasises marketing channels as 'providing for the conception, promotion and delivery of positive customer experiences' (Gundlach *et al.*, 2006).

Lambin (2007) also pointed out the fact that nowadays more and more firms are using alternative strategic distribution approaches and are exploiting the advantages of direct marketing, which is defined by the Direct Marketing Association as: 'An interactive system which uses one or more advertising media

to effect a measurable response and/or transaction at any location.' Several factors explain the development of more direct marketing and communication systems:

- (i) first, the considerable cost increase of personal communication;
- (ii) simultaneously, the effectiveness of mass media advertising has been weakened;
- (iii) finally, the formidable development of low-cost computers has greatly facilitated the use of databases to record and keep track of commercial contacts with customers.

### Strategic pricing decisions

*'Each product has a price, but each firm is not necessarily in a position to determine the price at which it sells the product. But when the firm has developed strategic marketing and thus gained some degree of market power, setting the price is a key decision which conditions the success of its strategy, to a large extent.'*

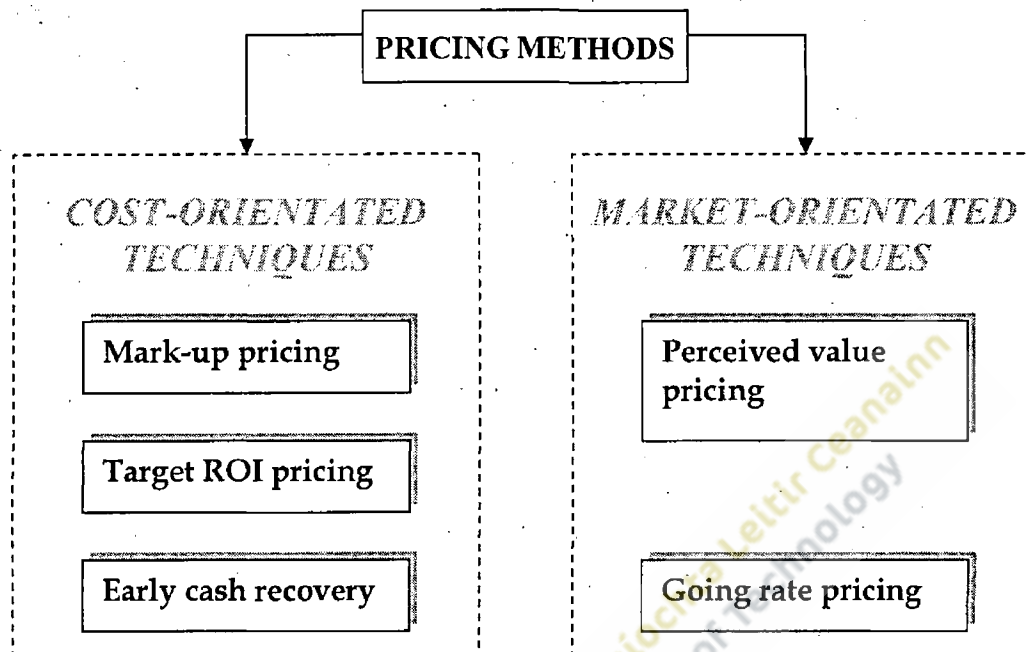
*Lambin (2007)*

Hinterhuber (2008) also argued that pricing has a huge impact on profitability and although pricing strategies vary considerably across industries they can be categorised into three groups: cost-based pricing, competition-based pricing and

customer value-based pricing. Of these, customer value-based pricing is increasingly recognised in the literature as superior to all other pricing strategies (Ingenbleek *et al.*, 2003). Indeed, Monroe (2002) observed that 'the profit potential for having a value-oriented pricing strategy that works is far greater than with any other pricing approach', and Docters *et al.* (2004) refer to value-based pricing as 'one of the best pricing methods'.

The pricing approach that firms choose must always depend on and emerge from the pricing objectives (Urbany, 2001). The objectives of pricing vary from the most basic/fundamental like 'survival' and 'return of investment' to more strategic such as 'preventing new entry' or 'market stabilisation'. Companies, depending on the strategic marketing objectives, can adopt a market skimming strategy (enter the market with a high price and only gradually lower it as product/service enters new market segments) or a more aggressive market penetration strategy (price is deliberately set at a low level to ensure high market share). The following diagram summarises more specific pricing methods currently used by companies.

Figure 1.4 Various pricing methods



Source: Developed for this research.

The importance of pricing cannot be underestimated as it directly influences demand, perception of the brand and determines profitability. In the current competitive environment, as PLCs are shortening - getting the price right is one of the most important strategic marketing decisions.

### Integrated marketing communication (IMC)

According to Holm (2006) the main purpose of marketing communication is to affect the consumer's conception of value and of the relation between benefits and costs. Lambin (2007) suggested that, the two most important tools of marketing communication are personal communication performed by the sales



force, and impersonal communication achieved through media advertising. The strategic challenge that marketers are faced with is 'to know when direct intervention by the sales representative is more effective than advertising.'

In recent years the emergence of strategic or, so-called, integrated marketing communications (IMC) has become one of the most significant examples of development in the marketing discipline (Kitchen, 2003). Holm (2006) defines IMC as 'the strategic analysis, choice, implementation and control of all elements of marketing communications which efficiently, economically and effectively influence transactions between an organisation and its existing and potential customers, consumers and clients'. Holm (2006) also argued that the main purpose of the IMC is to develop a creative strategy, where the content and the form of the messages are congruent and the selection of channels is carefully optimised.

Kitchen (2003) identified the four stages of IMC starting from (1) tactical coordination of promotional elements, (2) redefining the scope of marketing communications, (3) application of information technology to (4) financial and strategic integration. Perhaps more significantly, Kitchen (2003) also found that the majority of firms are anchored in the first two stages while some are moving into stage three and very few have moved to stage four.

#### 1.3.4 Services Marketing

The marketing of services differs to a great extent from that of products. Although there are significant differences between services and manufacturing businesses, it has been argued that the single most important difference between products and services is the characteristic of intangibility. Services cannot be produced in advance and stored (Bebko, 2000).

Parasuraman *et al.* (1988) suggested that customer evaluation processes also differ between goods and services. The same authors introduced a technique called SERVQUAL that can be used for performing a gap analysis of an organization's service quality performance against customer service quality needs. SERVQUAL is an empirically derived method that may be used by a services' organization to improve service quality. The method involves the development of an understanding of the perceived service needs of target customers. These measured perceptions of service quality for the organisation in question are then measured against an organisation that is "excellent". The resulting gap analysis may then be used as a driver for service quality improvement. SERVQUAL takes into account customer perceptions of the relative importance of service attributes. This allows an organisation to prioritise and deploy its resources to improve the most critical service attributes. Parasuraman *et al.* (1988) also argued that consumers tend to rely more on information from personal sources, rather than advertising, when evaluating

services. Perceived risks are greater when purchasing services. Thus, compared to products, post-purchase evaluation is more complex when services have been purchased. Furthermore, the same theorists argued that brand switching is less frequent with services than with products.

The above differences bring new strategic implications for marketers in respect of information provision, reduction of perceived risks, creating quality image and brand loyalty. Furthermore, according to Gilligan and Wilson (2003) the traditional marketing mix concept tends to be too limited in terms of providing a framework for strategic marketing planning in services. To compensate for the above-mentioned differences in the strategic marketing of products and services Booms and Bitner (1981) developed the conventional marketing mix by adding the following 3Ps:

- 5P - People: representing all people directly or indirectly involved in the consumption of a service, such as employees, management or other consumers.
- 6P - Process: representing procedure, mechanisms and flow of activities by which services are consumed.
- 7P - Physical layout: representing the environment in which the service is delivered, this can take form of both tangible goods that help to perform the service and intangible experiences of customers.

Regardless of some existing criticism (Svensson, 2001; Herson and Nitecki, 2001; Irmie *et al.*, 2002) SERVQUAL will remain a popular choice of service quality measurement until a superior model is proposed (Wisniewski, 2001). Indeed, according to Irmie (2005), who was one of the critics of the model, there has been no fundamental challenge to the core conceptual model behind SERVQUAL.

Having analysed the literature the researcher answered one of the fundamental questions of this chapter: "What is strategic marketing planning?"

*Strategic Marketing Planning is the ongoing and constantly evolving process of developing a competitive marketing strategy which involves analysis of market segments, selecting potential target markets and positioning strategies; and preparing a strategic marketing plan aligned to the firm's vision (or mission statement) and contingent on a calibration of the firm's marketing mix.*

(The researcher's definition)

## 1.4 SMP in small firms

*'Entrepreneurs and small business owners interpret marketing in ways that do not conform to standard textbook theory and practice. They tend to be more 'innovation-oriented' than customer oriented. They target markets through 'bottom-up' self-selection and recommendations of customers. They shy away from formalised research, relying more on informal networking. They prefer interactive marketing methods to the mass communications strategies of larger companies. It is more useful to characterise small firm marketing as a strategic process that involves innovation, identification of target markets, informal information gathering and interactive marketing methods – methods which can be summarised as a marketing mix of influence (word-of-mouth communications), image building, incentives and involvement.'*

Stokes (2006)

It is well documented (Stokes, 2006; Gilmore *et al.* 2001; Blankson and Stokes, 2002) that small firms have unique characteristics that make their managers differentiate their marketing from the conventional marketing applied in large organisations. According to Gilmore *et al.* (2001) these characteristics may be determined by the owner/manager's individuality and the firm's size and stage of development. The limitations of small firms also differentiate their marketing. Such limitations can be summarised as: limited resources (finance, time, marketing resources); lack of specialist expertise and limited impact in the

market place. Clearly such limitations will influence, indeed determine, the marketing characteristics of small firms.

As already stated in section 1.3.2 of this chapter, strategic segmentation and targeting is determined by market research. The success of adjustments to the marketing mix is tracked by consumer research. However, small firm owner/managers generally shy away from such formal research methods (Hills *et al.*, 2005). They prefer more informal methods of gathering market information, usually through networks of contacts involved in the industry or trade. Carson and Cromie (1990) agree that marketing planning in small firms is inherently different from that applied in the large scale enterprises and that conventional marketing planning philosophy needs adapting before use by small firms. In addition, small firm marketing is often informal, haphazard or sometimes even chaotic because of the way an owner/manager does business: they make most of the decisions themselves and are typified by a passive reaction to the business environment rather than a proactive strategic engagement.

Furthermore, it is self-evident that marketing practice varies greatly from firm to firm even within the small firm sector (Covin *et al.*, 1997). Firms vary in the extent to which they adhere to their business and marketing plans. Murray *et al.* (2002) suggested that strategic marketing in small firms varies in terms of "how

much" marketing is conducted and how much emphasis is placed on marketing relative to other managerial activities. The nature of marketing practice itself also varies. In some small firms the predominant marketing activity is selling while in others it is marketing research, advertising or channel management.

Due to the above mentioned limited resources, small firms have to prioritise their marketing activities and choose marketing direction even more carefully than large scale enterprises. However, according to Stokes (2006), owner/ managers of small firms give marketing a low priority compared to other business functions, even though it is believed by academics (Blankson and Stokes, 2002) that a firm with a strategic marketing orientation will perform better than another similar firm without such an orientation. Confirming this theory Hart and Tzokas (1999) studied the impact of strategic research on the export performance of small firms in the UK. The authors concluded that using export marketing information is the key to success. The small firms that devoted more time, effort and resources towards collecting information about potential export markets showed healthier ratios of export sales and profits to overall sales and profits.

A successful sales and marketing strategy, according to Simpson and Taylor (2002), has been acknowledged to be the most important of all business activities and essential for the survival of small firms, and yet, as identified by Huang and Brown (1999), it is often "the most dominant" problem encountered by small

firm owner/managers. Moreover, Stokes (2006) suggested that marketing is particularly important to smaller firms because it represents 'a vital interface between a small firm and an uncertain, fast changing external environment, and a key internal management skill which differentiates between surviving and failing firms'. Hills *et al.* (2005) also point out the importance of strategic marketing in small firms quoting a survey of venture capitalists who rated marketing management as important to the success of new businesses at 6.7 on a 7-point scale.

Scholhammer and Kuriloff (1979) first recognised a personalised management style - so-called owner's vision - as a distinguishing feature of small firms. Later theorists confirmed the existence of a relationship between the psychology, type and background of owners and the marketing performance of their firms (Carson *et al.*, 1995; Stokes, 2006). When the personal characteristics of the owner/manager are the dominant internal management influence, the marketing strategy and planning of a small firm will be much affected by the marketing competency of the owner. Carson *et al.* (1995) describe small firm marketing in terms of the experience, knowledge, communication abilities and judgment of the owner/manager - key competencies on which marketing effectiveness depend. As the competency of small firm owner/managers varies widely in these areas, so does the marketing performance of their firms. Consultants, educators and policy makers attempting to overcome marketing problems do not



always succeed as small firm owners often reject approaches from advisors and consultants because of a “fortress enterprise” mentality (Stokes, 2006).

The same academic suggested that owner/managers define marketing only in terms of tactics to attract new business (i.e. customer acquisition and promotions) whilst the identifying of customer needs and other non-promotional aspects of strategic marketing planning, such as new product development, strategic pricing and distribution, are largely ignored. Many owners suggested, continued Stokes (2006), that their small firms were reliant on word-of-mouth recommendations and therefore “they did not have to do any marketing”. This does not necessarily mean that they overlooked other aspects of marketing, rather that they were unaware of the terminology. Their activities indicate a strategic marketing awareness, particularly in areas such as monitoring the market place, targeting individual market segments and emphasising customer service. Owner/managers do indeed devote much of their time to building relationships with satisfied customers who then recommend the business to others. In other words, they spend considerable time and resources on strategic marketing, but they call it by another name.

Small firm marketing relies heavily on word-of-mouth communication (Winch and Bianchi, 2006). Indeed, word-of-mouth marketing can be a low-cost and highly beneficial route to sales growth and is recognised as a potentially effective

part of a marketing strategy for a small firm (Stokes and Lomax, 2002). However, Stokes and Lomax (2002) also highlighted the fact that we know very little about how word-of-mouth processes work for small firms.

When describing word-of-mouth communication the theorists most often use Arndt's (1967) definition: "Oral person-to-person communication between a receiver and a communicator whom the person perceives as non-commercial, regarding brand, product or a service." While analysing this definition, Stokes (2006) highlighted two crucial distinctions between word-of-mouth and other forms of marketing activity: (i) it involves face-to-face, direct contact between a communicator and a receiver; and (ii) the communicator is perceived to be independent of the product or service under discussion.

Good direct recommendations, image or perceptions and positive press reports coming from satisfied customers, influence new purchasers. As the customer base grows, assuming experiences are still positive, the recommendation rate and image also grow resulting in accelerating sales. Sterman (2000) described this process as 'the engine of corporate growth'. An eroding image, however, can have opposite and disastrous effects and, as Misner (2002) has commented regarding negative recommendations, 'the average unhappy client can talk to dozens of people about his/her bad experience'.

Theory also suggests (Stokes, 2006) that word-of-mouth marketing has two major disadvantages: (i) it is self-limiting: (reliance on networks of informal communications restricts organisational growth to the limits of those networks); (ii) it is non-controllable: (owners cannot control word-of-mouth communications about their firms). In practice, however, successful small firm owner/managers find ways of encouraging referrals and recommendations by more proactive methods.

Winch and Bianchi (2006) in their research on the global strategy for SMEs confirmed that word-of-mouth can indeed be an important part of a small firm's marketing strategy, but it does need careful attention 'as the same forces that act as a growth driver can equally drive a company into spiralling decline'.

Successful small firm owner/managers recognise the importance of building favourable images of their business in the market place in order to encourage the influence of positive word-of-mouth marketing. Image building is particularly important for small firms, which are involved in selling services, rather than tangible products (Parasuraman *et al.*, 1988). Potential customers cannot easily test or sample services, so their perceptions of the selling organisation become even more important in the purchase decision. Stokes (2006) also agreed that a number of factors influence such perceptions including the workplace ethos or atmosphere, the physical appearance of anything associated with the firm from

letterheads to lorries and the attitudes of people who have customer contact - which is usually everyone in a small firm.

## 1.5 Problems associated with SMP in small firms

Although (as identified in section 1.4), marketing planning is a key factor in a small firm's survival and development, such firms share a number of characteristics which cause marketing problems. These include a restricted customer base, limited marketing expertise and impact, variable and unplanned effort and an over-reliance on the owner/manager's marketing competency (Stokes, 2006). Most existing SMP frameworks were designed for larger, well resourced firms and, therefore, should not be liberally borrowed and advanced as solutions for smaller, less well resourced firms. This very lack of resources impacts on the competitive strategies appropriate for small firms (Lee *et al.*, 2002). The same theorists argued that the use of strategic marketing planning in small firms is a relatively new phenomenon. Thus, small firms' managers who are trying to apply SMP can be considered innovators and innovators very often experience problems while attempting to adopt new approaches.

Furthermore, while investigating the barriers to innovation and New Product Development in small firms, Freel (2000) discovered that studies of small firms have consistently raised the issue of poor management skills and, more precisely,

that poor strategic marketing skills have been a barrier to product innovation. Stokes (2006) also identified a lack of formalised marketing planning as a major obstacle to small firms' development. He argued that short-term considerations take priority over longer term planning making small firm marketing management reactive in style and oriented towards the operational rather than the strategic.

Developing SMP practices is especially difficult when the small firms' sector continues to be plagued by high failure rates and poor performance levels (Jocumsen, 2004). These unsatisfactory performances may be caused not just by poor strategic marketing decisions (Kotler, 2000; Corman and Lussier, 1996), but also by an inadequate understanding of how modern small firms arrive at strategic marketing decisions (Culkin and Smith, 2000).

This crisis of confidence in the marketing discipline, according to Brown (1995), has to a large extent centred round the lack of applicability of marketing theory to marketing practice. The basic tools and tenets of marketing management theory are coming under scrutiny and their relevance for the modern business environment coming under question. For example, modern researchers (Mohan and Krishnaswamy, 2006; Yang *et al.*, 2007; Hines *et al.* 2006) demonstrate that many of the differences predicted by the PLC, one of the most long established models of marketing planning and analysis, are not evidenced in their own

research. Other theorists (Hill *et al.*, 1998) extensively criticise the Boston Matrix, consumer behaviour models and even marketing the concept itself.

Furthermore, Hill *et al.* (1998) in their article on combining marketing theory and practice suggested that 'the theoretical underpinnings of marketing thought are coming under an increasing threat and often they are being perceived as lacking any relevance for the modern business environment, especially in the case with the small business sector.'

The same article continues with numerous accounts of the many operational difficulties that surround the marketing planning process. There have been a number of research studies into the relationship between planning and organisational effectiveness. However, the findings have been conflicting and, subsequently, Hill *et al.* (1998) had to conclude that, without further empirical research findings in this area, the idea that firm's performance improves as a consequence of engaging in a planning process and applying well known strategic marketing techniques has not proved easy to confirm conclusively.

McDonald (1989) also summarised difficulties in marketing planning in small firms under the following ten barriers:

- (1) Confusion between marketing strategy and tactics.
- (2) Isolation of marketing function from business operations.

- (3) Confusion between marketing function and marketing concept.
- (4) Prevailing organisational structures along functional lines.
- (5) Lack of skills in in-depth analysis.
- (6) Confusion between process and output.
- (7) Lack of core marketing management knowledge and skills.
- (8) Lack of a disciplined, systematic approach to marketing planning.
- (9) Need to prioritise objectives.
- (10) Need for a more appropriate marketing culture.

Carson *et al.* (1995) later developed an extensive list of marketing skills or competencies required to address the above ten barriers and considered desirable for effective marketing decision-making. These include 'vision, creativity, leadership, communication, motivation, initiative, intuition, adaptability, analytical thinking, judgement, organisational ability, knowledge and networking'.

McDonald (1996) and Piercy (1997) have argued that decision making skills need to be taken into account in planning because marketing management tools and frameworks are open to misinterpretation and abuse. McDonald (1996) states that without an understanding of some of the basic tools of marketing, the chances of coming up with strategies focused on achieving a sustainable competitive advantage are slim. He also suggested that communication and

interpersonal skills are also 'prerequisites for marketing planning success, since excellent marketing plans will be ineffective unless those on whom the main burden of implementation lies, understand them and are highly motivated towards their achievement'.

Having evaluated SMP in small firms and problems affecting their marketing performance, the researcher set the objectives for further secondary research. In researchers opinion, secondary research of this study should now focus on investigating existing SMP models or discovering an alternative to formalised models and approaches.

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## 1.6 Conclusion

Three main objectives of Chapter 1 were: (i) to define and profile the small business sector, (ii) to define the concept of strategic marketing planning (SMP), and (iii) to explore the application of SMP in the small business sector.

Chapter 1 identified and clearly defined the target of this study viz. firms in the Republic of Ireland employing between ten and fifty employees irrespective of sector and industry. The main findings in this chapter suggested that the small business sector is a major contributor to employment in the state. In addition, this chapter explained that strategic marketing planning is the ongoing and constantly evolving process of developing competitive marketing strategy and as highlighted in the chapter that this process is different in the small business sector. In order to overcome many existing strategic marketing problems, small firm owner/managers tend to rely more on their own vision, basic image building and word-of-mouth rather than on the formal strategic process which involves preparing a strategic marketing plan, analysis of market segments and selecting potential target markets and positioning strategies. However, if these strategic marketing frameworks, designed originally for large-scale enterprises, were adapted for the small business sector, the rate of successful application in the sector would increase.

## **CHAPTER 2 - SMP MODELS AND APPROACHES**

- 2.1 Introduction**
- 2.2 Review of existing SMP models for small firms**
- 2.3 Evaluation of existing SMP models in the small business sector**
- 2.4 Networking and Co-operation**
- 2.5 Rationale for developing a new SMP model for small firms**
- 2.6 Conclusion**

## 2.1 Introduction

Chapter 2 consists of four sections which describe existing SMP models. The first section of the chapter gives an overview of each model or approach describing the process of development of the model and explaining how it works. In the second section of the chapter, the researcher evaluates existing SMP approaches relying, where possible, on the critiques of these SMP models by strategic marketing theorists.

The third section describes the phenomenon of networking among small firms. The importance of networking and co-operation as strategic marketing approaches in small firms is becoming more evident. As already discussed in chapter 1, small firm owner/managers tend to 'shy away from formalised research, relying more on informal networking' (Stokes, 2006). Having recognised the increasing popularity of networking in the small business sector, the researcher explores the benefits as well as the disadvantages of networking and co-operation in small firms. The chapter concludes with a presentation of the rationale for developing a new strategic marketing planning model for the small business sector.

## 2.2 Review of existing SMP models for small firms

Siu and Kirby (1998) pointed out that although strategic marketing planning theorists recognise and review marketing planning activities in small firms, the sector is still without a preferred SMP model. Later, Brooksbank *et al.* (2004) would connect this phenomenon to the fact that to a large extent all previous research in the SMP area was based on and targeted at either large scale enterprises or very small firms, so-called, micro-firms. In this chapter the researcher explains several widely accepted models for SMP in small firms and reviews them in the order that they were developed by SMP theorists. Due to the nature of The Contingency Approach by Cannon (1991) it was reviewed last. The very basic assumption of the contingency theory to SMP in small firms is that there is no universal approach that would be applicable in all small firms.

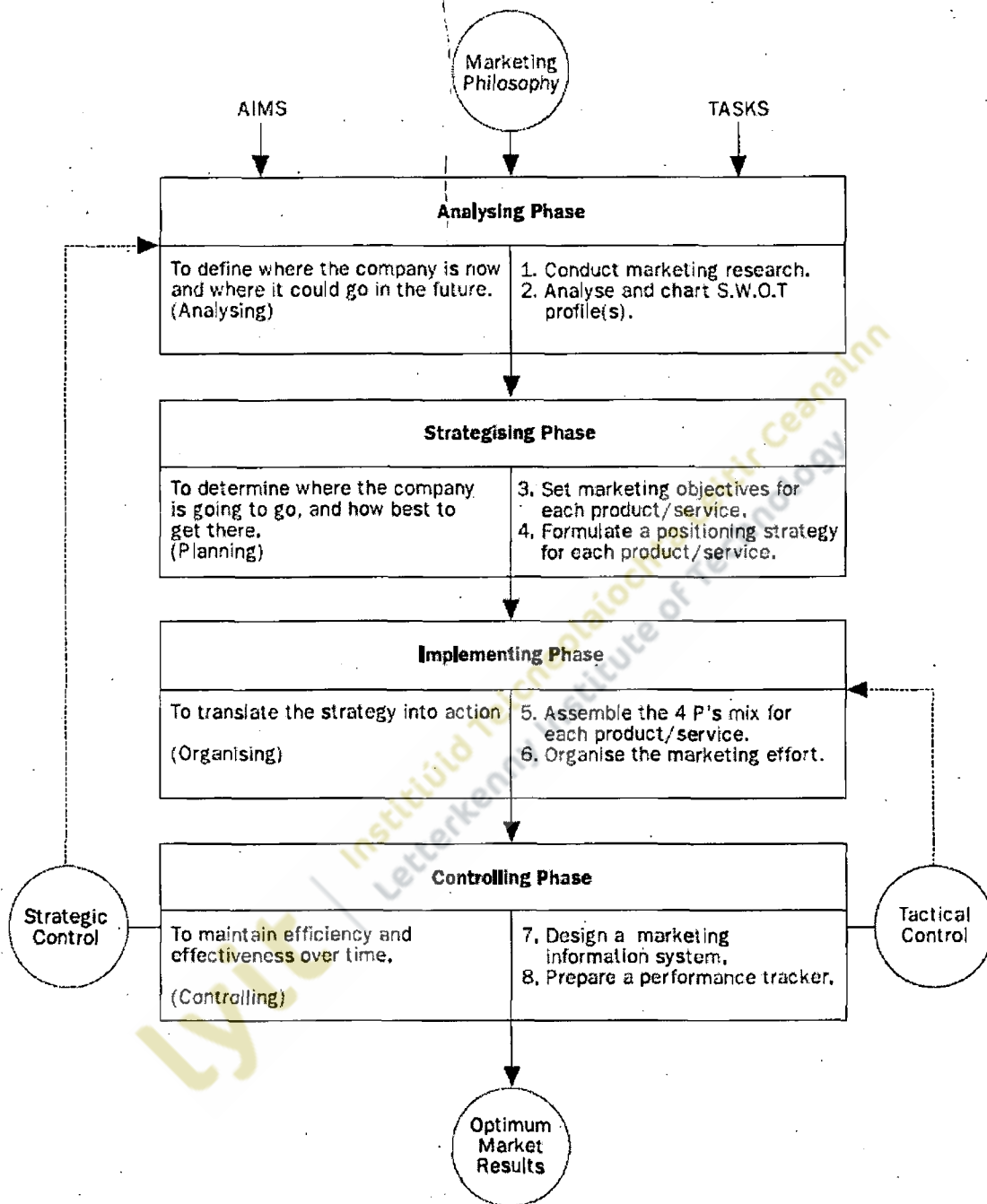
One of the first small firms' marketing approaches - *the stages/growth model* - is rarely used at present. The model, presented by Churchill and Lewis (1983), is essentially a modification of PLC. According to the stages/growth model there are five stages in firms' development: (1) existence, (2) survival, (3) success, (4) take-off and (5) resource mature.

When describing the stages/growth model, Siu and Kirby (1998) wrote that 'marketing was believed to exist as a major issue in the "Existence" stage only.

The owner/manager at this stage took charge of marketing and sales activities'. As the small firm moves through the stages, marketing becomes a minor issue. With growth, the role of marketing planning decreases from 'critically important' to 'modestly irrelevant'.

*The marketing planning process for small businesses* developed by Roger Brooksbank (1999) suggested that the marketing planning process combines 'the three fundamental principles'. The first principle is 'to adopt a marketing orientation, or philosophy, of business in contrast to a production-orientated company which focuses on producing technically excellent products at the lowest possible cost'. The second principle is to employ a comprehensive planning approach. To be effective, marketing planning must be 'comprehensive with respect to all four "classic" functions of management (analysing, planning, organising and controlling)'. Finally, the third principle, according to Brooksbank (1999), is to 'keep on' marketing planning. The fast-changing nature of marketing planning means that 'marketing planning should be a continuous, ever-evolving process, which seeks to exploit these changes in the company's best advantage'.

Figure 2.1 The marketing planning process for small businesses



Source: Brooksbank (1999), "The theory and practice of marketing planning in smaller business"

Brooksbank (1999) argued that the marketing planning process goes through four main stages:

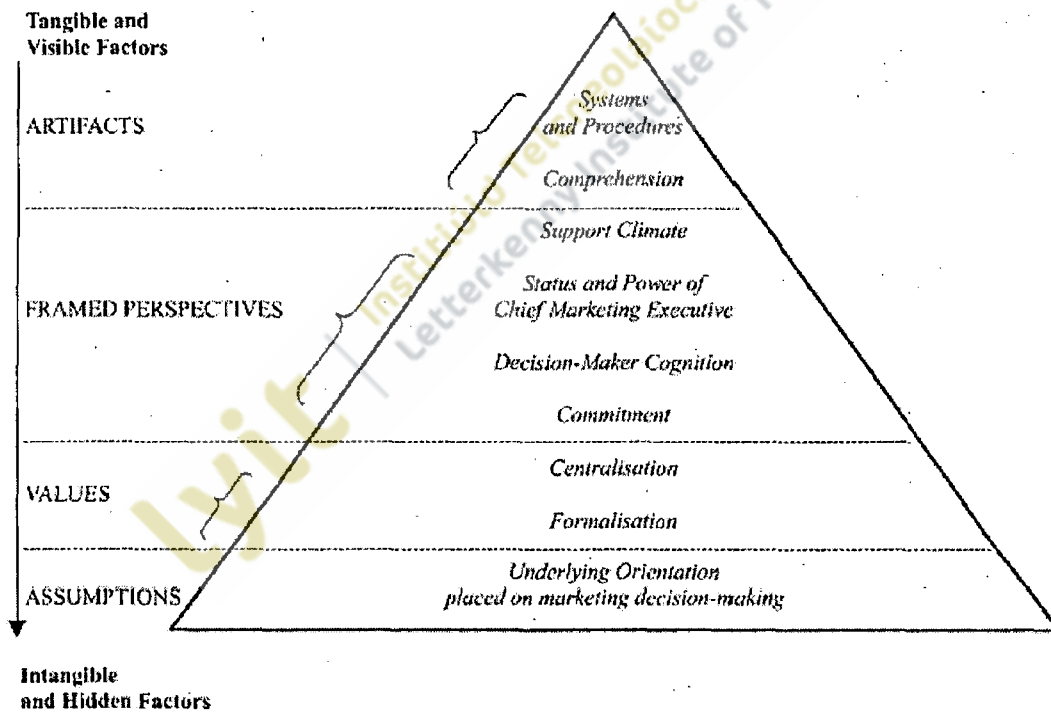
1. Analysing;
2. Strategising;
3. Implementing; *and*
4. Controlling.

Figure 2.1 serves to highlight the key aims at each phase of the process (in the left-hand column) and the key tasks involved (in the right-hand column). The above figure also translate into the following definition: 'Marketing planning involves the regular analysing of a company's competitive situation leading to the setting of marketing objectives, and the formulation and implementation of strategies, tactics, organisations and controls for their achievement' (Brooksbank, 1999).

An Inductive model of SMP was developed by Ashill *et al.* (2003). These marketing planning theorists employed a qualitative interview approach to gathering and analysing marketing decision makers' retrospective accounts regarding the most recent formalised SMP process they had experienced. The authors utilised a multiple-case study approach as the data collection method. For this SMP study, following the advice of Eisenhardt (1989) who suggested

that studies of between four and ten cases 'usually work well', Ashill et al. (2003) interviewed decision makers from four firms in a single industry setting in New Zealand. According to the developers of this model the inductive model of SMP suggests that 'strategic marketing planning activity embodies a set of framed perspectives, values and assumptions that are integral to the whole process'. The authors used the analogy of an iceberg in presenting their model of SMP (see figure 2.2).

Figure 2.2 An inductive model of SMP



Source: Ashill et al. (2003), "Strategic marketing planning: a grounded investigation"



The top, most visible model visible layer of the inductive model - ARTIFACTS - 'focuses on and represents the constructed physical and social environment of SMP activity'. The artifacts represent those tangible aspects that small firms' owner/managers hear, see and feel when undertaking marketing planning activities in both written and oral forms.

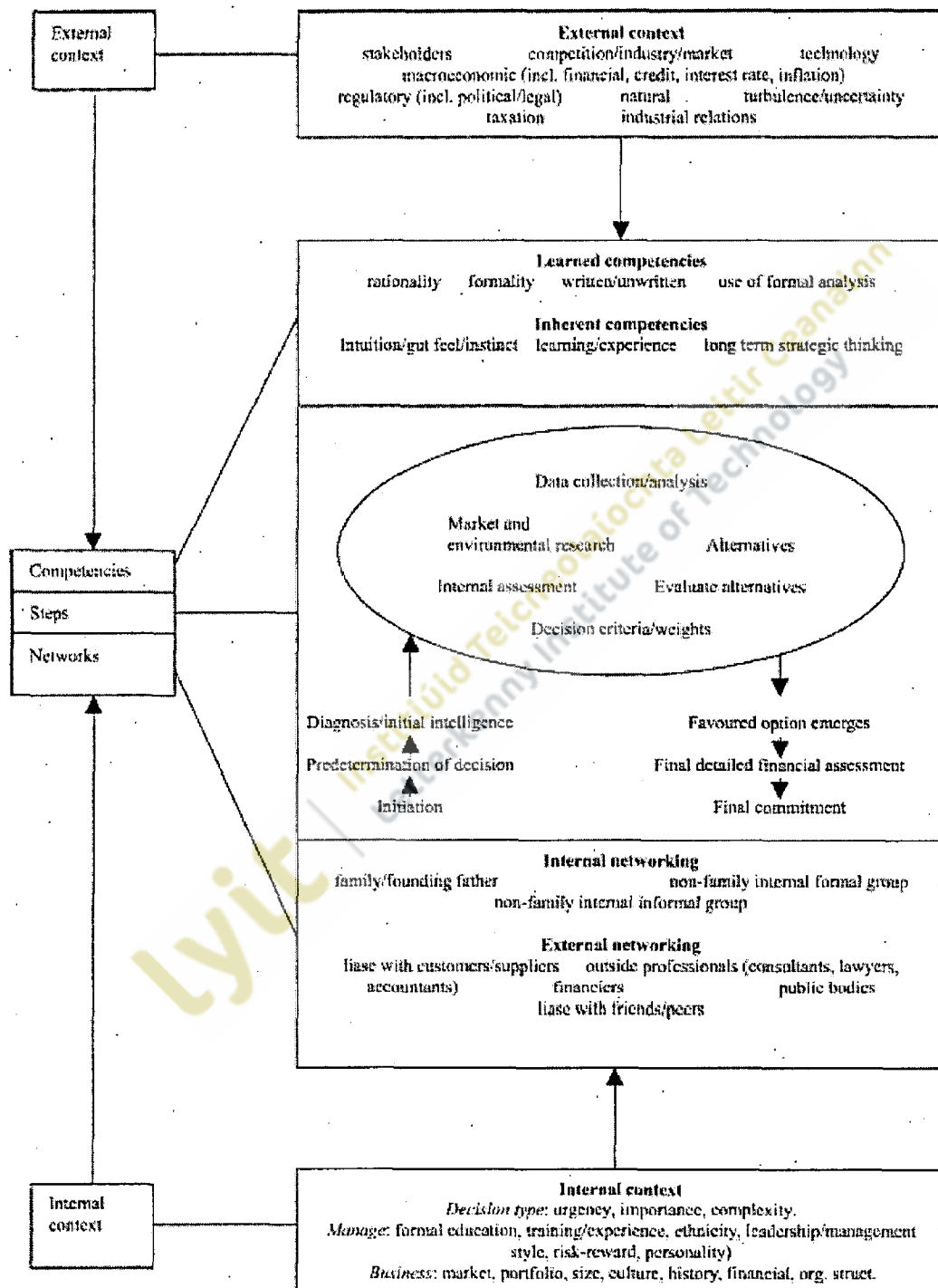
A second layer of the model - FRAMED PERSPECTIVES - has to do with attributes that 'shape' and 'distort' the perceptions and judgements that lead to the 'tangible and visible output of SMP. The frame and its perspectives impact upon the way a group perceives and interprets situations'.

The third layer of this model - VALUES - is concerned with how the firm's marketing manager approaches problems and opportunities. The author argues that this can depend on 'extrinsic rewards linked to some formal evaluation process'. Two sub-categories emerging in the third layer are centralisation and formalisation. Centralisation characterises the extent to which the firm values the SMP process as being under the control of a few top managers (in small firms, possibly, one owner/manager); formalisation refers to the extent to which procedures, rules and guidelines are emphasised in any given firm, for example, 'requiring marketing decision makers to document planning activities and adhere to job descriptions'.

Ashill *et al.* (2003) suggested that considering that overt and visible artifacts, framed perspectives and values related to the SMP process should lead to the 'acknowledgement of the fact that tacit beliefs and assumptions should also be thought over'. These beliefs and assumptions represent the fourth and most hidden layer in the iceberg of the inductive model.

Jocumsen (2004) also conducted research, the objective of which was to propose a model of strategic marketing planning for small firms. The developed model was entitled: "*Theoretical research framework for strategic marketing decision-making process in small business*". After the initial stage of research which involved a multidisciplinary literature review and six depth interviews the model shown in figure 2.3 was developed. The model was very complex and confusing especially for small firm owner/managers.

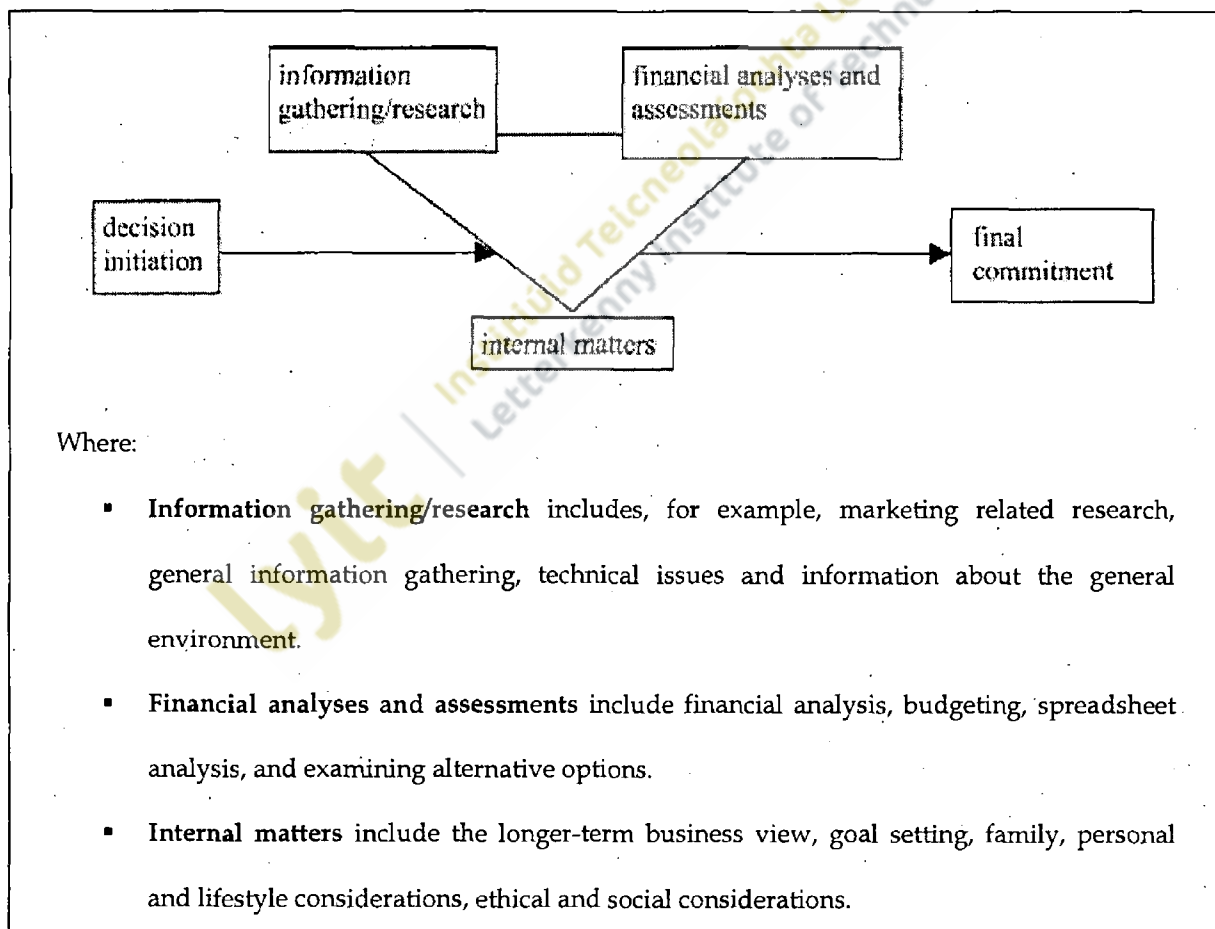
Figure 2.3 Framework for strategic marketing decision-making process in small business



Source: Jocumsen (2004), "How do small business managers make strategic decisions?"

Following the series of confirmatory case studies the results of the initial study were distilled into a new simplified proposed model of strategic marketing decision-making in small firms. The new model 'comprised a decision initiation step, a final commitment step and three intervening iterative steps of information gathering/research, financial analyses and assessments and internal factors' (see figure 2.4).

Figure 2.4 Model of strategic marketing decision making in small businesses



Source: Jocumsen (2004), "How do small business managers make strategic decisions?"

The study by Jøcumssen (2004) found that small firms' owner/managers follow a much less complex marketing decision making process leading to a more straightforward strategic marketing planning process in small firms. According to the theorist, in making strategic marketing decisions small firms' owner/managers go through a less complicated process of decision-making 'both in terms of steps followed and the methods used to carry out those steps'.

One of the main advantages of this model is that the author accepts that small firms' owner/managers often use some (simple) analytical tools, that they make 'extensive use of gut feeling and intuition, that they place much reliance upon past experiences, that they rely upon internal advice only to a limited extent' and they 'utilise advice from business associates much more than that from outside professionals'.

Hence, any further proposed models of strategic marketing planning in small firms should be presented, as per Jøcumssen (2004), within the context of these current ways in which small firms' owner/managers go about their strategic marketing decision-making.

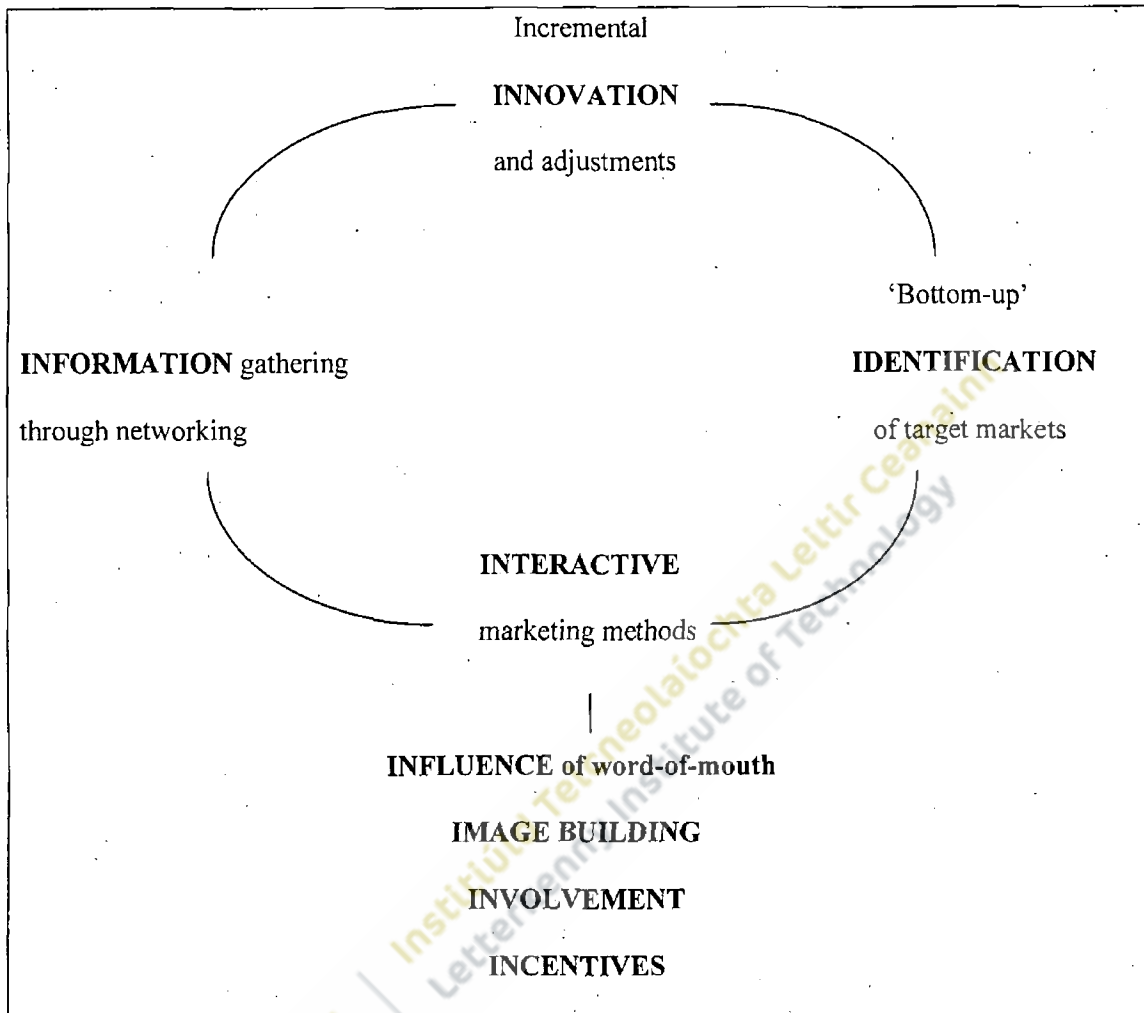
In 2006 Dr. David Stokes presented his model of SMP entitled "*Small Business Marketing Process*". The four main elements of this model, together with the four types of, so-called, interactive marketing methods, are conceptualised as the

"Four + Four I's" of small business strategic marketing as shown in figure 2.5 below.

Stokes (2006) argued that, as a strategic process, marketing in the small business sector involves innovation, identification of target markets, informal information gathering and interactive marketing methods. This can be summarised as a marketing mix of influence (word-of-mouth communications), image building, incentives and involvement - the "Four + Four I's" rather than the 4 P's of the conventional marketing mix.

The small firm SMP process illustrated in figure 2.5 starts with information gathering through networking rather than formal marketing research applied in large-scale enterprises. The next stage - innovation - according to Stokes (2006) is one of the main driving forces of the SMP process in small firms. However, this does not mean that entrepreneurial innovation consists of major breakthroughs and inventions. This may mean stocking new lines, approaching a new market segment with a particular service or improving services to existing customers - in other words 'incremental, innovative adjustments which together create a competitive edge'. Furthermore, success is also dependent on identifying a particular group (identification of target markets) of customers who need the product or service on offer and subsequently communicating the message via interactive marketing methods illustrated in figure 2.5.

Figure 2.5 4+4 "I"s Model



Source: Stokes (2006), Marketing and the Small Firm.

Siu and Kirby (1998) stated that 'each firm is unique and each situation should be analysed separately. There is no universal/optimal model for all businesses and firms regardless of their resource positions and environmental context'. Cannon (1991) and Hogarth-Scott et al. (1996) adopt the *contingency approach* to strategic marketing planning to understand small firms' marketing by examining the

external marketing environments of small firms. Siu and Kirby (1998) later suggested that the major contribution of the contingency approach is 'the acknowledgment that various factors influence the small firm's marketing performance'. The contingency approach is based on the assumption that strategy-performance relationships can vary across different firm sizes or/and different business environments.

Essentially advocates of the contingency approach propose no universal set of strategic steps or choices for small firms' owner/managers to succeed in SMP.



### 2.3 Evaluation of existing SMP models

The stages/growth model suggests that any model of small firm marketing must take into account the stage of development of the firm. However, Siu and Kirby (1998) pointed out two major assumptions - firstly a necessary change in the business and marketing practices of the owner/manager of the firm to enable the progression from one stage to the next; and secondly, the awareness, aptitude and ability of the owner/manager to deal with the different problems encountered at each of the stages.

However, not all small firms conform to this model. Owners/managers with some prior marketing education or experience may introduce and benefit from adopting a professional marketing approach from the very beginning. In addition, other variables, e.g. the entrepreneur's aptitude for marketing, will also shape the life cycle curve. The number of stages that the firm might pass through during its life cycle is highly variable. Moreover, there may be no progression from one stage to the next.

Another limitation of this model is the fact that it primarily provides a description of internal changes in the organisational structure. Small firms especially will also be influenced by and respond to changes in external environments (Siu and Kirby, 1998).

Although the study by Ashill *et al.* (2003) and the SMP model that emerged out of it represent 'an important step in the development of a grounded theory-based approach to the study of the SMP process' there are a number of aspects that should be recognised. The following limitations are mainly to do with the research methodology employed by the SMP theorists.

Firstly, the theorists used case study method in given research and as with any qualitative study, according to Bazermann (1998), 'risk may be associated with recall bias and selective reporting'. The same critic suggests that the nature of data generated via case studies may lead to findings 'with limited validity, reliability and generalisability'. Secondly, as pointed out by Ashill *et al.* (2003), it is problematic to determine whether the most recent account of the SMP process actually represents the actual process or just describes owner/managers' 'frames and scripts' developed about the SMP process. Thirdly, the use of retrospective accounts and perceptions of SMP actors and decision-makers can also present limitations. Fourthly, the timing of the interviews raises another issue. Some interviews were undertaken during, and others immediately after an organisation's planning cycle, thus having a potential impact on the nature and accuracy of recall. In conclusion, the adaptability of a given SMP model to the small business sector is a concern, as Ashill *et al.* (2003) used large-scale enterprise decision-makers for the purposes of the research which resulted in the Inductive model of SMP.

Moving on to the most recent SMP model described in this chapter, it is important to highlight that the 4+4 I's model by Stokes (2006) describes thoroughly the process of strategic marketing planning in small firms. When designed, the model was intended to do exactly that i.e. describe strategic marketing in small firms. However, whether this model will actually aid the small firm owner/managers in strategic marketing is open to question.

The major contribution of the contingency approach is the acknowledgement of the fact the various factors influence the small firm's marketing performance. The basic assumption of this is that strategy-performance relationships can vary across different environments and different firm sizes.

However, as suggested by Siu and Kirby (1998), the use of the contingency approach in the development of the small business marketing paradigm is still very primitive. Cannon (1991) proposed that the major problem is the lack of a common platform or framework which 'encompasses the present disparate channel of enquiry in a dynamic manner'.

In most cases, variables are not clearly defined, are randomly selected, or cannot be measured effectively. Some small firm researchers argue that marketing in small firms is so distinct and different that each must identify its own paradigm (Carson, 1990).

Finally, one most important limitation of the contingency approach is that it is essentially an outcome and not a process model (Siu and Kirby, 1998). The contingency approach ignores the processes by which a given outcome is achieved.

When evaluating existing SMP models and approaches the researcher discovered that many theorists (O'Donnell, 2004; Morgan *et al.*, 2007; Wilkinson, 2006) argued that in practice there is another alternative to models described above. O'Donnell (2004) wrote that due to the unique characteristics exhibited by small firms it is becoming increasingly accepted that many traditional marketing theories and models are not wholly applicable to these businesses. However, O'Donnell and other theorists (Hill and Wright, 2001; Blankson and Stokes, 2002) recognise that small firm owner/managers do engage in marketing, but that the form this marketing takes is not fully understood. For some time, researchers at the marketing/entrepreneurship interface have employed the concepts of networks and networking as a means of exploring how entrepreneurs "do business". More recently, attempts have been made to show how the process of networking contributes to small firm marketing.

## 2.4 Networking and co-operation

Networking is often practiced by small firms targeting other businesses (Morgan *et al.*, 2007; Wilkinson, 2006). Wincent (2005) argued that small firm networks have become quite popular, firstly, due to the belief that they can foster enhanced competitiveness and renewal for participants and, secondly, because a significant amount of modern practitioners seem to operate in such networks in order to develop and strengthen their firms. Although small firm networks are similar to most alliances, joint ventures and partnerships, all firms in these networks do not need to interact directly with each other (Varamaki and Vesalainen, 2003). Rather, "network logic" is built upon smaller overlapping sub-groups of firms where strategic integration is present. The configuration of the sub-groups can be dynamic, since the idea is that membership firms should jointly perform work tasks to overcome the natural disadvantages that small firms have, such as a lack of resources and limited market power. According to Human and Provan (1997), often an administrative organisation connects the participating firms by indirect support to business projects, where firms participate jointly to develop their business operations or exchange/share resources for strategic implementation in manufacturing, product development or marketing.

Dennis (2000) suggests that 'all companies are part of a network to a greater or lesser extent'. All companies form relationships with their suppliers, buyers, competitors and allies and as a consequence make a decision on whether or not to strengthen or grow the links which lead to the formalisation of a cooperative structure. It is therefore only the extent of the closeness, interdependency and consciousness of these relationships that determine whether they are truly called "networks".

The process of networking has various definitions in the literature. Iacobucci (1996) for example, has stated that networking 'is a verb used to describe the initiation and sustenance of interpersonal connections for the rather Machiavellian purpose of tapping those relationships later for commercial gain'. Carson *et al.* (1995) describe networking in a small firm context 'as an activity in which the entrepreneurially oriented small firm owners build and manage personal relationships with particular individuals in their surroundings'.

When listing the research findings, O'Donnell (2004) defined marketing network as 'the network of actors with whom owner/managers interact to accrue marketing benefit'. The author also showed that, generally speaking, networking is an activity that varies according to the individual small firm owner/manager and even according to the person with whom the interaction takes places. As O'Donnell's (2004) further study suggests, small firm networking can vary along

certain networking dimensions which can be categorised as: level of networking, networking proactivity and strength of network ties.

Researchers' opinions differ as to the level of networking in which small firm owners/managers engage. Some theorists suggest that owners/managers are more likely to have a wider range of networks than marketing specialists employed by a large company and will consequently spend more time engaged in the process of networking (Birley *et al.* 1991). However, Curran *et al.* (1993), on the other hand, believe that time-constraints on owners/managers make extensive inclusion in networks problematic, or in some cases, impossible. The level of networking can also vary according to the particular network actor. Therefore, as suggested by O'Donnell (2004), the level of networking in which an owner/manager engages with a particular network actor, can be positioned along a continuum from "limited" to "extensive". Furthermore, generic marketing network according to O'Donnell (2004) comprises:

- Potential customers and existing customers;
- Potential suppliers and existing suppliers;
- Competitors in the firm's home market; *and*
- Competitors outside the home market;
- Business friends and colleagues;
- The Small Business Agency and other Government agencies; *and*
- Employees of the firm (the internal network).

An earlier study of the nature of networking by Silversides (2001) outlined five key issues to be considered when facilitating small firm networking:

- Networks need an identity. To be actively part of a group of business people and to invest resources such as time and money into an activity, it must be perceived as an entity which can offer reward on that investment.
- Networks take time. Individual relationships develop from working together over long periods of time and years of professional association.
- Networks need trust. To be part of the network an individual has to engender trust. This takes time and regular business and social contact.
- Networks need a pride in the group's identity and its reputation. In order to continue to contribute and take ownership of the network a member belongs to, there must be some benefit in being associated with this group of people.
- Networks provide learning and constant development for reflective individuals and firms.



According to O'Donnell (2004), a holistic examination of the nature of networking with the marketing network demonstrates that owner/managers generally engaged in extensive and proactive networking and generally maintained strong ties with the actors. Furthermore, in respect of gaining marketing knowledge Maniukiewicz *et al.* (1999) highlighted that networking is seen by a number of users to be of more value than business counselling sessions with business advisers. In the course of research O'Donnell (2004) also highlighted that owner/managers are drawn more to network actors who are on their "wavelength". Informal interaction may involve customers and suppliers (Premaratne, 2001) or even family and friends (Drakopoulou-Dodd *et al.*, 2002).

Hoang and Antoncic (2003) defined small firm co-operation (or inter-organisational networking) as a procedure for translating resources from one firm to another and that might include transfer of information, signalling, advice, and problem solving. Fuller-Love and Thomas (2004) see co-operation as a theory that plays an important role in the survival of small firms. Furthermore, Morgan (1997) identifies co-operations as 'an avenue for learning and internalisation of new skills'. Well-chosen partnerships, according to this theorist, make it possible to bypass slow and costly efforts to build a firm's own capabilities and access to new opportunities.

Generally speaking co-operation can be considered a way to stimulate the development of small firms. However, growth is only one example of "development". Wiklund *et al.* (2003), for example, suggest that it is a well-known fact that many, especially small, entrepreneurs do not want to grow. They are happy with the size of their firm and the income it generates. In fact only a third of small and medium-sized enterprises in Europe increased their turnover from 2001 to 2003.

Table 2.1 summarises the most frequent motives/reasons for SME co-operation as follows: access to new and larger markets, broader supply of products, access to know-how and technology, additional production capacity and reduced costs. The smallest firms most frequently mentioned access to new and larger markets as the reason for cooperating, while the largest enterprises prioritised cost reduction. Access to labour and access to capital were seldom mentioned as a reason for co-operation. According to the EU Observatory of SMEs (2003), the target of this particular research - the small firms - ranked "access to new and larger markets" and "additional production capacity" as the two most important reasons for co-operation with other businesses (or inter-firm networking).

**Table 2.1 Reasons for co-operation**

<b>Small firms</b>	
<b>(10-50 employees)</b>	
1 <sup>st</sup> ranked reason	Access to new and larger markets
2 <sup>nd</sup> ranked reason	Additional production capacity
3 <sup>rd</sup> ranked reason	Reduced costs
Last ranked reason	Access to capital

Source: Observatory of European SMEs, (2003)

Having listed the main reasons for co-operation it is important to look at the issue of co-operation from a negative perspective and consider some barriers or obstacles to co-operation. As identified by the EU Observatory of SMEs research the following are the most important barriers to co-operation:

- the wish to remain independent;
- lack of information on suitable partners;
- disclosure of sensitive information to other firms;
- risk involved with cooperating with other firms; and
- taxation and legal restrictions.

Nevertheless, inter-firm networks or alliances are becoming an increasingly prevalent mode of conducting business. Small firms' networking can bring many

advantages to its participants. For example, achieving economies of scale (incl. marketing expenditure) through networking allows firms to take advantage of lower initial investment costs and also lessens capital expenditure in the future (Dennis, 2000; Barnir and Smith, 2002). The increased popularity of network systems may also stem from the idea of "safety in numbers", whereby associated firms are able to reduce uncertainty. For many small firms the main advantage of the networking system is that it gives them the opportunity to compete effectively in divergent and often larger markets.

Furthermore, Foy (1994) states that 'by taking advantage of the co-ordination and economies of scale of large, vertical organisations whilst embracing the flexibility, creativity and lower overheads of small firms, members of a network are able to enjoy the best of both worlds'. According to the same author, networking and co-operation among small firms makes competing on a national or international level possible through the co-ordination of factors such as research and development, information technology or marketing. Without such alliances small firms would be confined to their local markets.

Having said that co-operation and networking can reduce costs via economies of scale, it is important to mention that other researchers (Egs and Englert, 2003) suggest that small firm networking also supports the strategy of differentiation. Findings from research carried out in Germany conclude that cooperation with

regional business partners opens new opportunities for better targeted customised products.

A lack of substantial investment may leave many small firms with gaps in their competency or resource portfolios, but interaction allows network members to access resources and skills (inc. marketing expertise) not owned by the firm itself, thus opening up new opportunities. Terziovski (2003) also states that engaging in a networking process allows a small firm to concentrate on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise.

Fuller-Love and Thomas (2004) stated another important reason for co-operation – strategic behaviour, for example, making it difficult for other firms to enter into the market by joint control of the niche.

Networking and co-operation present many benefits to the small business sector and open opportunities that are usually inaccessible for “standalone” small firms. However, Human and Provan (2000) argue that despite the potential to improve firm performance when participating in a small business network, membership firms face external challenges. These include free riding, opportunism, and uncertainty of outcomes when operating with partly independent members that are potential competitors. Earlier Mayer *et al.* (1995)

suggested in their work that it is likely that opportunism, conflicts and an unwillingness to support cooperative partners become prevalent when there is a lack of trust between cooperative partners in networks. However, when trust is present, the valuable exchange between cooperating firms is positively affected. Furthermore; Arino *et al.* (2001) agree that the likelihood of a firm pursuing possibly essential actions to respond to changes in the competitive and economic environment increases when there are high levels of trust among cooperating partners. It also increases the possibilities of closer individual voluntary cooperation especially entrepreneurial activities.

Another challenge that networking presents is assessing the benefits that the whole process brings to small firms. Jones (1997) concluded that it is virtually impossible to isolate the mechanisms that produce the benefits of co-operation as these mechanisms are usually vaguely specified and empirically still ambiguous. Studies cannot show adequately how co-operation or network structures influence inter-firm exchanges, and it is difficult to measure value creation and profit induced by the co-operation (Doz and Hamel, 1998). The main reasons adduced are resource sharing for different purposes and the fluctuating time lag between incurred costs and earned profit.

Finally, it is important to point out that small firm networking and co-operation offer many benefits. However their potential is not fully exploited and, as

suggested by Maniukiewicz *et al.* (1999), facilitation is required to bring people together in order to encourage networking and co-operation.

## 2.5 Rationale for developing a new SMP model for small firms

According to Ardley (2005), a review of the literature on strategic marketing planning reveals that the manner in which it is carried out in small firms does not appear to reflect the way in which it is written about in texts. Some marketing authors point to the failure of marketing planning as a result of implementation difficulties, blaming inadequate skills on the part of small firm owner/managers, a lack of marketing knowledge and the way in which internal cultures are managed (Simkin, 2002).

A number of articles in well renowned academic journals (Van De Ven and Johnson, 2006; Bennis and O'Toole, 2005) have pointed out that the gap between strategic marketing theory and practice is widening. Moreover, marketing managers suggest that marketing theory as described in textbooks is rarely found in practice (Edwards, 2005). Yet these frameworks retain their useful tag. Strategic marketing theory and models need to be restructured, paying more attention to the "reality" of marketing practice (Ardley, 2008).

Tapp *et al.* (2006) also call for applied academics to get nearer to the type of knowledge that is trans-disciplinary and consider 'the messy world of the practitioner'. Indeed, rarely do we see marketing practice articulated from the perspective of those who implement it. As a consequence, whether or not



marketing principles were actually employed becomes very difficult to determine (Ardley, 2008).

The evidence is that academic research in marketing fails to make much of an impression on marketing practitioners. From a survey of marketing managers McKenzie *et al.* (2002) concluded that none of them regularly read an academic journal. A recent survey of marketing research practitioners established that they find sources of information other than academic journals, mainly professional magazines and web sites, far more useful for professional purposes (Baines *et al.*, 2006).

Gilmore *et al.* (2001) suggested that marketing decision-making in small firms is built around spontaneity, reactivity, informality and looseness. Hackley (2000) in his study also indicated how central tacit knowledge is to marketing decision-making. He states that the tacit area of practical marketing knowledge is systematically ignored in theoretical frameworks. The case is that the conventional strategic planning models found in textbooks emphasise a simple systemic approach. They 'do not capture the complex nature of lived reality' and the strategy-making process which exists in practice (Moller and Halinen, 2000). Furthermore, Gummesson (2002) makes an even stronger point suggesting that 'if false frameworks are being promulgated, then these need replacing'.

A substantial amount of the academic literature on the subject deals with the subject of marketing planning as it relates to big businesses, citing big business cases and examples (Brooksbank, 1999). Some researchers (Stokes, 2006) also suggest that 'the marketing behaviour of small firms is often related to the personal characteristics of the owner/manager'. The specific marketing/small business interface has not been examined in any great depth. The main gap in this area, as identified by Romano and Ratnatunga (1995), is 'the absence of a structured literature base which designated the relevant linkages and established the nature and weight of marketing on small enterprise research'. It is also important to point out that the extensive study of periodicals carried out in this research has identified the need for more primary research on the samples of Irish small firms in the area of strategic marketing planning.

## 2.6 Conclusion

Literature review identified several aims and objectives for the primary research section of this study (see figure 3.1 in Chapter 3). Many SMP theorists (Stokes, 2006; Ardley, 2005; Van De Ven and Johnson, 2006; Bennis and O'Toole, 2005) agreed that gaps exist between practical strategic marketing planning and textbook theory. Furthermore, literature (McDonald, 1989; Carson *et al.*, 1995; Stokes, 2006; Lee *et al.*, 2002) highlighted various problems that are affecting SMP performance in the small business sector. The aims of the primary research would be to define these gaps by exploring current practices employed by small firms in SMP and to verify the existence of the SMP problems discovered by the theorists.

In addition, section 2.5 of the literature review presented the rationale for developing a new SMP model for small firms. Indeed, many researchers (Ardley, 2005; Tapp *et al.*, 2006; Gummesson, 2002) suggested that the need exists for developing a more practical SMP model for small firms. Therefore, the paramount aim of the primary research would be developing this SMP model.

On the issue of the technical possibility of developing the SMP model that would be adaptable for small firms from different sectors/industries, Siu and Kirby (1998) commented that, at the conceptual level, marketing skills like product mix

management, marketing research method and communication strategy planning are transferable from country to country, industry to industry, and even company to company.

Having reviewed and analysed several existing strategic marketing planning models the researcher concluded that extensive research has been carried out to develop various models and approaches to SMP in the small business sector. The majority of researchers (Stokes, 2006; Ashill *et al.* 2003; Jøcumsen, 2004), when developing their models, focused more on describing how strategic marketing planning is currently carried out in small firms. The researcher's view is that there is a persistent need to develop an SMP model that would aid the small firm owner/manager in marketing planning rather than explain how the process works. To conclude this chapter it is important to acknowledge that careful networking and co-operation can provide a small firm with a competitive advantage. However issues such as free riding, opportunism and uncertainty of outcomes should be addressed when choosing suitable networks or partners.

## **CHAPTER 3 - PRIMARY RESEARCH METHODOLOGY**

### **3.1 Introduction**

### **3.2 Research Philosophies, Approaches and Time Horizons**

### **3.3 Methodology Phase 1 - Depth Interviews**

### **3.4 Methodology Phase 2 - Survey**

### **3.5 Methodology Phase 3 - Focus Group**

### **3.6 Conclusion**

### 3.1 Introduction

This chapter presents the research framework that forms the basis of this study. Research methodology can be defined as 'a process of steps used to collect and analyse information in order to increase our understanding of a topic or issue' (Creswell, 2005). The researcher divides the primary study into three phases. The diagram of the overall research methodology is presented in figure 3.1.

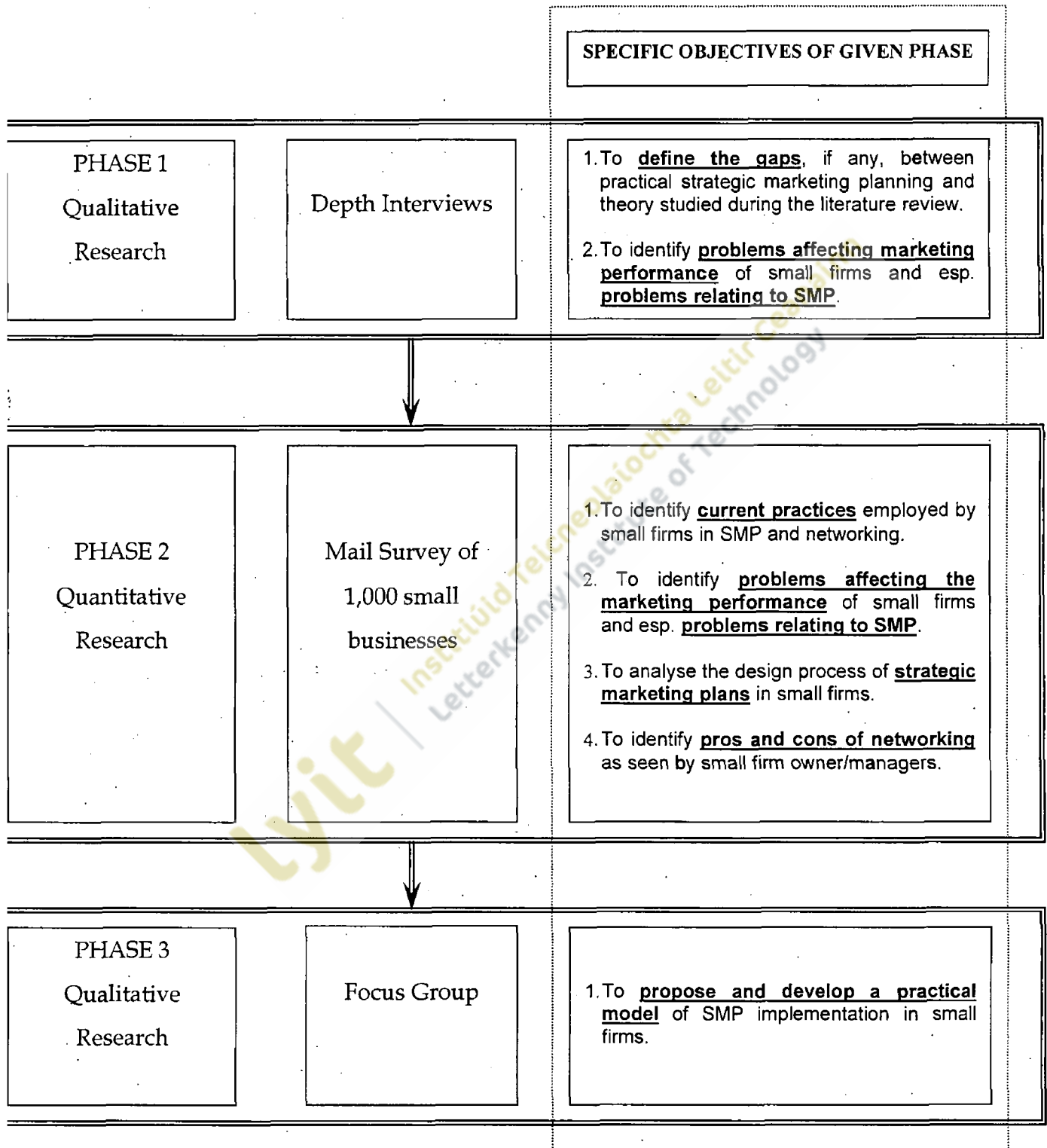
Grounded theories are formulated during phase 1 of the research, which took the form of a qualitative research via depth interviews. According to Cassell *et al.* (2006), qualitative research is at the front end of research, and has a 'well established pedigree', while quantitative research allows for descriptive analysis of issues. During depth interviews, the researcher focuses on identifying strategic marketing problems and gaps between strategic marketing theory and practice from the perspective of marketing practitioners and small firm owner/managers.

Having formulated the grounded theories and identified strategic marketing problems in the small business sector, phase 2 of the research commenced. This was the main quantitative part of the primary research that consisted of a mail survey of 1,000 small firms operating in the Republic of Ireland. The four main objectives of phase 2 are illustrated in figure 3.1. However, these are only broad

objectives that were subsequently sub-divided into more specific tasks described later in the research methodology chapter.

Finally, phase 3 of the research concludes the primary study. This time a focus group is utilised as a qualitative data collection method. Having proposed a new strategic marketing planning model for implementation in the small business sector the researcher develops and evaluates the model with the focus group that includes marketing specialists and representatives of semi-state small business support agencies.

Figure 3.1 Overall Research Methodology diagram





### 3.2 Research Philosophies, Approaches and Time Horizons

According to Saunders *et al.* (2008), the first step in any research is to identify the most appropriate research paradigm to follow in terms of designing and collating the research. The research philosophy reflects how the researcher views the development of knowledge (Vignali and Zundel, 2003). A paradigm is 'a set of linked assumptions about the world which is shared by a community of scientists investigating the world' (Deshpande, 1983). Various theorists (Creswell, 2005; Goulding, 2005; Saunders *et al.*, 2008) describe two distinct research methodology paradigms: positivism (predominant in science) and phenomenology (including realism, critical theory and constructivism).

Positivism assumes that science can quantitatively measure independent facts about a single apprehensible reality (Tsoukas, 1989). Easterby-Smith *et al.* (2003) state that the core element of positivism is that the world can be apprehended objectively rather than inferred subjectively through sensation, reflection or intuition. Furthermore, according to Gill and Johnson (2002) positivist research has a number of distinguishing characteristics:

- It is deductive;
- It seeks to explain relationships between variables;
- It generally uses quantitative data;

- It uses controls to test a hypothesis;
- It has a highly structured methodology to allow repetition;
- It is economical in terms of time and in large number sampling usually via surveys.

On the other hand, phenomenology, incorporating realism, critical theory and constructivism, is more relevant to qualitative research. Gill and Johnson (2002) suggested that this paradigm has the following characteristics:

- It uses qualitative data and smaller samples;
- Data is rich and subjective;
- It is inductive and concerned with generating theories;
- Data collection tends to be time consuming and difficult to analyse.

Realism can be seen as a more appropriate research method for those predisposed to inductively discovering and building theory rather than testing theory through analytical generalisations (Saunders *et al.*, 2008). The main objectives are to discover new relationships of realities and build up an understanding of the meaning of experiences rather than verify predetermined hypotheses (Goulding, 2005). Critical theory, according to Healy and Perry (2000), focuses on social realities incorporating historically situated structures. Researchers and their research topics are linked interactively, with the belief

system of the researcher influencing the enquiry generating a dialogue between the researcher and the topic. (Riege, 2003). Constructivism holds that truth is a particular belief system held in a particular context (Tsoukas, 1989). Similar to critical theory, it incorporates the ideologies and values that lie behind a finding so that reality actually consists of a set of perceptible multiple realities.

Having evaluated the above paradigms, the researcher built his empirical study to a large extent on traditional research methods that centred on positivist methodologies (Hill and McGowan, 1999). These established methodologies remain popular as they provide 'objective measures for the treatment of data, large samples and statistical validation' (Hill and Tiu Wright, 2001).

However, although in management research, research philosophies are often viewed as being at two opposite ends of a spectrum (Mangan *et al.*, 2004), they are not mutually exclusive (Knox, 2004). Indeed, constructivism (phenomenological approach), also applied by the researcher when sourcing qualitative data, is becoming increasingly popular for small business research. Furthermore, this approach can often be more beneficial when researching small firms as it allows for interaction with the owner/manager and often generates unique research perspectives (Hill and Tiu Wright, 2001).

To apply the combination of two research philosophies the researcher divided the primary study into three phases, which included both qualitative and quantitative research methods (figure 3.1).

Having identified the most appropriate research philosophy the researcher must decide what research approach should be applied. Saunders *et al.* (2008) state that the two main research approaches are: the deductive approach, in which one develops theory and hypotheses and designs a research strategy to test them and the inductive approach, in which one collects data and develops theory as a result of data analysis.

Healy and Perry (2000) suggest that the deductive approach to research is linked to positivism and involves the development of a theory or hypothesis that is subject to a test. Gill and Johnson (2002) define the deductive approach as 'a method that entails the development of a conceptual and theoretical structure prior to its testing through empirical investigation'. The inductive approach, according to Mangan *et al.* (2004), is linked more to phenomenological philosophy and it is concerned with developing a hypothesis from collected data. Hussey and Hussey (1997) describe the inductive approach as 'a study in which theory is developed from the observation of empirical reality; general inferences are induced from particular instances, which is the reverse of the deductive method'.

In order to move from the theory to data that could be tested to determine the validity of the hypothesis, the researcher chose the deductive approach. Indeed, based on the literature review, the researcher constructed a conceptual framework that led to the development of the assumptions that were subsequently tested during three phases of this study. Furthermore, Robson (2002) suggested that the survey, which was the method of data collection during the main phase of this research, is usually associated with the deductive approach.

According to Saunders *et al.* (2008), research from a time perspective can be either a "snapshot" taken at a particular time or a representation of events over a period of time. They describe these approaches as: longitudinal and cross-sectional. Longitudinal studies study a particular phenomenon over a period of time and its main strength is the capacity to analyse the change and development of that phenomenon. Cross-sectional studies, on the other hand, study a particular phenomenon at a particular time and seek to describe factors that influence it or to compare them in different organisations by employing mainly quantitative techniques.

Considering that this research is for academic purposes and is time-constrained, the researcher chose a cross-sectional approach. Accordingly to Easterby-Smith *et*

*al.* (2003) and Robson (2002) cross-sectional studies often employ the survey strategy. However, they may also use qualitative methods (Saunders *et al.*, 2008).

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### **3.3 Methodology Phase 1**

#### **3.3.1 Objectives**

During phase 1 of the research, depth interviews were used as a qualitative research data collection method. The main aim of this initial phase was to generate grounded theories - the foundation on which all subsequent research was based, and according to Malhotra and Birks (2006) depth interviews is the recommended qualitative research method in these cases. During phase 1 the researcher also had to define the gaps, if such existed, between practical strategic marketing planning and theory studied during the literature review. The final objective of the initial stage of research was to identify problems affecting the marketing performance of small firms and especially problems relating to SMP.

#### **3.3.2 Data Collection Method**

The pros of depth interviews as a qualitative data collection method include 'uncovering greater depth of insights, relative ease of arrangement, easier expression of non-conformity and free exchange of information' (Stokes and Bergin, 2006). Individual depth interviews can also resolve the problem of interviewing competitors, who are unlikely to reveal the information in a group setting (Malhotra, 2008). The above advantages make depth interviews one of the most commonly used qualitative research methods (Stokes and Bergin, 2006).

Another rationale for this option was the need to interview professional people – firm owners/managers and representatives of organisations supporting the small business sector. The best respondents tend to be also the busiest and most successful people. The time of these respondents is usually very expensive and it would have been very costly and time-consuming to try to organise a group discussion or focus group that would have suited all participants (Malhotra and Birks, 2006). Following the advice of the same theorists, all the depth interviews were carried out in the respondents' offices. This allowed the researcher to gather additional data as a lot of information came from engaging with the respondent face to face, a feature lacking in a group discussion.

The following list, according to Malhotra (2008), summarises the applications of depth interviews:

1. Interviews with professional people;
2. Interviews with direct and indirect competitors;
3. Interviews with children;
4. Detailed probing of the respondent;
5. Discussion of confidential, sensitive or embarrassing topics; *and*
6. Situations where group pressure is undesirable.



Depth interviewing techniques include laddering, repertory grid and grounded theory formulation. Laddering and repertory grid are more structured techniques of interviewing, whereas the grounded theory approach is the most unstructured. The aim of researchers who use the last approach (which was applied in this research) is to identify the current situation in the area of research, to find that starting point - the 'theory' (Malhotra, 2008).

Although depth interviews have many advantages, according to Stokes and Bergin (2006), they also present many challenges. Firstly, the lack of structure makes the results prone to the interviewer's impact/bias, hence the quality of these results depends heavily on the interviewer's skills. Secondly, depth interviews miss out on the advantages of interaction with other respondents. Finally, data obtained during depth interviews are difficult to analyse and interpret. The researcher needs a strong theoretical awareness to make sense of the data or the technical means to develop theory if using a grounded theory approach.

### **3.3.3 Measurement Technique**

For the purposes of conducting the interviews the researcher developed a theme sheet (see Appendix A) that was followed during all interviews (Malhotra and Birks, 2006). The purpose of the theme sheet was to reduce the interviewer's

impact/bias and to ensure that specific areas of interest were discussed with all interviewees. It included a series of open-ended questions that facilitated unstructured discussion between the respondent and the interviewer (see Appendix A). The duration of interviews varied but on average lasted 45 minutes, with the shortest interview taking over 40 minutes and the longest over 55 minutes. According to Malhotra and Birks (2006) depth interviews tend to last between 30 minutes and one and a half hours.

Having decided to utilise the grounded theory formulation approach, the researcher ensured that discussions were unstructured and sections were discussed in an order and pace set by the respondent. Where possible, following the advice of Domegan and Fleming (2007), the interviews were recorded. Respondents were assured their replies would be kept confidential (Fredericks, 2005). However, in two cases where the respondents were not comfortable with recording, the discussion was documented on paper.

#### **3.3.4 Sampling**

When commenting on the pros of depth interviews, Cassell and Symon (2004) identified some sampling advantages, including greater control over respondent selection and hence more depth, context and flexibility in the inquiry process. For the purposes of phase 1 of this study the researcher, using a combination of

two non-probability sampling techniques, drew a sample of nine interviewees. Initially, a judgment sample was developed from the researcher's contacts, and then snowball sampling was utilised to obtain the remainder of the sampling base (Fredericks, 2005). This technique is particularly helpful in securing populations that are hard to locate or access (Zikmund, 2003) and when confidential information (e.g. interviewing competitors) is sought. In this study the researcher selected the first three elements of the population based on his judgement. During three initial interviews the respondents were asked to identify two other elements belonging to the target population of interest, in this case marketing and business consultants and small firm owner/managers.

The final sample comprised six marketing and business consultants and three small firm owner/managers. The nine depth interviews were carried out between the 10<sup>th</sup> October 2005 and 17<sup>th</sup> May 2006.

### **3.3.5 Method of analysis**

This study adopted a grounded approach to data analysis. The key to grounded theory is that analysis and collection are concurrent activities. Indeed, according to O'Donnell and Cummins (1999), if the researchers are undertaking their research from a social constructionist perspective, then they will try not to draw

a distinction between the collection of the data and their analysis and interpretation.

As mentioned above, when the interviews were completed, where possible, the tapes were taken and transcribed (King, 2004). This yielded a large volume of extremely rich data. Once again, the theme-sheet developed earlier helped the researcher to organise the data into manageable categories to aid analysis (O'Donnell and Cummins, 1999).

However, when conducting the analysis it was apparent that not all the data fitted neatly into one precise category of the developed theme-sheet, therefore in both interpreting and writing up the findings there was the need to often cut across the different categories (Cassell *et al.*, 2006). The information gathered was subsequently summarised and analysed accordingly (King, 2004).

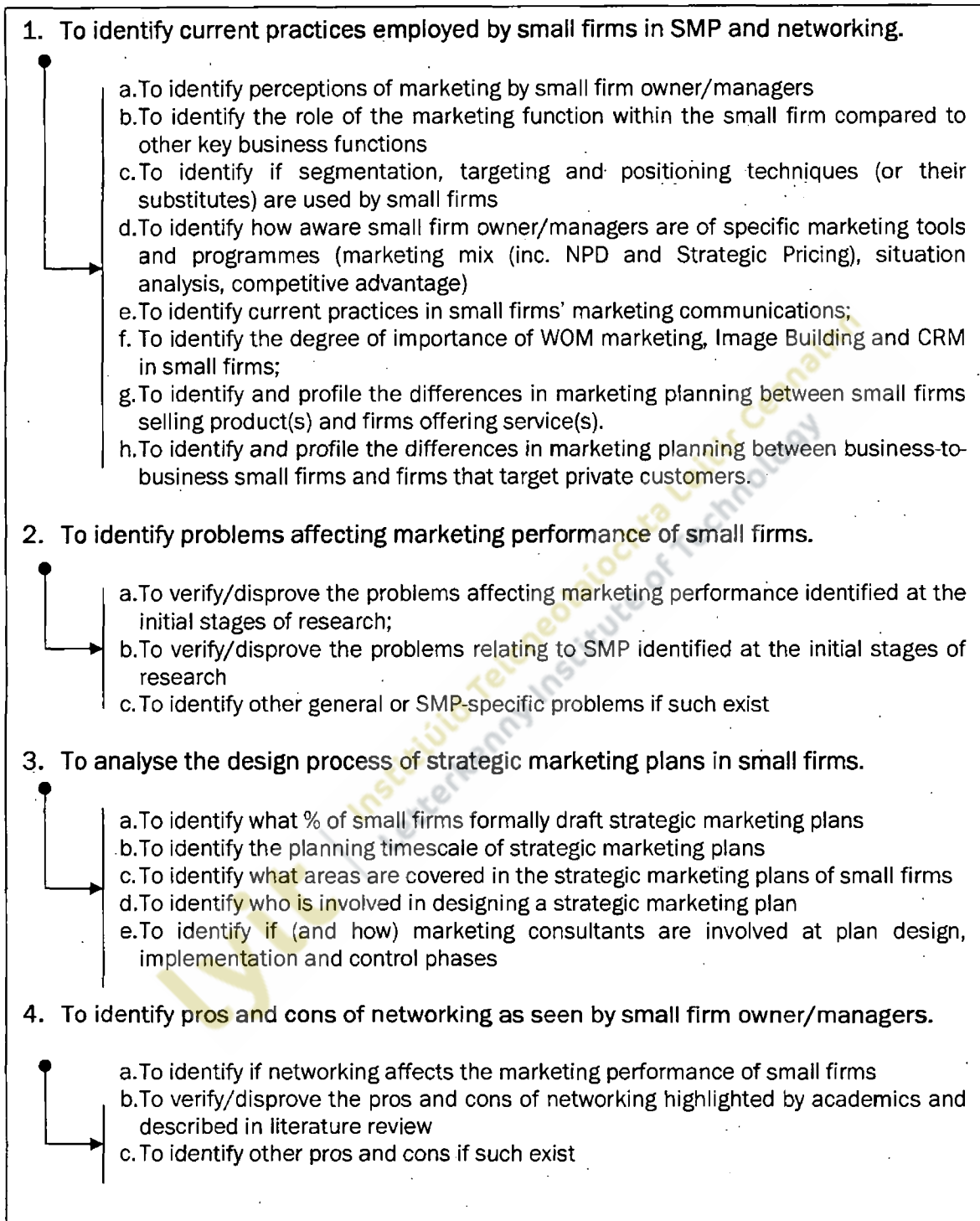
## 3.4 Methodology Phase 2

The main quantitative findings of this study were obtained during the second phase of research. A survey was chosen as a data collection method because of the following advantages offered by this method (Malhotra, 2008): (i) the questionnaire (which was applied as measurement instrument by the researcher) is simple to administer; (ii) the responses are limited to the number of alternatives stated. Thus the data obtained are reliable and variability in the results is not influenced by differences in respondents and lastly, (iii) coding and analysis of data are relatively simple.

### 3.4.1 Objectives

Having generated the grounded theory during phase 1, the researcher had to verify or disprove the findings from this initial stage of research. In addition, the researcher set another four broad objectives for the second phase of this study, which in their turn have been broken down into very specific sub-objectives. This approach simplified the questionnaire design and facilitated the use of separate sections in the survey instrument, which corresponded with the broad objectives of the second phase of research. The following figure 3.2 illustrates the main survey objectives and relating sub-objectives.

**Figure 3.2 Research phase 2 objectives**



### 3.4.2 Data collection method

Due to the need to collect data on the respondents' demographics, attitudes and awareness, the survey was selected as the preferred data collection method. Described by Domegan and Fleming (2007) as 'the systematic collection of data from a sample of respondents', this data collection method was effectively applied in numerous recent small business sector studies where relatively large samples of population had to be explored (Reynolds and Lancaster, 2007; Blankson and Stokes, 2002; Laforet and Tann, 2006). The theory suggests (Malhotra, 2008) that the survey is the data collection method of choice when the required information concerns demographics, behaviours, attitudes and intentions. The theorists identify three major survey research methods: mail/postal surveys, telephone surveys, personal/face-to-face surveys (Malhotra and Birks, 2006; Domegan and Fleming, 2007). In addition, Andreasen (2002) recognised Internet surveys as a fourth alternative.

Mail surveys have many advantages namely absence of interviewer bias and low cost (Malhotra and Birks, 2006); however, postal surveys are also renowned for low response rates (Domegan and Fleming, 2007). Nonetheless, mail surveys remain a popular data collection method among modern researchers (Reynolds and Lancaster, 2007; Laforet and Tann, 2006; Svensson, 2004) and are most commonly used in developed countries (Malhotra and Peterson, 2001).

Following an evaluation of the three survey methods, a postal survey was applied having regard to the volume and geographical spread of the respondents and the advantages cited above of research via mail. Domegan and Fleming (2007) advise that the postal package should include a covering letter on official letterhead paper, a questionnaire, a return envelope and details of any incentives. Andreasen (2002) suggest some techniques to improve response rates. The covering letter and questionnaire should both be appealing, motivating and professional. If possible, a self-addressed return envelope should be included. Domegan and Fleming (2007) agree with these suggestions and add that, while some of these issues are important, many are not confirmed as affecting response rates.

The researcher's postal package included a covering letter on letterhead paper (see Appendix B), a questionnaire (see Appendix C), and a stamped addressed return envelope.

Although surveys have many advantages, it is important to consider the limitations of this data collection method. According to Synodinos (2003), mail surveys are inappropriate for studies of rapidly changing opinions. In addition, Synodinos (2003) argued that one of the most critical and preventable threats to the validity of surveys comes from the design of their questions. Questions



clarity and consistent meaning can be instrumental in reducing bias. Also, well-constructed questionnaires may contribute to reductions in unit non-response.

Synodinos (2003) suggested that questionnaire construction can be deceptively simple. It is uncommon for researchers - usually in disciplines outside of survey/marketing research - to hold the mistaken belief that questionnaires can be easily written by anyone knowledgeable in the topical area. This apparent simplicity creates many problems because poorly constructed instruments can lead to erroneous conclusions. Even a small difference in wording may produce substantial response effects.

### 3.4.3 Measurement Technique

The questionnaire was utilised as a measurement technique during phase 2 of the research. This measurement instrument has proven to be the first choice in many quantitative researches (Synodinos, 2003; Sousa *et al*, 2006). Questionnaires generally take the form of structured or unstructured questions. In highly structured questions the variation in respondents' answers is limited by the researcher and responses are standardised (Churchill, 1995). Typically questions take the form of dichotomous, multiple choice or rating scales (Domegan and Fleming, 2007). Unstructured questions are suitable for open-ended responses (Domegan and Fleming, 2007). This questionnaire employed a mixture of structured and unstructured questions. The main body of questions was

structured, as it was desirable to standardise responses; however, where more qualitative information was required an open-ended question was included (Churchill, 1995).

The questionnaire development was one of the most important stages of the whole study. The first draft of the survey instrument went through numerous refining iterations and a pilot study (Blankson and Stokes, 2002), before the researcher posted out the final version of the questionnaire. A pilot test was carried out during the month of February 2007 with ten small firm owner/managers in order to refine the instrument. Seven out of ten owner/managers raised the length of the questionnaire (initially five single sided pages) as their main concern. Furthermore, six out of ten respondents identified what they perceived to be an excessive use of marketing terminology in some questions. Based on this feedback, the terminology in four questions was simplified or explained and the questionnaire format was redesigned to cover two double sided A4 sheets.

The final questionnaire that was sent out to the main sample of the research population consisted of five sections: (1) company profile, (2) current strategic marketing planning practices, (3) problems affecting marketing performance, (4) strategic marketing plans, and (5) networking. When designing the questionnaire

sections the researcher reflected on the order of survey objectives presented earlier in figure 3.2.

### **Company Profile**

The purpose of the first section of the questionnaire was to source basic company demographics. These data would be subsequently cross tabulated with findings from the other sections in order to verify/disprove the existence of similarities between small firms of same age, size or offering type.

### **Current Strategic Marketing Planning Practices**

Section 2 of the questionnaire was the lengthiest and the most important section of this survey. It concerned current strategic marketing planning practices and sought to satisfy objective one with all sub-objectives under it. A mixture of dichotomous, ordinal, nominal, and Likert scales along with some open-ended questions were used.

Question 1 utilised a rank order scale. This scaling allows a certain set of variables to be ranked based upon a specific attribute or characteristic (Domegan and Fleming, 2007). In this question the respondents were asked to rank five functions of their business (finance, marketing, production, HR and IT) in order of importance (sub-objective 1B).

Siu and Kirby (1998) wrote that, as a firm moves through the development stages, in many small firms marketing becomes a minor issue and the role of marketing planning decreases from “critically important” in start-ups, to “modestly irrelevant” in long-established small firms. Indeed, according to Stokes (2006), owner/managers of small firms give marketing a low priority compared to the other business functions. This view was supported by some respondents during phase 1 of this research who suggested that even if a marketing specialist is employed, in many cases it is in a support role rather than as a specialist at management level. In question 2 the researcher asked respondents to identify what role marketing plays in the success of their firm (sub-objective 1A). A five-point scale was applied where extreme variables read “none” and “critical”.

In question 3 respondents were asked to complete a nominal scale identifying what type of marketing background (if any) the MD of the small firm had. A nominal scale does not reflect the amount of the characteristic an object possesses. It merely allows a calculation of the selection frequency of each object (Malhotra, 2008). Similarly, by utilising a nominal scale, in Question 4 the researcher tried to explore what marketing human resources (if any) does the small firm have at their disposal. In addition, same scale incorporated a question on the “written mission statement” and “long-term marketing objectives” as extra multiple-choice options. This was done for the sole purpose of condensing

the questionnaire as was advised during a pilot test. Two topics were coded into the SPSS separately during the analysis stage.

Questions 5, 10 and 14 (sub-objectives 1C, 1E and 1F respectively) were dichotomous questions that sought to discover whether the small firm in question is engaged respectively in segmentation, has a marketing communications strategy and is trying to generate word of mouth. According to Domegan and Fleming (2007) dichotomous questions are, indeed, 'best used for determining points of fact'. In addition, question 14 asked respondents, who answered that they try to find ways of generating word-of-mouth, to describe this process in an open-ended question.

In question 6 (sub-objective 1C) respondents were faced with an open-ended question where they were asked to describe a segmentation process applied in their small firm, although the wording of the question was simplified following the advice given by the small firm owner/managers during the questionnaire pilot test.

A semantic differential scale was employed in questions 7-9, 12 and 13. Questions 7-9 dealt with sub-objective 1D. Questions 12 and 13 referred to sub-objectives 1E and 1F respectively. Malhotra and Birks (2006) described this scale as 'a seven-point rating scale with end points associated with bipolar labels that

have a semantic meaning'. 'Semantic differential can be used to compare images of competing brands, stores and services' (Domegan and Fleming, 2007). In this case, it helped the researcher to measure the suitability (Question 7) and complexity (Question 8) of various SMP tools and approaches, as well as, assess the importance of various pricing factors (Question 9) and the effectiveness of marketing communications channels (Question 12). Moreover, in question 13, by applying a semantic differential scale, the importance of more unconventional marketing communications techniques, such as word-of-mouth, PR, CRM, Direct Marketing and Image Building, was measured.

Question 11 was an open-ended question that asked respondents to list the three most important objectives of their marketing communications strategy (sub-objective 1E). The researcher's aim, apart from identifying the most common marketing communication objectives, was to evaluate the "quality" of the objectives that are set by the small firm owner/managers. It is recognised that setting objectives is a vital starting point in any business planning process. Furthermore, Ambler (2006) highlighted that properly set objectives should be: (i) challenging, but achievable; (ii) clear, specific and measurable; (iii) have completion timeframe.

In the last question of this section Likert scales were applied. Proctor (1997) explained that Likert scales allow for the measurement of attitudes and in

Question 15 Likert scales were used to solicit responses to a series of statements relating to the use of SWOT, PEST, Situation and Competitive Analysis in the small business sector (sub-objective 1D).

### **Problems Affecting Marketing Performance**

Section 3 dealt with problems affecting marketing performance in the small business sector and focused on objective 2 (see figure 3.2). During phase 1 of this study, depth interview respondents identified a number of general and specific SMP problems that they felt were affecting marketing performance in the small business sector. Based on these findings the researcher developed a series of nine statements and asked the survey respondents to state their degree of conformity with each statement (sub-objectives 2A and 2B). A Likert scale was applied following the advice of Proctor (1997). In addition, at the end of the Question 1 the respondents had an open-ended question where they could identify additional SMP related problems if such were not reviewed in this section (sub-objective 2C).

### **Strategic Marketing Plans**

The penultimate section of the survey instrument dealt with strategic marketing plans and addressed sub-objectives 3A - 3E. Stokes (2006) argued that small firm owners interpret marketing in ways that do not conform to standard textbook theory and practice. They "shy away" from formalised research and marketing

plans, relying more on 'informal information gathering via networking and interactive marketing methods'. Moreover, during phase 1 of this research the interviewees suggested that the majority of small firms do not formally draft strategic marketing plans. However, it was also highlighted that the minority that do design a formal strategic marketing plan tend to employ an outside marketing specialist. Designed to verify the above findings, questions 1 and 3 were dichotomous questions which sought to discover whether the small firm drafts a formal strategic marketing plan (sub-objective 3A), and if so, whether it employs an external marketing specialist to prepare a plan (sub-objective 3E). In addition, in question 2 the respondents were asked about the frequency of formal drafting of a strategic marketing plan in their small firm (sub-objective 3B). Depth interviews identified that in general strategic marketing plans are drawn up on a 1-3 year timescale. McDonald (2007) described the strategic marketing plan as 'a document that covers a period of between three and five years'. These findings had to be verified on a larger sample.

Phase 1 of this research identified that some small firms tend to bring in an external marketing specialist to design a strategic marketing plan. Findings indicate that this marketing specialist is funded (or semi-funded) by a third party, such as the County Enterprise Board or Enterprise Ireland. In addition, in many cases the involvement of the external marketing specialist at the implementation and control stages largely depends on the terms of funding, and,



as suggested by the interviewees, many small firms struggle to implement well-written strategic marketing plans without the supervision of the specialist who designed the plan. Questions 4 and 5 were designed to verify these findings and asked respondents to identify if external marketing specialists were, indeed, funded by a third party and what stages of plan development was he/she involved in (sub-objective 3E). Both questions utilised nominal scale variables derived from Lambin's (2007) strategic marketing management stages (Question 4) and the findings from the depth interviews (Question 5).

Phase 1 respondents suggested that involving various stakeholders (managers, other employees, customers) at the plan design stage usually improves the quality of strategic marketing plans. To confirm these findings, in question 6 the researcher asked survey participants to identify who was involved in the design of their most recent marketing plan (sub-objective 3D). Variables suggested by interviewees during phase 1 were used in a nominal scale.

According to Lambin (2007) any strategic marketing plan would be expected to cover the following nine topics: Mission Statement, Corporate Objectives, SWOT Analysis, Competitive Analysis, Trends Analysis, Marketing Mix (4Ps/7Ps), Marketing Objectives, Segmentation and Scheduling & Budgeting. In question 7 the researcher applied a nominal scale where these nine topics were used as multiple-choice options (sub-objective 3C). The question asked respondents to

identify which of these areas were covered in their firm's most recent Strategic Marketing Plan.

### Networking

The final section of the questionnaire dealt with the area of networking in the small business sector and addressed objective 4. O'Donnell (2004) and other theorists (Hill and Wright, 2001; Blankson and Stokes, 2002) recognise that while small firm owner/managers do engage in marketing, the form this marketing takes is not fully understood. O'Donnell (2004) identifies networking as an alternative to formalised marketing planning. By applying a dichotomous question in the beginning of section 5 the researcher identified the ratio of small firms that practice networking. To identify what forms of networking are applied in the small business sector, in question 2 the respondents were asked to identify what form of networking their firms practice. A nominal scale was used in this question where multiple-choice options were adopted from O'Donnell (2004) who commented on three different types of networking in small firms. In addition, respondents had an option to describe the other forms of networking practiced by their firms.

In question 3 a series of four statements were developed based on the main reasons for networking suggested by O'Donnell (2004) and confirmed by the depth interviews carried out during phase 1. According to the networking expert networking: (i) reduces marketing costs; (ii) gives access to new resources, skills

and expertise; (iii) provides the idea of “safety in numbers”; and (iv) has a positive effect on marketing performance. A Likert scale was applied and survey respondents were asked to state their degree of conformity with each of the four statements (sub-objectives 4A and 4B).

Having stated the reasons for networking, O’Donnell (2004) also described why many small firms are not engaged in any networking activities. The main reasons for not engaging in networking that were also confirmed by (Mayer *et al.*, 1995; Arino *et al.*, 2001) include: (i) the wish to remain independent, (ii) lack of information on suitable partners, (iii) disclosure of sensitive information to other firms, and (iv) lack of trust. In question 4 the researcher utilised a rank order scale where respondents were asked to rank the above four reasons in order of their importance (sub-objectives 4B and 4C).

To complete the questionnaire, respondents were asked an open-ended question where they could identify other marketing tools or concepts not covered by this research employed by their firm.

#### **3.4.4 Sampling**

The researcher selected the simple random sampling (SRS) method for the following desirable characteristics (Malhotra, 2008): (i) the sample results may be projected to the defined larger population, (ii) most statistical inference assumes

that data have been collected by simple random sampling. However, as identified by Malhotra (2008), there are some major disadvantages associated with simple random sampling: (1) it is difficult to construct a complete sampling frame; (2) SRS results in large geographically spread samples. To overcome these limitations the researcher: (a) utilised a database provider who guaranteed a representative sampling frame, and (b) conducted a mail survey which made the geographical spread of elements within the Republic of Ireland irrelevant.

The population of given research was defined as:

*'all firms that employ from 11 to 50 employees inclusive and are based in the Republic of Ireland.'*

The database provider Kompass Ireland Publishers generated a simple random sample of 1,000 small firms from their sampling frame. The questionnaires were sent out in three batches. This approach gave the researcher an opportunity to monitor the response rate during the survey. Furthermore, it would have allowed the researcher to commence a follow up phone survey of non-respondents if the response rates were below the researcher's target of 20%.

The first and second batches of questionnaires consisted of 300 questionnaires each and were posted out on the 3<sup>rd</sup> and 18<sup>th</sup> of April 2007 respectively. They were followed by the last batch of 400 questionnaires mailed out on the 8<sup>th</sup> of May 2007. Four weeks after the last questionnaires were posted out i.e. the 5<sup>th</sup> of

June 2007 became the cut off point whereupon the researcher began the questionnaires analysis.

#### 3.4.5 Method of Analysis

To analyse the large volumes of data, the researcher employed the Statistical Package for Social Science more commonly known as the SPSS. This software package is used, among other applications, for data analyses in marketing research and is widely recognised by many marketing theorists (Malhotra, 2004; Berenson *et al.*, 2004) and researchers (Harrigan *et al.*, 2008; Gray, 2006; Terziovski, 2003). According to Domegan and Fleming (2007) it is a 'powerful integrated system for statistical data analysis, suitable for analysis of large amounts of data'.

The Malhotra and Birks' (2006) data preparation process includes preparation of the preliminary data analysis plan, checking of questionnaires, editing, coding, transcribing, cleaning of data, statistical adjustment of the data and selection of data analysis strategy. Following this schema the "master" questionnaire was coded into the SPSS and all valid questionnaires were transcribed into the package by the keypunching method. Numerical values were assigned to various responses in order to code the data (Chisnall, 1997). All structured questions were coded to facilitate speedy data input. Unstructured questions were not coded. Malhotra and Birks (2006) stress the need for care when keypunching data, as errors can occur in applying this method. Once the findings were

entered, the dataset was verified. In addition, before inputting the data into the SPSS the researcher checked all questionnaires for completeness and consistency as advised by Domegan and Fleming (2007). In six questionnaires the respondents answered questions that they were directed not to answer, e.g. skip patterns have not been followed. These answers were disregarded by the researcher and were not coded into the SPSS.

Subsequently, using the SPSS package the researcher tested various hypotheses by cross tabulations and other nonparametric tests (chi-square). SPSS were used for single and bi-variate analysis.

Two types of tabulation were performed using the software package - simple tabulation and cross tabulation. Simple tabulation (in this research frequency distributions were applied) is usually used to present research findings (Churchill, 1995). Cross tabulations, on the other hand, can provide greater insights by describing two or more variables simultaneously and are applied to analyse findings (Domegan and Fleming, 2007). In addition, the researcher performed statistical tests (chi-square) to determine if associations identified within the data were statistically significant. Chi-square tests are often utilised for survey research purposes (Eriksson *et al.*, 2008; McMahon, 2007; Lin and Chen, 2007) and were employed in this study. The chi-square statistic, a non-parametric test, can be used to determine if a relationship is statistically

significant and if an association exists between the variables under analysis (Malhotra, 2004).

## **3.5 Methodology Phase 3**

### **3.5.1 Objectives**

The last stage of the research had one key objective: to develop the proposed strategic marketing planning model for implementation in the small business sector. Development of this SMP model was, essentially, the main objective of this research and thus, phase 3 of the research was of paramount importance in the context of the entire study.

### **3.5.2 Data collection method**

A focus group was utilised as a data collection method. Gibbs (1997) defined a focus group as 'a group of individuals selected and assembled by researchers to discuss and comment upon, from personal experience, the topic that is the subject of the research'. The focus group discussion aims to provide an environment in which all members of the group can discuss the area of investigation with each other (Boddy, 2005). Stokes and Bergin (2006) suggested that two important methodological trends became apparent within the market research industry during the 1990s that have continued to the present. Firstly qualitative designs appropriated a higher share of research budgets at the expense of quantitative methods. Secondly within qualitative research, focus groups became more frequently used at the expense of individual depth



interviews. This has prompted concerns that focus groups have become so synonymous with qualitative market research that their dominant status as the preferred option is unchallenged (Cassell and Symon, 2004) and this can lead to their inappropriate use. (Krueger and Casey, 2000).

According to Krueger and Casey (2000) focus groups should be normally used for such purposes as concept development and evaluation, planning, and needs assessment. As mentioned above, concept development and evaluation of the proposed SMP model was essentially the key objective of phase 3 of this research.

The benefits of focus groups derive from two features viz. group interaction and the replication of social forces (Stokes and Bergin, 2006). Furthermore, Caffarella (2002) suggested that the focus group method is a valuable tool that can be used 'to tease out real meanings' at any phase of the planning and development cycle. However, Stokes and Bergin (2006) have warned that the group dynamic process, from which many of the advantages of focus groups are derived, can be regarded as 'a double-edged sword'. Participants may feel inhibited in a group situation and social pressures can also cause over-claiming (Greenbaum, 2003). However, in a focus group where participants are experts in an area under discussion (as was the case with this research), concerns of group pressure are less relevant.

Focus groups are moderated by an experienced qualitative researcher (Boddy, 2005). The researcher acted as group moderator or facilitator. Having introduced the topic of the entire study, the researcher using PowerPoint, presented the concept of the SMP model that was developed as a result of the first two phases of research. Subsequently the researcher guided the discussion around the areas of interest keeping the discussion on track in the event of any deviations.

### 3.5.3 Sampling

Boddy (2005) suggested that focus groups most often have eight respondents but this can vary between 4 and 12. According to Malhotra and Birks (2006) a focus group should involve 6-12 participants. The sample for this focus group was drawn from the list of respondents who were interviewed during phase 1 of this study. The researcher contacted all nine persons who participated in depth interviews and five agreed to take part in a focus group discussion. However, organising suitable times for group meetings for people of such calibre proved impossible for sample sizes of more than three or four persons. In addition due to the complex nature of this particular research, the views and opinions of all participants were loaded with significance, because of their individual expertise and positions held in their organisations. The final focus group consisted of four participants with the researcher acting as moderator. The group involved

managing directors of marketing agencies and senior executives from semi-state organisations whose mission is to help develop the small business sector. The group meeting was held on the 14<sup>th</sup> December 2007 and lasted two hours and ten minutes.

#### **3.5.4 Method of analysis**

According to Gibbs (1997), data analysis during concept development focus groups is extremely unstructured. The recording of the focus group discussion was transcribed verbatim. Due to the unstructured nature of phase 3 of this research, responses were qualitatively analysed in terms of the topics evaluated during the focus group discussion.

The information gathered was subsequently summarised and analysed accordingly. The principal attention during the data analysis was given to exploiting recommendations given by the focus group participants in relation to the development of the proposed SMP model.

### 3.6 Conclusion

In conclusion it is important to address the issue of the credibility of the research methodology. Creswell (2005) suggests that the following topics should be considered - validity, reliability and generalisability. Validity is the extent to which research findings accurately represent what is really happening in the situation; reliability is concerned with the findings of the research and their capacity for iteration while generalisability is concerned with the application of research results extending beyond those examined in the study.

To ensure validity the researcher used a predetermined questionnaire that was sent to the sample studied. Furthermore, the researcher pilot tested the questionnaire (Blankson and Stokes, 2002) to verify that the subjects studied understood and could answer the questions. In addition following analysis of the questionnaires, the researcher discussed the main findings with a focus group. Wass and Wells (1994) suggested that focus groups or depth interviews may be used as a means of validating findings from surveys. The researcher did not use the findings from this part of the focus group discussion to draw conclusions: the aim was to verify if the data received from the survey sample selected was accurate and reflected reality.

To safeguard reliability the researcher ensured the anonymity of respondents in order to avoid subject or participant bias (Andreasen, 2002). In addition, the researcher was independent of the recipients studied. Scales and variables used in the data collection instrument were utilised as advised by marketing research theorists (Malhotra and Birks, 2006; Domegan and Fleming, 2007) and applied by other researchers (Reynolds and Lancaster, 2007; Laforet and Tann, 2006). The researcher ensured that the study was reliable; it can be replicated with similar results given that the SMP concepts are defined by the same variables used in this study.

In order to ensure generalisability the researcher selected the simple random sampling (SRS) method during the main survey. According to Malhotra (2008), the main advantage of the SRS method is that the sample results may be projected to the defined larger population. In addition, the researcher utilised a database provider, Kompass Ireland Publishers, who guaranteed a representative sampling frame.

## **CHAPTER 4 - PRESENTATION OF FINDINGS**

### **4.1 Introduction**

### **4.2 Phase 1 - Depth interviews**

### **4.3 Phase 2 - Survey**

#### **4.3.1 Response rates and data coding**

#### **4.3.2 Empirical findings**

#### **4.3.3 Respondents' Profile**

#### **4.3.4 Current practices employed by small firms in SMP**

#### **4.3.5 Problems affecting marketing performance and problems relating to SMP**

#### **4.3.6 Strategic marketing plans**

#### **4.3.7 Networking**

### **4.4 Phase 3 - Focus group**

### **4.5 Conclusion**

## 4.1 Introduction

The primary findings of this research are presented in chapter 4. As described in chapter 3 (Research Methodology), the primary research consisted of three phases: (i) depth interviews, (ii) survey and (iii) focus group. In this chapter, the findings are presented in the same order.

Furthermore, in order to highlight the connection between the research findings and the research objectives, the researcher introduces the findings in such a way as to follow, where possible, the order in which the objectives of each phase are listed in chapter 3.

## 4.2 Phase 1 - Depth Interviews

### 4.2.1 Current Perception of Marketing by the Small Firm Owner/Managers

The small business sector in Ireland is very diverse. A lot of small firms, especially well-established ones, allocate a great deal of time and attention to marketing. However, in general, as highlighted by all interviewees, marketing is still perceived as a complicated discipline. Small firms recognise the need for marketing, but their owners/managers usually have functional knowledge rather than marketing expertise. Furthermore marketing is very often perceived as advertising. Many small firms still see marketing as an overhead. Even if a marketing specialist is employed, in many cases it is in a support role rather than as a specialist at management level.

The overall perception is that small firms in Ireland that work closely with enterprise boards or marketing agencies normally allocate more time and resources to formal strategic marketing planning. In addition, all interviewees pointed out during phase 1 of this research that a clear positive correlation exists between the firms' success and the amount of attention given to strategic marketing planning.



#### 4.2.2 Problems Encountered by Small Firms in Strategic Marketing and Gaps between Theory and Practice

One of the main objectives of the Depth Interviews carried out for this research was identifying the problems affecting marketing performance and specific SMP problems of small firms in Ireland. This allowed formulation of the grounded theories and hypotheses that were later tested during the main survey.

Commenting on the general problems affecting marketing performance of small firms, the majority of respondents identified the lack of marketing knowledge/expertise within the firm (5) and the lack of financial resources, especially in new businesses (5), as the two most frequent concerns arising (the number in brackets represents the number of interviewees who highlighted this issue). After analysing these comments the grounded theory was formulated that these two issues were the main problems affecting small firm marketing performance and that they should be explored further during phase 2 of this research. Furthermore, two other, possibly interconnected, issues raised by the interviewees were the lack of time on the part of the owner/manager (2) and the lack of time allocated to strategic marketing planning (2). As a result, according to the interviewees, the majority of small firms in Ireland practice marketing in an *ad hoc* manner, trying to resolve existing problems and react to the external environment rather than plan ahead.

Having identified the general problems affecting the marketing performance in the small business sector the researcher explored specific SMP issues that were also raised during depth interviews. The lack of awareness of the customer base and target market (4), or in marketing terms the lack of awareness of the segmentation process, was perceived to be the main specific SMP problem in the small business sector. However, it is important to highlight that this particular issue was raised only by the business consultants and marketing professionals. None of the small firm owner/managers confirmed that this problem did, in fact, exist in their business. Furthermore, the findings from the main survey presented later in this chapter indicate that this might be a case of a perceived rather than an actual problem.

The other specific SMP problems identified during phase 1 included the lack of marketing research (1), poor pricing decisions (1) and the confusion between long-term marketing strategy and short term SMP tactics (1).

#### **4.2.3 Strategic Marketing Plans - Implementation & Control**

The area of the strategic marketing plan was of particular interest to the researcher considering that the main objective of this whole study was to develop a model that would aid small firm owner/managers in designing a strategic marketing plan for their businesses. During phase 1 of the primary

research the interviewees suggested that the majority of small firms do not formally draft strategic marketing plans (3).

However, it was also highlighted that the minority of small firms that do design a formal strategic marketing plan for their business tend to bring in an external marketing specialist who is usually funded (or semi-funded) by a third party, such as the County Enterprise Board or Enterprise Ireland (3). In addition, in many cases the involvement of the external marketing specialist at the implementation & control stages largely depends on the terms of funding, and, as suggested by the research respondents, many small firms struggle to implement strategic marketing plans without the supervision of the specialist who designed the plan (2).

In conclusion the interviewees suggested that in general, strategic marketing plans in small firms are drawn up on a 1-3 year timescale (4).

#### **4.2.4 Strategic Marketing in Small Firms – The Owner/Manager’s Vision**

The direction and quality of strategic marketing planning in small firms is largely dependent on the small firm owner/manager’s individual vision, background and education. Some interviewees have also identified the concept of “intuitive marketing”. For example during depth interviews the researcher noted that many small firm owner/managers, while unaware of

the formal process of segmentation, targeting and positioning, were at the same time very conscious of their target market.

However, the business and marketing consultants indicated that formal models from strategic marketing theory are also applied, but these are usually adapted, simplified or explained for the benefit of small firm owner/managers by County Enterprise Boards or other similar organisations. In addition successfully applied models are usually implemented by external marketing specialists.

#### **4.2.5 Comments and Suggestions Regarding the Proposed Model**

In general the first draft of the proposed model for strategic marketing planning (see Appendix E) was rated as 'feasible' for application in small firms. Some interviewees described the proposed model as an 'interesting concept' and pointed out that possibly there was a 'market potential' for the proposed agency. On the other hand, some respondents suggested that further development of the model might prove to be difficult without more in-depth analysis of strategic marketing in the small business sector. The involvement of small firm owners/managers in the design and development process would be imperative for success of the final model.

In relation to the first draft of the model, respondents agreed that the proposed marketing agency must be capable of supporting small firms at

both strategic marketing planning and implementation and control stages. Furthermore, in order for the proposed model to be financially feasible each marketing specialist must have a portfolio of clients/firms rather than one account.

To facilitate successful marketing of the proposed model to small firm owner/managers, the schema of the new model must be simple and easy to understand. Another important suggestion was to develop a sector-adaptable model and include a specialist in services marketing. In addition, the small firm owner/managers must be engaged in the further design of the proposed model and their comments and suggestions must be taken on board. SMP tools, such as controlled word-of-mouth, already intuitively used by small firm owner/managers must be explored and subsequently exploited in the model.

However, the main suggestion made by the majority of the respondents during phase 1 of the research was that the first draft of the model should be modified in such way as to offer small firm owner/managers the opportunity to develop strategic marketing plans on their own initiative rather than present them with a prepared marketing strategy.

## 4.3 Phase 2 – Survey

### 4.3.1 Response Rates and Data Coding

Following on from the formulation of the grounded theory during depth interviews, the main phase of research commenced. By employing a simple random sample of 1,000 small firms based in the Republic of Ireland the researcher conducted a survey that generated the main data for this study.

The questionnaires were posted out in three batches. Having allowed four weeks from the date when the last batch was posted out (5<sup>th</sup> of June 2007) the following were the response rates.

From the overall sample of 1,000 firms surveyed, 230 questionnaires were returned to the researcher. Six of these were returned to sender blank by An Post or accountancy firms for various reasons such as "business not at this address", "contact gone away" or "bankruptcy and business in liquidation". Another eleven questionnaires were completed by the respondents but, since the date when Kompass Ireland generated the sample, these businesses had exceeded the main population characteristic of 10 to 50 employees and therefore could not be classified as valid responses. This left the researcher with 213 responses which means that the overall survey response rate was 21.3%.

This response rate can be compared to the results achieved in similar studies by Pulendran *et al.* (2003) - 18%, Blankson and Stokes (2002) - 21% and Keegan (2004) - 25.3%. The researcher concluded that the second phase of this research achieved a very solid response rate.

#### **4.3.2 Empirical Findings**

In this section the researcher presents and discusses the empirical findings of phase 2 of this research. The layout of the presentation findings was designed to closely follow the order of the phase 2 objectives as listed in the relevant section of chapter 3.

#### **4.3.3 Respondents' Profile**

This survey covered all types of small firms in the Republic of Ireland. It included both service(s) providers and product(s) suppliers covering the whole spectrum from small firms solely engaged in business-to-business activity to those solely targeting private customers. Thus because of the extremely heterogeneous nature of the research population, it is important to identify the main demographic characteristics of the respondents in this research.

*A priori* the researcher decided to discriminate among small firms along four main dimensions. The following dimensions were used by the researcher to illustrate the respondents' profile:

- (1) Number of employees;
- (2) Number of years in business;
- (3) Customer base (business-to-business vs. private customer orientated);
- (4) Service(s) providers vs. Product(s) suppliers.

One of the main factors that the researcher considered when defining the survey population was the number employed in the small firm. Although the overall target of 10 to 50 employees was defined by the researcher prior to the start of the whole study, it was important to investigate if the cross-tabulations of different variables with the number of employees would highlight variations even within this narrow group. To accomplish this the researcher divided the respondents into three groups according to the number of employees. The following table 4.1 shows how the respondents were divided among these three groups.

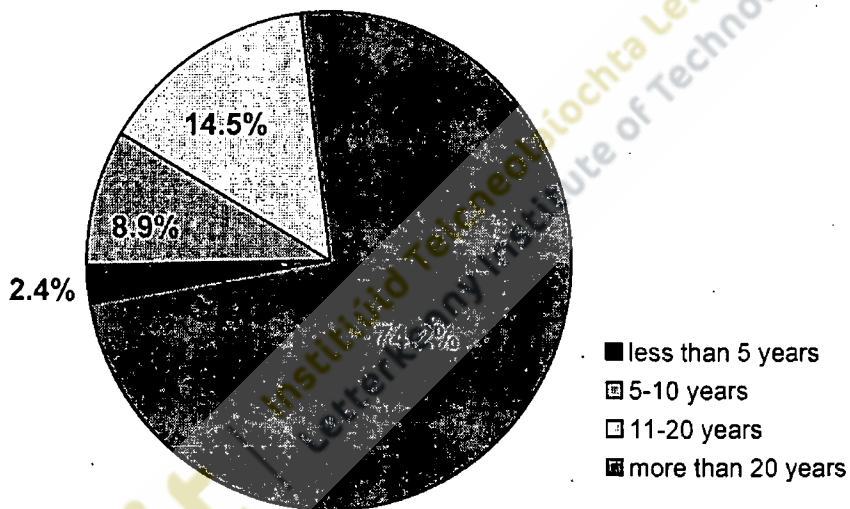
**Table 4.1 Number of Employees**

Number of Employees	Number of Respondents	Percent of Respondents
10-20	64	30.0%
21-34	49	23.0%
35-50	100	46.9%
Total	213	100.0%



The second demographic characteristic of the sample – number of years in business was employed by the researcher to discover if variations in attitudes existed vis-à-vis strategic marketing planning tools and concepts relative to the firms' years of operation. The researcher highlighted four business age groups that, in the researcher's opinion, reflected different stages in the firms' development.

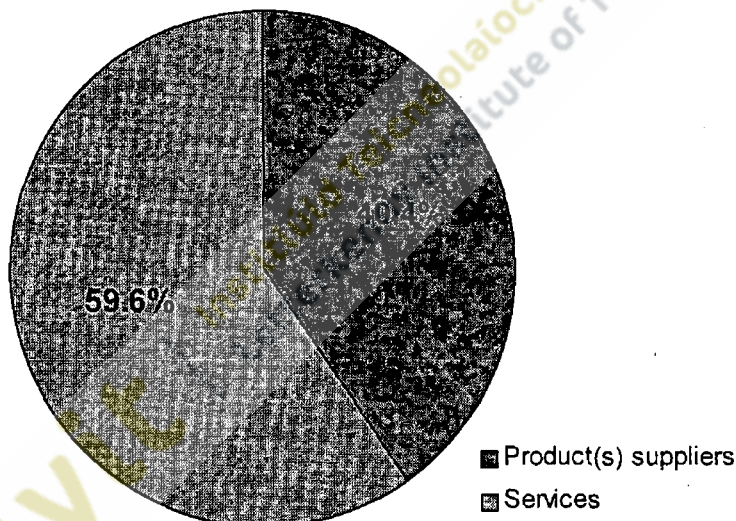
**Figure 4.1 Number of Years in Business**



Another researcher's grounded theory was that variations in strategic marketing planning would also exist between small firms providing services and those supplying product(s). Furthermore, the researcher decided to look into the possible differences in the marketing strategies of business-to-business firms and small firms that target private customers. To accomplish these objectives the researcher determined the ratio between services and product suppliers that the final sample of respondents offered. Although one

can reasonably argue that many small firms offer their customers a mixture of services and products, for the purposes of this research the respondents were forced to decide if their firm offered “mainly products” or “mainly services”. The survey returned the following results: out of 213 respondents 86 small firms offered their customers mainly products and 127 mainly services. Figure 4.2 below graphically illustrates the ratio between service providers and product suppliers.

**Figure 4.2 Ratio between service providers and product suppliers**



To identify if the respondent was a business-to-business firm or one targeting private customers the survey participants were asked what approximate percentages of their sales was accounted for by (a) private customers, and (b) other businesses. Subsequently, the researcher split the respondents into five homogeneous groups according to their target customers:

- (1) **Strictly Private Customers** (more than 80% of sales accounted for by Private Customers);
- (2) **Private Customers** (60-80% of sales accounted for by Private Customers);
- (3) **"Grey-area"** (40-59% of sales accounted for by Private Customers - balance by other businesses);
- (4) **Business-to-Business (B2B)** (only 20-39% of sales accounted for by Private Customers);
- (5) **Strictly Business-to-Business (B2B)** (less than 20% of sales accounted for by Private Customers).

**Figure 4.3 Respondents' profile in terms of their target market**

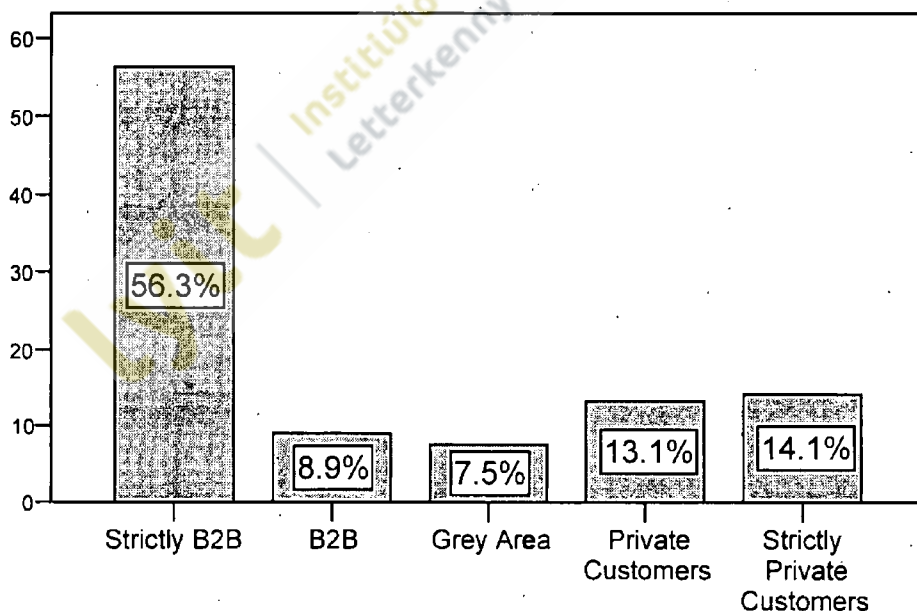


Figure 4.3 demonstrates how the respondents were divided among these five groups. Subsequently, these data allowed the researcher to cross-tabulate

with the information from the other variables and verify or disprove grounded theories which are discussed further in this chapter.

The researcher also analysed secondary characteristics of respondents specifically related to marketing such as managing directors' background and existence/absence of marketing staff in the small firm.

**Figure 4.4 Secondary characteristics of respondents**

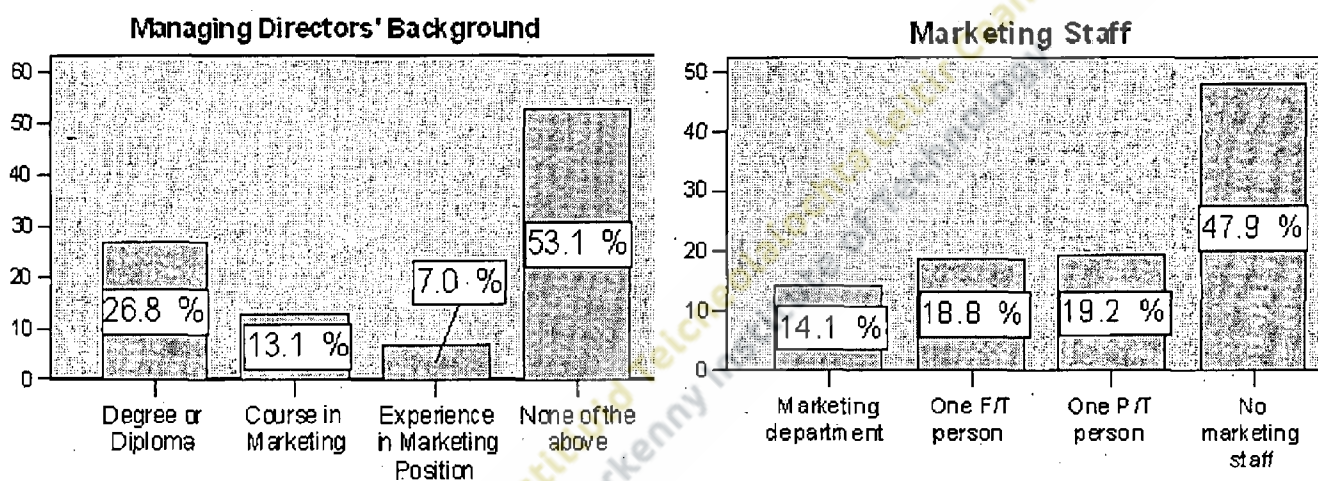
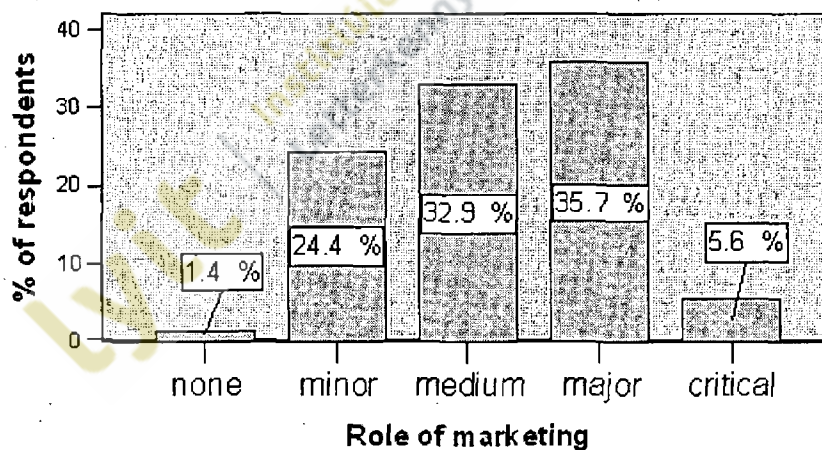


Figure 4.4 illustrates that more than a quarter of respondents stated that their MD graduated with a Third Level Degree or Diploma where marketing was part of the programme. However, 53.1% of respondents replied that the MD of their firm did not have marketing Degree or Diploma, never worked in a marketing position in the past or ever completed any marketing courses. The second graph shows that 14.1% of small firms have a marketing department with at least two marketing persons. On the other hand, almost half of respondents suggested that their firm does not employ any marketing staff.

#### 4.3.4 Current practices employed by small firms in SMP

On exploring the main demographic characteristics of the respondents and having reviewed the general profile of the final sample, the researcher had to identify the overall perception of marketing among small firm owner/managers. The aim was to find out how strong the perceived connection is between the success of the small firm and marketing. The survey results revealed that 74.2% of small firm owner/managers feel that marketing plays a "medium" to "critical" role in the success of their firm. Figure 4.5 illustrates in greater detail the views of all respondents on the importance of marketing (see sub-objective 1A in figure 3.2).

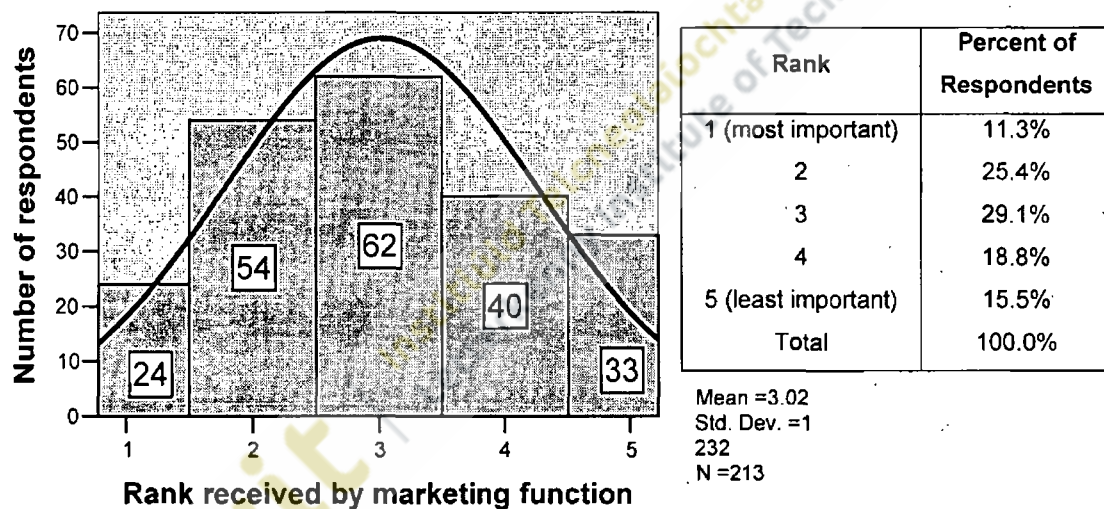
Figure 4.5 Perceived role of marketing in success of small firms



To identify how important marketing is perceived as a business function the researcher asked the respondents to rank the marketing function against the other key functions - Finance, Production, IT and Human Resources. Figure

4.6 below illustrates how marketing function performed. A business function ranked number 1 was considered the most important in the firm, whereas number 5 ranked as the least important. As one can see from the graph below, the value of mean of 3.02 ended up extremely close to the average value between the highest (1) and the lowest (5) ranks. This suggests that opinions among the respondents on the issue of the importance of marketing as a business function were divided almost equally at 50/50 (see sub-objective 1B in figure 3.2).

**Figure 4.6 Marketing ranked against other key business functions**

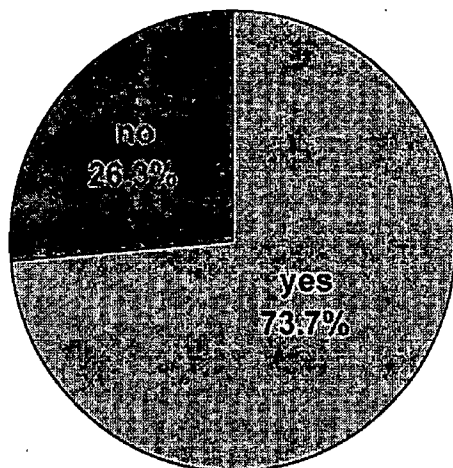


Further calculations revealed that 65.7% of respondents ranked the marketing function in the top 3 most important functions of their business. Allowing for the fact that the target of this research was small firms with their limited marketing expenditure and human resources (Stokes, 2006), the researcher concluded that the performance of marketing against the other business functions was above average. However, it is important to highlight that 33

(15.5%) respondents ranked the marketing function as the least important in their small firm. After further investigation into this particular group of respondents, cross-tabulation with their demographic characteristics revealed that 30 out of these 33 small firms are in operation for more than 20 years, and, furthermore, 25 out of 33 are strictly business-to-business firms. After analysing these convincing statistics the researcher's inference is that the perception of the low importance of marketing as a business function in this particular group is triggered by the long-established business-to-business customer base that has characterised the operations of these small firms for more than 20 years.

The next objective of the survey was to identify if small firms in Ireland applied segmentation process in their strategic marketing. Having calculated the results, the researcher concluded that almost three quarters of respondents utilised some form of segmentation process, as this was the ratio of small firms that suggested that they "adjust product/service offerings for different customer groups" (see figure 4.7).

Figure 4.7 Do you adjust product/service offerings for different customer groups?



However, the fact that the majority of the small firms adjusted their product/service offerings for different customer groups does not necessarily indicate that they apply formal segmentation, targeting and positioning techniques. In fact, the researcher's grounded theory was that the small firm owner/managers, when discriminating between customer groups, rely more on their own judgements based on market knowledge, past experience or perhaps even intuition. To source additional qualitative data on this topic the researcher utilised an open-ended question asking the respondents to describe how they adjust their product/service offerings vis-à-vis different customer groups.

Because of the nature of the open-ended questions and apparent unfeasibility of statistical investigation the researcher carried out the data analysis by means of summarising the most common opinions expressed by the



respondents. The following table 4.2 shows the most common statements related to segmentation in small firms (see sub-objective 1C in figure 3.2).

**Table 4.2 Showing segmentation policies applied by small firms**

RESPONSE	Significance based on frequency of response		
	HIGH	MED	LOW
Price differentiation according to volume	▪		
Price differentiation according to customer size	▪		
Price differentiation according to customer value		▪	
Different products according to customer needs		▪	
Formal strategic niche marketing			▪
Number of brands for each market sector			▪
Adjust all 4Ps to tailor for different segments			▪
Applying Pareto Principle (80/20 rule)			▪

\* where "High" > 10 responses; "Medium" = 6-10 responses; "Low" <= 5 responses.

It is clear from the table above that the majority of the small firms in Ireland tend to apply basic tactical segmentation tools rather than strategic approaches such as adjusting the whole marketing mix to suit the particular market segment. Frequently segmentation of the target market in small firms is limited to price discounts to larger or more valuable customers.

Having identified the most common methods of segmenting the market, the researcher analysed how aware small firm owner/managers are of more specific marketing tools and concepts such as:

- (1) Marketing Mix;
- (2) New Product Development Process;
- (3) Product Life Cycle;
- (4) Strategic Pricing; *and*
- (5) Situation Analysis (SWOT, PEST, Competitive Analysis).

Identifying how suitable the marketing mix concept is for application in the small business sector was one of the most important objectives of phase 2 of this research. The researcher, in addition to analysing how suitable the concept was, also questioned the complexity of application of the marketing mix in the small business sector. To fulfil these objectives, the researcher, using semantic differential scales, measured the suitability and the complexity of application in practice of the marketing mix concept. Furthermore, to measure basic awareness, the researcher added the “don’t know” option to the related questions in the questionnaire (see sub-objective 1D in figure 3.2).

**Figure 4.8 Suitability of the marketing mix concept for the small business sector**

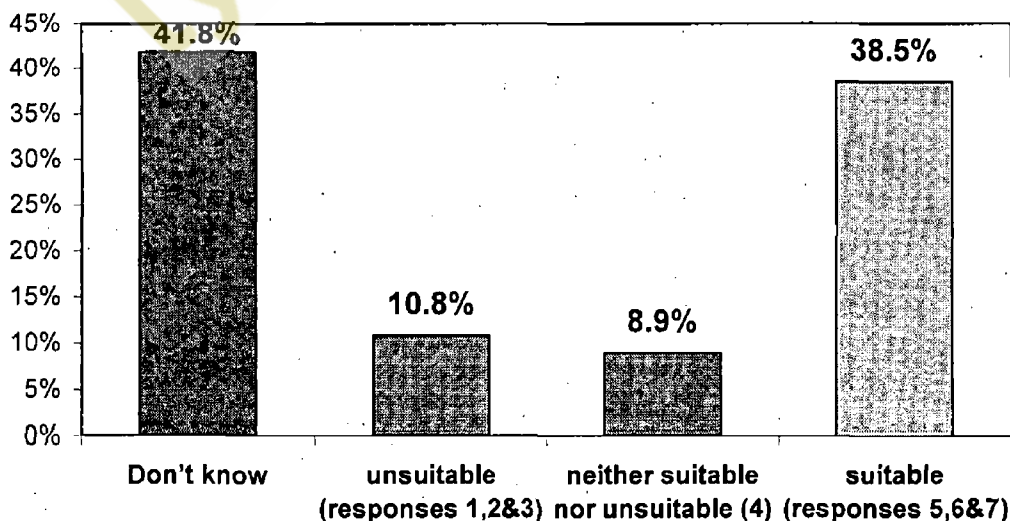
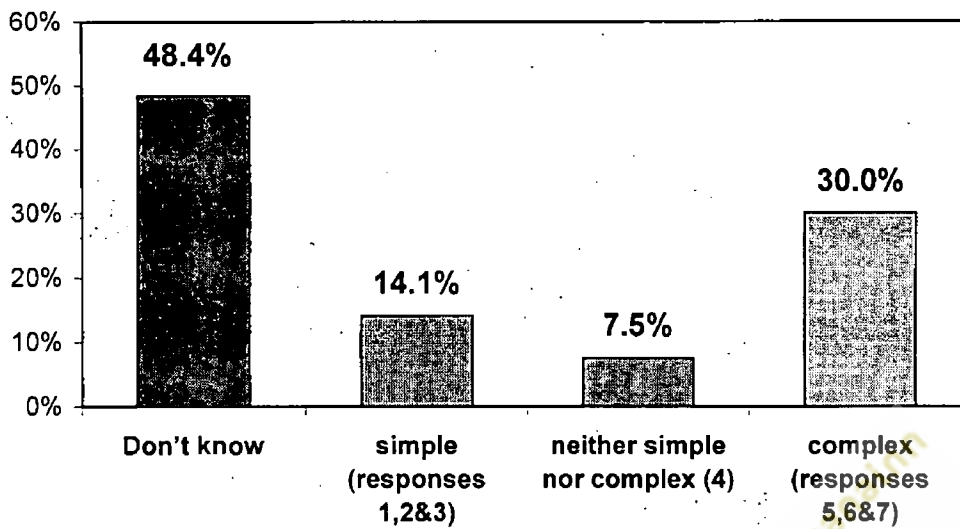


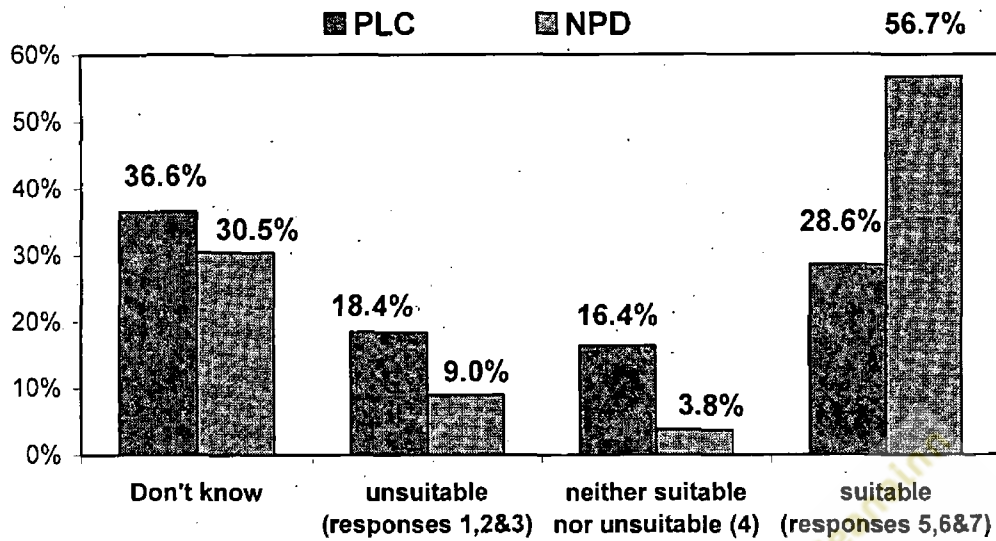
Figure 4.9 Complexity of application in practice of the marketing mix concept



As highlighted in red in figure 4.9, almost half of the respondents were not aware of the marketing mix concept. Further analysis of this "red" group showed that the absolute majority of respondents who were not aware of the marketing mix concept shared three other distinguishing characteristics. These small firms did not employ marketing professionals, their MD did not have a marketing background and the firm size was 10 - 34 employees.

Having measured the suitability of the marketing mix model for the small business sector, the researcher focused on two other interlinked strategic marketing concepts - the Product Life Cycle and New Product Development Process. These were measured along the same two dimensions developed by the researcher - suitability for the small business sector and complexity of application in practice (see sub-objective 1D in figure 3.2).

**Figure 4.10 Suitability of PLC and NPD concepts for the small business sector**



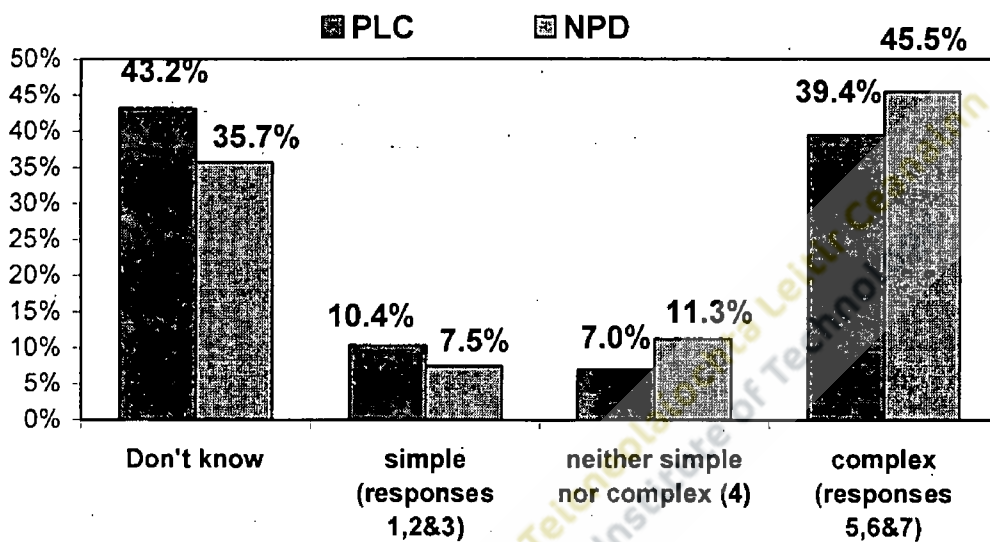
Firstly, it is important to point out that awareness levels among the respondents in relation to the two concepts (PLC - 63.4%, NPD - 69.5%) were higher than the percentage of small firm owner/managers who knew what the marketing mix was (58.2%).

Furthermore, 81.8% of the small firm owner/managers who were aware of the New Product Development (NPD) process felt that the NPD is to a certain extent suitable for the small business sector (5, 6 and 7 on the suitability scale). The Product Life Cycle concept did not perform as well on the suitability dimension as only 45.2% of the "aware" respondents ranked the PLC 5, 6 or 7 on the suitability scale.

When analysing the complexity of application in practice of the two strategic marketing concepts the researcher discovered that, although the absolute majority of small firms suggested that the NPD process was suitable for the

small business sector, 70.8% of the respondents who could comment on the complexity of this process identified it as complex. The same applies to the PLC concept which 69.4% of "aware" small firm owner/managers branded "somewhat complex", "complex" or "very complex".

**Figure 4.11 Complexity of application of PLC and NPD in the small business sector**



Having examined figure 4.11, the researcher concluded that the NPD process found a wider application in the small business sector than the PLC concept, which the majority of small firm owner/managers were either not familiar with or perceived as not really suitable for application in the small business sector. These findings were unusual in the light of the fact that the NPD process is normally used by larger businesses as a tool within the overall PLC strategy.

Identifying the factors that small firm owner/managers take into consideration when pricing their products or service offerings was another

sub-objective of phase 2 of this research. The preliminary list of factors that might have affected strategic pricing decisions originated during phase 1 – depth interviews. A small sample of marketing specialists, business consultants and small firm owners proposed the possible factors at that stage. Subsequently, the researcher tested these factors on a bigger sample during phase 2 in order to verify or disprove their perceived importance.

**Figure 4.12 Factors influencing strategic pricing decisions in the small business sector**

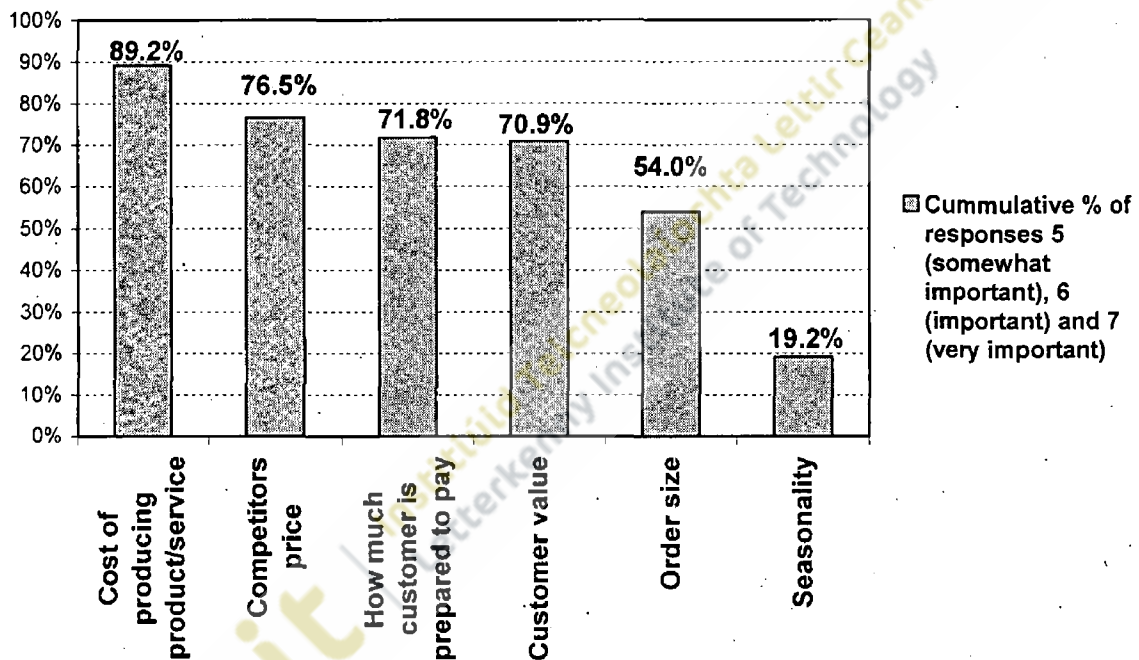


Figure 4.12 above graphically illustrates in descending order the perceived importance of these strategic pricing factors among small firm owner/managers in Ireland. The researcher separated responses 5, 6 and 7, which represented “somewhat important”, “important” and “very important” on the semantic-differential scale. It allowed the ranking of factors affecting strategic pricing decision-making in order of their perceived importance. The most important factor influencing the small firm decision-makers is the cost of producing the product/service. 89.2% of respondents

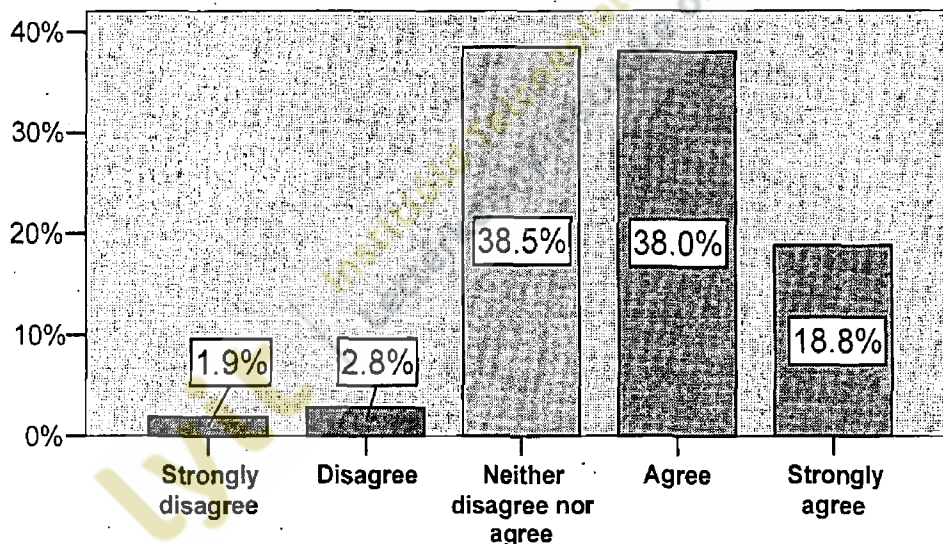
identified this as to some extent important, suggesting that the majority of small firms in Ireland use cost-orientated techniques of strategic pricing.

However, the fact that the following three factors, (i) competitors price, (ii) customer value and (iii) how much customer is prepared to pay, all scored above 70% on the same chart implies that many small firms also employ market-orientated techniques such as perceived-value pricing or going rate pricing. Furthermore, the percentages received from "how much customer is prepared to pay" and "customer value" factors indicate that more than half of small firms in Ireland have strong marketing orientations and consciously or unintentionally practice Customer Relationship Management (see sub-objective 1D in figure 3.2).

Next, the researcher looked at the application of Situation Analysis in the small business sector. Situation Analysis in general, and more specific strategic marketing planning tools such as Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis, Political-Economic-Sociocultural-Technological (PEST) Analysis and Competitive Analysis were analysed using Likert Scales where the respondents were required to indicate the degree of their agreement or disagreement with the statements developed by the researcher (see sub-objective 1D in figure 3.2).

Not one of the 213 respondents disagreed with the statement that "Situation Analysis is a good starting point for further research". On the other hand, a more specific strategic marketing planning tool, PEST is not widely recognised by the majority of the respondents. 74.2% of the respondents could not comment on the complexity of this SMP tool, suggesting that they were not familiar with it. A further 20.2% agreed or strongly agreed with the statement that "PEST is an excessively complex tool for the small firm sector", which left only 5.6% of respondents who thought that PEST could be successfully applied in the small business sector.

**Figure 4.13 Application of SWOT analysis in the small firm sector**



***"The application of the SWOT analysis is useful in the small firm sector"***

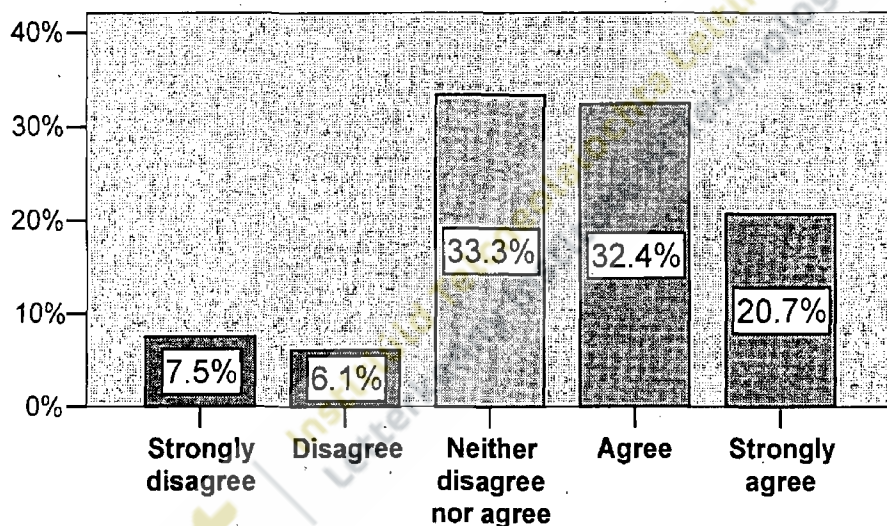
The SWOT analysis was viewed by the respondents as a more appropriate SMP tool for the small business sector. Figure 4.13 illustrates that only 4.7% disagreed or strongly disagreed with the statement that "the application of the SWOT analysis is useful in the small firm sector". 38.5% of the small firm



owner/managers neither agreed nor disagreed with this statement suggesting that these respondents were not familiar with SWOT analysis.

Competitive Analysis was another SMP tool used as one of the elements of situation analysis that the researcher explored in more detail. Figure 4.14 illustrates the percentage of small firms in Ireland who apply Competitive Analysis in their strategic marketing planning.

**Figure 4.14 Application of Competitive Analysis in the small business sector**



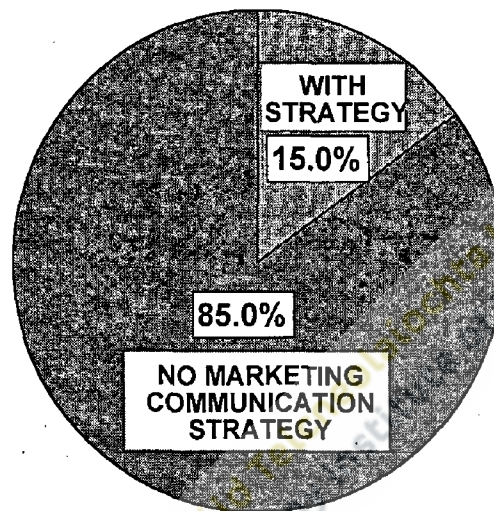
***"Competitive Analysis is widely applied by your company"***

The graph illustrates that 32.4% of the respondents agree and 20.7% strongly agree with the statement that "competitive analysis is widely applied by their company", suggesting that more than half of small firms in Ireland are familiar with and are widely applying this SMP tool.

The researcher, having analysed the data in relation to the application of SWOT and Competitive Analysis, concluded that these SMP tools found a

wide application among small firms in Ireland and are suitable for application during the Situation Analysis stage of the overall strategic marketing planning process in these businesses. Furthermore, the researcher believes that SWOT and Competitive Analysis should be included as an integral part of the new SMP model being developed during this research.

**Figure 4.15 Ratio of small firms with written marketing communication strategy**



Identifying current practices in small firm marketing communication was the researcher's next objective (see sub-objective 1E in figure 3.2). Figure 4.15 illustrates that only 15% of small firms in Ireland have a written marketing communication strategy. This percentage is worryingly low considering that marketing communication strategy is an integral part of the strategic marketing plan.

However, the fact that only 15% of small firms in Ireland have a formal written marketing communication strategy does not necessarily imply that the remaining small firms are not engaged in marketing communication. In

fact, many small firms that had no formal marketing communication strategy were able to comment on the effectiveness of various marketing communications' channels that they used suggesting that these firms were engaged in marketing communication at a more operational level.

**Figure 4.16 Perceived effectiveness of the main marketing communication channels**

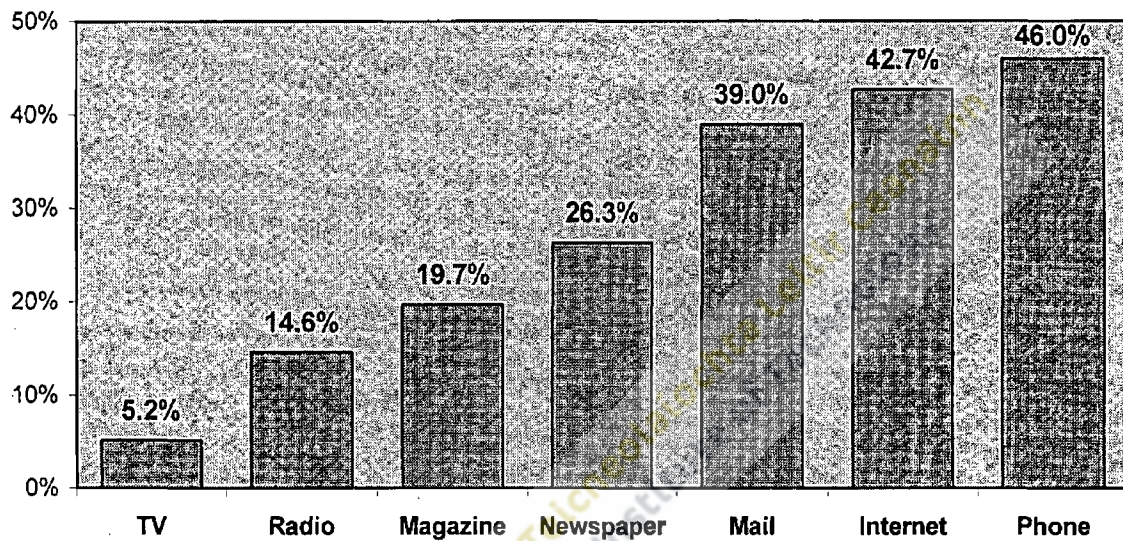


Figure 4.16 above shows the most common marketing communication channels sorted in order of their effectiveness as perceived by the small firm owner/managers. As one can see on the graph above phone, Internet and mail are perceived as the most effective channels for communicating small firms' promotional message. On the other hand, TV and radio were perceived to be the least effective as only 5.2% and 14.6% of respondents branded these channels as "effective". However, it has to be highlighted that it is obviously easier to measure the effectiveness of advertising via phone, Internet or mail as these channels usually provide feedback from the target market. There is no feedback with TV or radio unless a formal advertising

effectiveness/impact research is carried out. Therefore, it is important to point out that figure 4.16 illustrates the perceived effectiveness of the medium, which does not necessarily correspond with the actual effectiveness. To identify what messages are communicated via these media the researcher utilised an open-ended question asking the respondents to list the objectives of their written marketing communication strategy. The following table 4.3 shows the most common objectives identified by the respondents (see sub-objective 1E in figure 3.2).

**Table 4.3 Most common marketing communication objectives in the small business sector**

RESPONSE	Significance based on frequency of response		
	HIGH	MED	LOW
Increase market share	▪		
Maintain current customers	▪		
Increase brand awareness		▪	
Explain product/service benefits and uses			▪
Emphasise competitive advantage over our competitors (e.g. excellent staff, warranty etc)			▪

\* where "High" > 10 responses; "Medium" = 6-10 responses; "Low" <= 5 responses.

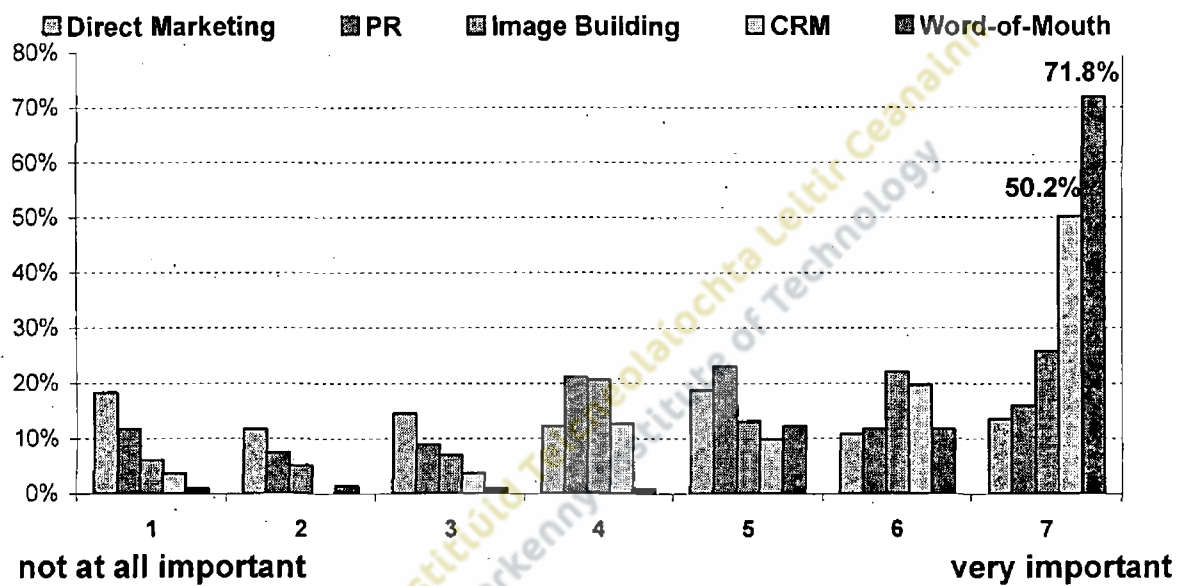
The two most common objectives proposed by the small firm owner/managers were "to increase market share" and "to maintain current customers". In the researcher's opinion, these two objectives belong in a broader strategic marketing plan and not in the marketing communication

strategy that should contain more specific objectives. These findings re-emphasise the point raised at phase 1 of this study when depth interview respondents suggested that confusion exists between marketing strategy and tactics. Indeed, only a small number of survey respondents, as shown in table 4.3, proposed more operational/specific objectives such as "explain product/service benefits and uses" or "emphasise competitive advantage".

Following analysis of more conventional marketing communication techniques and media the researcher focused on more specific marketing concepts that might have been more useful in the small firms' strategic marketing communications. A part of the survey was designed to explore the importance of direct marketing, public relations (PR), image building, customer relationship management (CRM) and word-of-mouth (WOM) in the success of the small firms. The researcher decided to concentrate on these particular tools after suggestions made by the interviewees during phase 1 of this research. Many of the respondents at that stage were proposing that the small firm owner/managers, deliberately or intuitively put stronger emphasis on image building, basic PR, CRM and direct marketing rather than on more conservative marketing communication approaches. Furthermore, the absolute majority of the marketing professional and business consultants pointed out that word-of-mouth, in many instances controllable, impinges greatly on the small firm's success. To verify or disprove these theories the researcher measured the perceived importance of the above-mentioned

concepts using the semantic-differential scale. Figure 4.17 illustrates how the survey respondents rated the importance of five concepts (see sub-objective 1F in figure 3.2).

**Figure 4.17 The importance of the various marketing concepts in the success of small firm**



Firstly, as one can clearly see from the graph, the importance of word-of-mouth was certainly not overestimated by the interviewees at phase 1 of the research. The data from the main survey showed that 71.8% of small firm owner/managers in Ireland rated the importance of word-of-mouth to the success of their firm as 7 out of 7 on a semantic-differential importance scale. Furthermore, only 7 out of 213 respondents felt that word-of-mouth did not play an important role in the success of their firm.

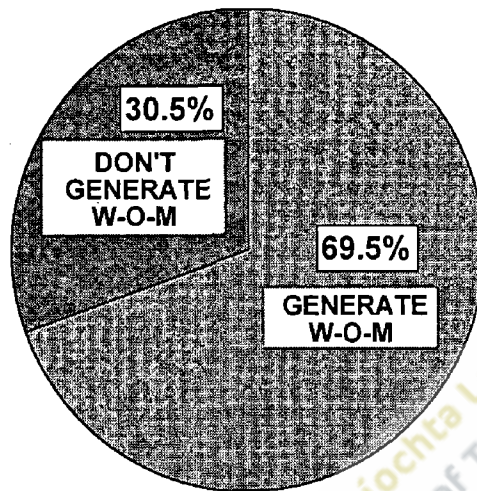
Another strategic marketing communication concept that was perceived by the majority of the small firms as very important to their success was customer relationship management (CRM). 79.8% of the respondents rated this strategic marketing tool as 5, 6 or 7 on a 7-point importance scale. Moreover 50.2% of the small firm owner/managers saw CRM as very important for the success of their firm.

PR, Image Building and Direct Marketing were not viewed as less important for success by the small firm owner/managers than CRM and word-of-mouth. However, it is important to highlight that 61.0% of respondents also rated Image Building 5-7 on the importance scale. On a relative scale alongside CRM and word-of-mouth this result does not stand out: on an absolute scale 61.0% is very positive.

The data on the perceived importance of word-of-mouth clearly indicate that the small firm owner/managers recognised that this is of paramount importance to the success of their firm. Moreover, having recognised the importance of word-of-mouth, 69.5% of small firms in Ireland (see figure 4.18) are trying to generate positive word-of-mouth by finding ways of encouraging referrals and recommendations. These findings support the view of Stokes (2006) who suggested that, although one of the main disadvantages of word-of-mouth marketing is the fact that it is non-controllable, successful

entrepreneurs, according to the theorist, do find ways of encouraging referrals and recommendations by more proactive methods.

**Figure 4.18 Showing percentage of respondents generating WOM**



To identify proactive methods of generating positive word-of-mouth communication, the researcher utilised an open-ended question asking the respondents to describe how their firms encourage referrals and recommendations. Although many respondents suggested that their only involvement in generating positive word-of-mouth was through providing an excellent service "that speaks for itself", some small firm owner/managers proposed more proactive means of encouraging referrals and recommendations. Table 4.4 below lists these proactive measures.



**Table 4.4 Pro-active means of generating positive word-of-mouth**

RESPONSE	Significance based on frequency of response		
	HIGH	MED	LOW
Managed after care	■		
Application of strategic relationship marketing	■		
Bonuses to staff and existing customers for referrals and recommendations	■		
Close relationships with "well-known" existing customers		■	
Strategic networking (esp. in B2B markets)			■

\* where "High" > 10 responses; "Medium" = 6-10 responses; "Low" <= 5 responses.

In regard to the implications of the data collected, the researcher concluded that the Strategic Marketing Planning model being developed as a result of this study should not only emphasise the importance of CRM, Image Building and controllable word-of-mouth but also exploit these tools to aid small firms in their strategic marketing communication.

#### **4.3.5 Problems affecting marketing performance and Problems relating to SMP**

The first phase of the research identified that small firms in Ireland suffer from various difficulties related to the theme of this research. Although some of these problems cannot be classified as specific SMP problems they do however affect the SMP performance of small firms. Other problems are specific issues in small firms' strategic marketing planning.

Issues affecting strategic marketing performance profiled during phase 1 included lack of marketing knowledge in the small business sector, lack of financial resources and time allocated to SMP and time constraints inhibiting the owner/manager's acquisition of marketing know-how. On the other hand, specific SMP problems contained issues like an evident lack of applicability of marketing theory to small business sector practice, lack of awareness of the segmentation process, poor strategic pricing decisions, underestimating the value of marketing research and confusion surrounding the difference between short-term marketing tactics and long-term strategy.

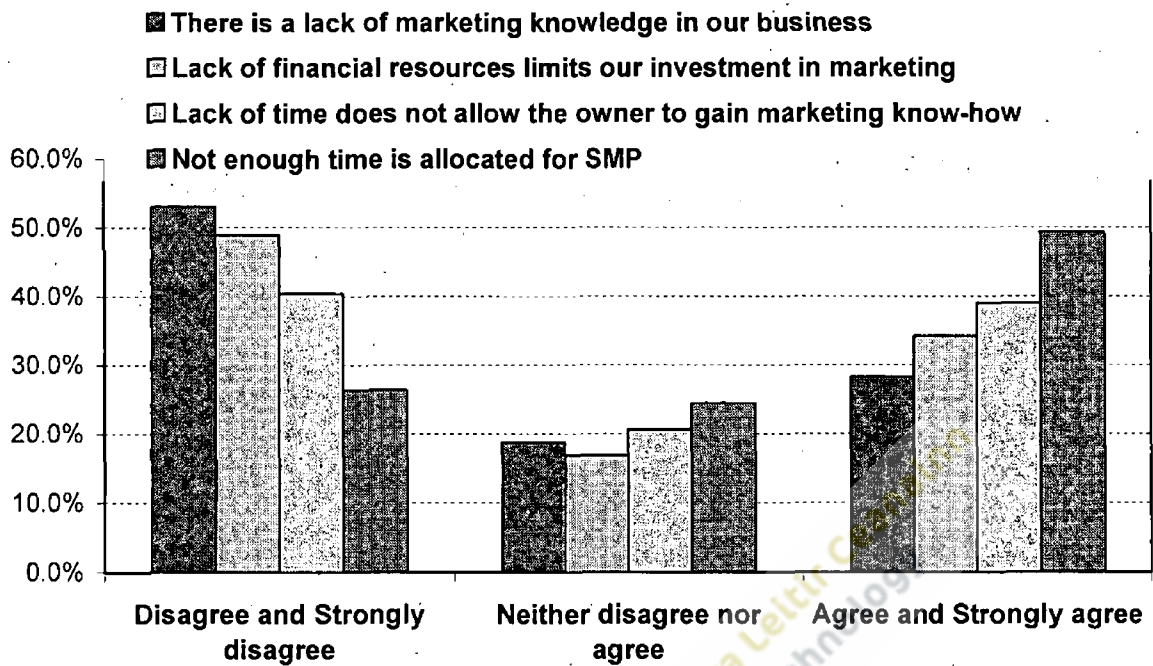
The objective of phase 2 of the research was to verify the existence of the above-mentioned problems in practice and to measure their significance. In addition, the researcher tried to identify other problems affecting small firm SMP performance that were not raised by the interviewees during phase 1.

To verify the existence of the problems voiced by the marketing professionals the researcher developed a set of statements with which the survey respondents were asked to indicate their degree of agreement or disagreement on a 5-point Likert scale. Figure 4.19 illustrates four general problems related to SMP. Depth Interviews identified the lack of financial resources limiting investment in marketing as one of the main problems within the small business sector. However, in practice only 34.3% of

respondents agreed and strongly agreed that this problem existed. Furthermore, the majority of the small firm owner/managers suggested that the lack of financial resources was not an issue affecting the marketing performance of their firms.

Only 28.2% of the respondents agreed with the view held by marketing and business consultants that there is a lack of marketing knowledge in Irish small firms. The researcher decided to investigate this problem further and cross-tabulated the findings from this question with the data from two other variables - MD's background and in-house marketing staff. The researcher's theory was that MDs with a marketing background and firms employing at least one marketing professional would be strongly opposed to the view that there is a lack of marketing knowledge in their firm. This in its turn would affect the overall result returned by the question. However, although the cross-tabulation did reveal a minor increase (+3-4%) in disagreement with the statement among MDs with a marketing background and small firms employing marketing professional(s), the researcher concluded that it hasn't significantly affected the overall response figures (see sub-objective 2A in figure 3.2).

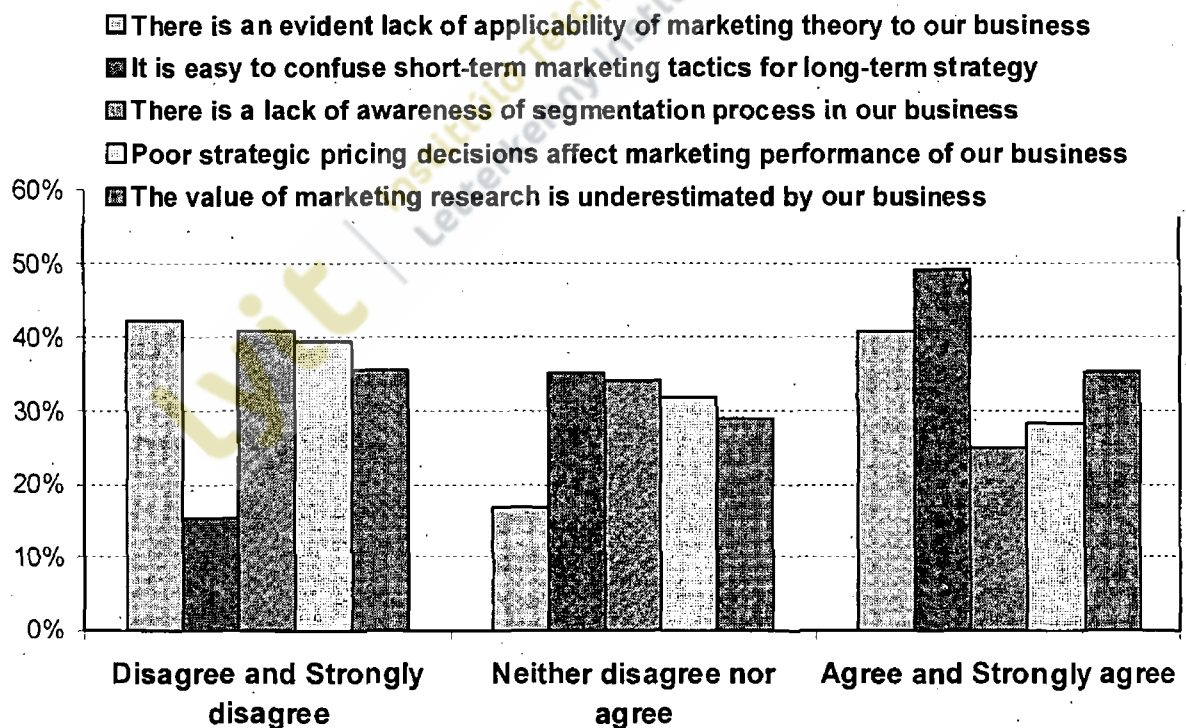
**Figure 4.19 General problems affecting small firm SMP performance**



Considering these data the researcher concluded that, although the two problems discussed above do exist in some small firms in Ireland and should be addressed, they are not the main problems affecting the SMP performance of small firms. The main issues, as identified by the small firm owner/managers, were "the lack of time that does not allow the owner/manager of a small firm to gain marketing know-how" and "inadequate time allocated for strategic marketing planning". Moreover, 49.3% of the respondents agreed or strongly agreed with the statement suggesting that not enough time is allocated for strategic marketing planning in their small firm. A further 26.3% of respondents disagreed with this statement and the rest (24.4%) neither disagreed nor agreed with it.

Moving on to the more specific SMP problems (see sub-objective 2B in figure 3.2), it is important to point out that all five issues presented by the researcher were known to the majority of the survey respondents, suggesting that these problems do exist in the small business sector. The main SMP problem according to the results of the survey was confusion between short-term marketing tactics and long-term strategic marketing. 49.3% of the respondents agreed or strongly agreed with the statement that "it is easy to confuse short-term marketing tactics for long-term strategy" (15.5% of respondents disagreed with the statement while 35.2% neither disagreed nor agreed).

**Figure 4.20 Specific Strategic Marketing Planning (SMP) Problems**



The second most important SMP problem concerning small firm owner/managers in Ireland was the perceived lack of applicability of

marketing theory to their firm. Figure 4.20 above illustrates that, highlighted in yellow, this problem split the views of the respondents very distinctly in two similar halves between agreement and disagreement with the statement. Approximately the same percentage of the respondents agreed and disagreed with the statement and only a small number of small firm owner/managers neither agreed nor disagreed. This was not consistent with the general pattern of other Likert scales and the researcher investigated this SMP problem further in the next chapter (section 5.6).

The next SMP problem as identified by the small firm owner/managers was related to marketing research. 35.2% of the respondents suggested that the value of marketing research is underestimated by their firm. To conclude this section the researcher listed all problems related to marketing in the Irish small firms in order of their perceived importance starting with the most important:

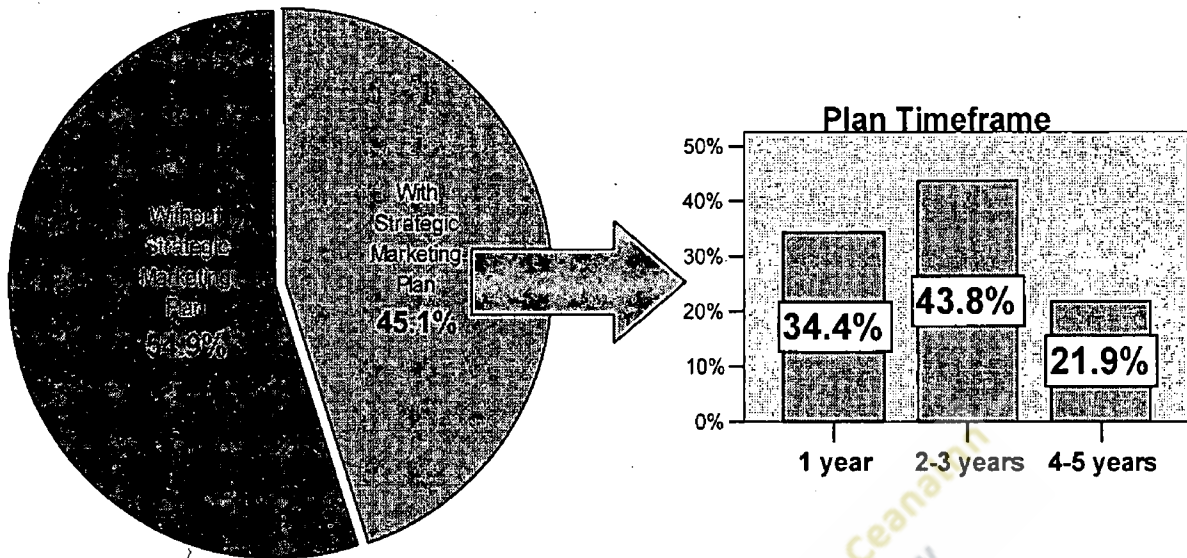
1. **Lack of time allocated to SMP (49.3%)**
2. **Confusion of short-term marketing tactics for long-term strategy (49.3%)**
3. **Lack of applicability of marketing theory to small business sector practice (40.8%)**
4. **Lack of time inhibiting the owner's acquisition of marketing know-how (39.0%)**
5. **Underestimated value of marketing research (35.2%)**
6. **Lack of financial resources (34.3%)**
7. **Poor strategic pricing decisions (28.6%)**
8. **Lack of marketing knowledge (28.2%)**
9. **Lack of awareness of segmentation process (24.9%)**

Noticeably, confusion between short-term marketing tactics and long-term strategy, highlighted by McDonald (1989) as the main barrier to successful marketing planning, remains one of the main SMP problems in the small business sector two decades later. In contrast, the lack of financial resources and marketing knowledge that were identified as two major problems by the interviewees during phase 1, were not, however, perceived as the main issues by the survey respondents. Having rated the other problems as being more important (see list above), the small firm owner/managers also identified additional SMP-related problems that were not mentioned during phase 1.

#### **4.3.6 Strategic Marketing Plans**

The next principal objective of phase 2 of this study was an analysis of the design process of strategic marketing plans in the small business sector. Firstly, the researcher identified what percentage of small firms in Ireland draft formal strategic marketing plans. Figure 4.21 graphically illustrates the ratio of the respondents who draft a strategic marketing plan for their firm. Subsequently, the researcher divided the small firms that indicated that they had a strategic marketing plan into three smaller groups according to the strategic plan timeframe (see sub-objectives 3A and 3B in figure 3.2).

Figure 4.21 Percentage of small firms with a Strategic Marketing Plan



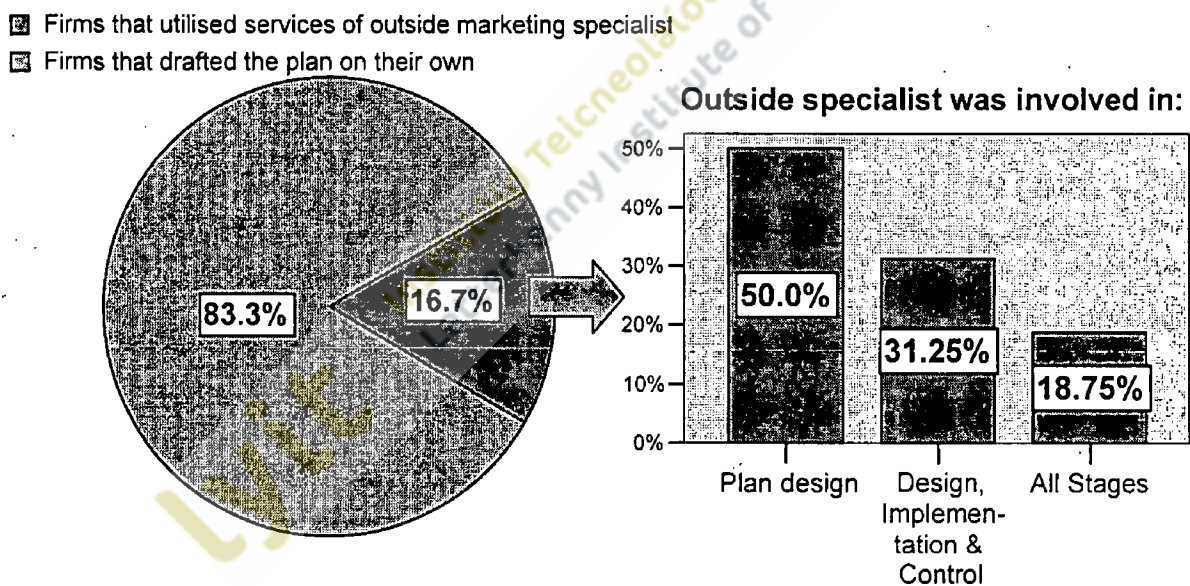
The chart illustrates that almost half of small firms in Ireland have a Strategic Marketing Plan and the majority of them draft a plan with a 1-3 year time horizon (78.2%). However, the researcher also discovered that a significant percentage (21.9%) of small firms in Ireland draft their Strategic Marketing Plan with as much as a 4-5 year time horizon.

During phase 1 of this research, several interviewees suggested that many of small firms in Ireland utilise the services of external marketing specialists to prepare their Strategic Marketing Plans. The researcher explored this phenomenon further during phase 2 of the study. The task was to identify what ratio of small firms employed external marketing consultants to draft a plan and precisely how this specialist was involved in the process (see sub-objective 3E in figure 3.2).



Figure 4.22 shows that only a relatively meagre proportion of small firms buy in the services of a marketing specialist on a temporary basis to help them draft a strategic marketing plan. In addition, 81.2% of small firms that did temporarily employ external marketing specialists suggested that the services of this professional were funded exclusive by their firm, and only 18.8% of small firms responded that the costs associated with employing a marketing consultant were shared between their firm and a third party, such as a County Enterprise Board, Enterprise Ireland or another similar organisation.

**Figure 4.22 Small firms utilising external marketing specialists to draft Strategic Marketing Plan**

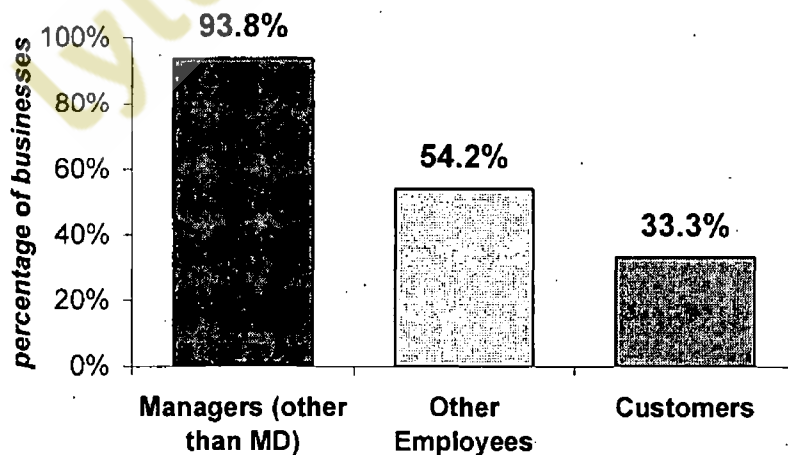


Next, the researcher identified the stages of the strategic marketing planning process at which Irish small firms utilise the services of the external marketing specialist. Exactly half of the respondents proposed that their small firms employed the marketing professional only during the Strategic Marketing Plan design stage. Subsequently, the plan was implemented using

the firm's own human resources. 31.25% of small firms suggested that the external marketing specialist employed by their firm was also involved at the plan implementation and control stage and a further 18.75% of the respondents indicated that the specialist was involved during the whole process from plan design stage to results evaluation.

Having identified what ratio of small firms in Ireland utilise the services of an external marketing specialist, the researcher explored what other parties/stakeholders were involved in the design of the Strategic Marketing Plan (see sub-objective 3D in figure 3.2). Figure 4.23 below illustrates that more than half of small firms in Ireland engage non-management staff in their Strategic Marketing planning process while a further 33.3% of respondents indicated that their customers are also involved in drafting the firm's Strategic Marketing Plan.

**Figure 4.23 Stakeholders involved in drafting the Strategic Marketing Plan**



Subsequently, the researcher explored if the involvement of customers in the strategic marketing planning process depended on or was connected to the small firm's demographics. Cross-tabulations revealed that the participation of customers in the design of the small firm's Strategic Marketing Plan largely depended on the Managing Director's background (p-value of 0.006 was generated along with a chi-square of 12.562). Indeed, the survey data suggest that only 10.0% of small firms managed by an MD with no marketing background involved their customers in Strategic Marketing planning. In contrast, 47.5% of small firms in Ireland whose MDs possess a Marketing Degree or Diploma engage their customers in the plan design process.

#### 4.3.7 Networking

The next area that was analysed by the researcher during phase 2 of this study was the concept of networking among small firms in Ireland. The survey identified that 47.9% of respondents were engaged in some form of networking with other small firms. In many cases the firms engaged in networking were from different industries or business sectors. The three most common forms of networking, as indicated by the survey data, were (i) formal (supported by written agreements) sharing of resources, including human resources; (ii) informal sharing of resources; and (iii) research.

Figure 4.24 Most common forms of networking in the small business sector

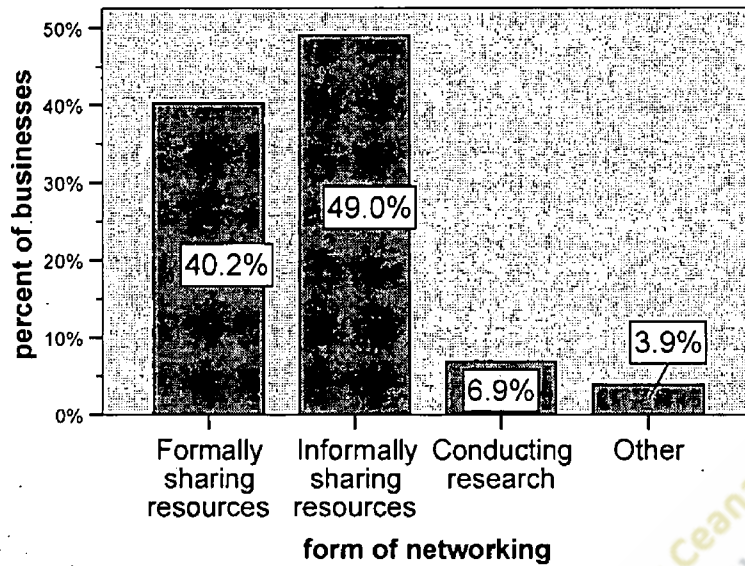
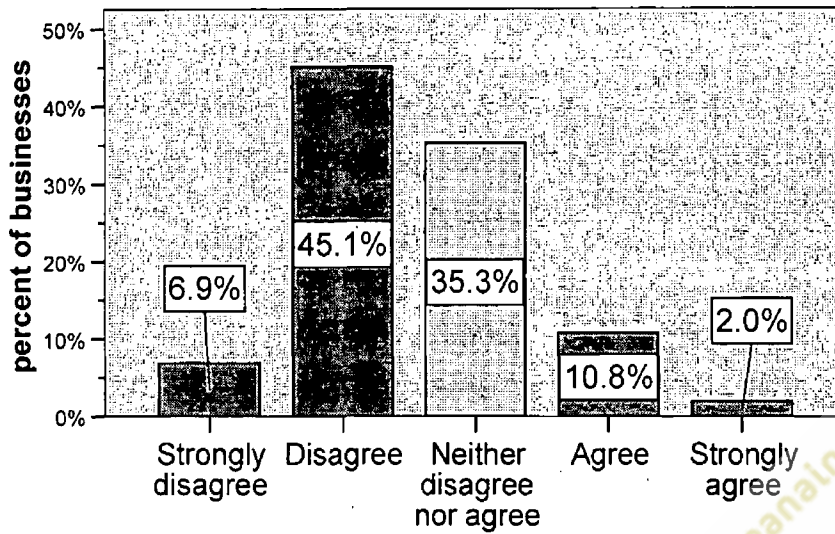


Figure 4.24 illustrates that 49.0% of small firms in Ireland that are engaged in networking do so by means of informal sharing of resources, however, 40.2% of survey respondents who suggested that their firm is involved in networking also confirmed that their networking practices are supported by written agreements with their networking partners. A small number of respondents suggested that their firm conducts research in co-operation with other small firms.

Figure 4.25 “The idea of ‘safety in numbers’ is one of your reasons for networking”

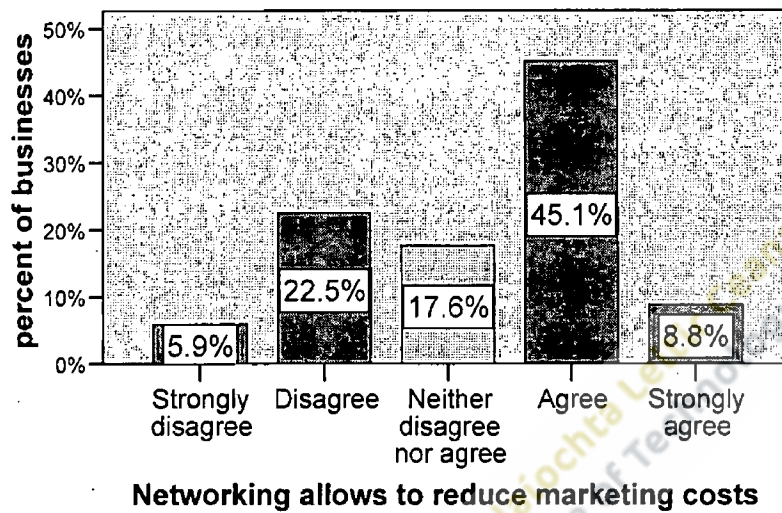


While analysing the benefits of networking (see sub-objectives 4B and 4C in figure 3.2) the researcher discovered that one of the main reasons for networking described in the literature (Dennis, 2000) - the so called idea of “safety in numbers” was not rated as a major networking catalyst by the small firms in Ireland. In fact, as illustrated in figure 4.25, 52.0% of small firms “disagree” or “strongly disagree” with the statement that the idea of “safety in numbers” is one of their reasons for networking, and only 12.8% of respondents expressed agreement with this statement.

According to the survey data, in the majority of cases Irish small firms engage in networking to derive lucrative spinoff benefits from this process, e.g. to reduce marketing costs or to gain access to new resources, skills and expertise. Indeed, as shown on figure 4.26, only 28.4% of the small firm owner/managers disagreed with the statement that networking allows their

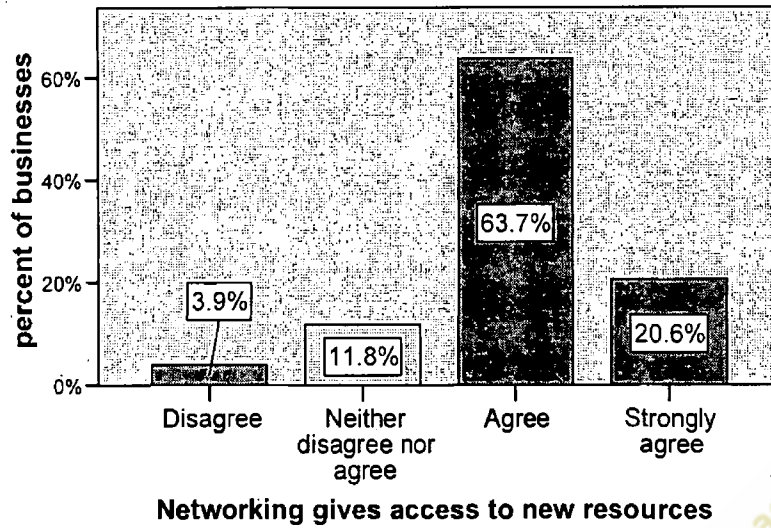
firm to reduce marketing costs, with the majority of the respondents (53.9%) stating that this is one of their main reasons for networking.

Figure 4.26 "Networking allows your firm to reduce marketing costs"



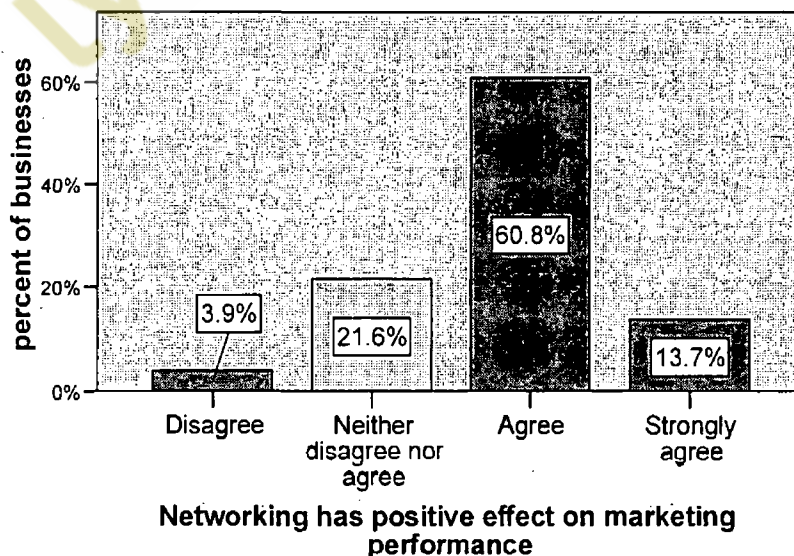
However, although reducing marketing costs via cooperation with other small firms was rated high among the important reasons for networking, the key networking benefit was identified as access to new resources, skills and expertise. In fact, only 3.9% of the small firms that were engaged in networking did not perceive that networking gave their firm access to new resources. On the other hand, 84.3% of the respondents engaged in networking suggested that this practice allowed their firms access to new resources, skills and expertise which otherwise would have been unattainable for their small firm.

Figure 4.27 "Networking gives your firm access to new resources, skills and expertise"



Moving on to the overall impact of networking on small firm marketing performance, the researcher identified that networking has a positive effect on the marketing performance of small firms in Ireland (see sub-objective 4A in figure 3.2). Figure 4.28 below illustrates that 84.5% of the survey respondents "agree" or "strongly agree" with the statement that networking has positive effects on the marketing performance of their firms.

Figure 4.28 "Networking has a positive effect on the marketing performance of your firm"



Having identified the reasons for and benefits of networking, the researcher explored why 52.1% of small firms in Ireland avoid networking although, according to the survey results, it seems to have positive effects on small firms' marketing performances and appears to be rewarding in many other ways. The researcher tested the reasons for NOT engaging in networking identified earlier by the other researchers (Human and Provan, 2000; EU Observatory of SMEs, 2003).

**Figure 4.29 Reasons for NOT engaging in networking with other firms**

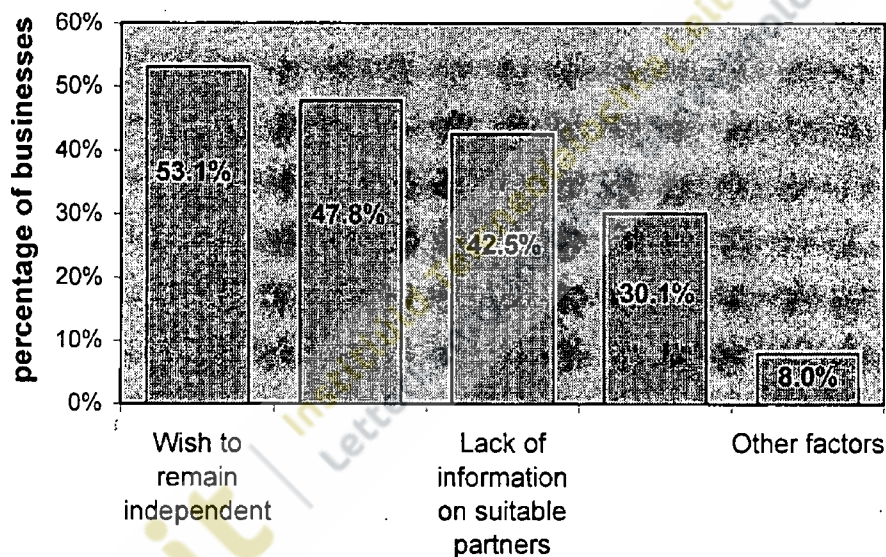


Figure 4.29 above illustrates that 53.1% of the small firms that were not engaged in networking suggested that the wish to remain independent was one of the important reasons for not engaging in networking. The other two important reasons identified by the respondents were disclosure of sensitive information and lack of information on suitable partners (see sub-objectives 4B and 4C in figure 3.2). These findings are consistent with the research conclusions of the EU Observatory of SMEs (2003).



#### 4.4 Phase 3 – Focus Group

As already mentioned in the chapter on Research Methodology the last stage of the primary research had one objective: to evaluate and develop a new strategic marketing planning model proposed by the researcher for implementation in the small business sector.

The proposed model for strategic marketing planning (see Appendix D) was rated as 'suitable' for application in small firms. All focus group participants acknowledged the 'user-friendliness' of the proposed model as the main advantage. The model was described as 'simple and easy to understand', which was one of the main design criteria set by the researcher. Furthermore, in relation to the layout of the model, focus group participants agreed that the proposed process is capable of supporting small firms at both strategic and operational marketing levels. The focus group also came to a consensus that the involvement of small firm owners/managers in the plan design process would be imperative for the success of the final strategic marketing plan.

Having evaluated specific SMP tools incorporated into the proposed model, the focus group highlighted the significance of applying concepts such as controlled word-of-mouth, already intuitively used by small firm owners. According to the focus group participants these concepts might provide a 'big advantage in a bid for model acceptance by the small business sector'.

During the discussion the researcher explained that the new model had to address the perceived lack of applicability of strategic marketing theory to small business sector practice. Focus group participants connected this problem to the complex nature of strategic marketing approaches. A solution proposed by the focus group was to utilise these SMP approaches in the new model, but simplify the terminology and employ examples and guidelines explaining in simple language these complex SMP concepts.

While commenting on the enhancement and development of the proposed model, the focus group participants suggested the inclusion of an introductory "Read Me" screen in the end-user version of the model (see Appendix D). This would enable the small firm owner/manager to see what the finished strategic marketing plan looks like and explain how the model works. Furthermore, users of the program would be able to read reviews of the model written by the small firm owner/managers who had already designed a plan for their small firm using the proposed model.

## 4.5 Conclusion

Chapter 4 presented the primary findings of this research. The researcher introduced the findings from all three phases of the primary study: (i) depth interviews, (ii) survey and (iii) focus group.

Chapter 4 addressed various objectives listed in figure 3.1. The researcher explored current practices employed by small firms in SMP and identified problems affecting the marketing performance of small firms. Furthermore, chapter 4 explored the design process of strategic marketing plans in small firms and identified pros and cons of networking.

The primary findings indicated that the small business sector is very diverse. A lot of small firms, especially well-established ones, allocated a great deal of time and attention to marketing. However, in general, marketing was still perceived as a complicated discipline. Small firms recognise the need to market themselves. However, their owners/managers usually had functional knowledge rather than marketing expertise. The overall perception was that small firms in Ireland working closely with enterprise boards or marketing agencies normally allocated more time and resources to formal strategic marketing planning.

However, it is important to highlight that these findings represent only “raw” data generated by the research and more in-depth analyses are presented in the next chapter.

## **CHAPTER 5 - ANALYSIS OF FINDINGS**

**5.1 Introduction**

**5.2 Mission statement and long term marketing objectives**

**5.3 Application of segmentation in the small business sector**

**5.4 The suitability and complexity of the marketing mix for application in the small business sector**

**5.5 Quality of the strategic marketing plans**

**5.6 Lack of applicability of marketing theory to the small business sector**

**5.7 Variations in strategic marketing planning in different types of small firms**

**5.8 Conclusion**

## 5.1 Introduction

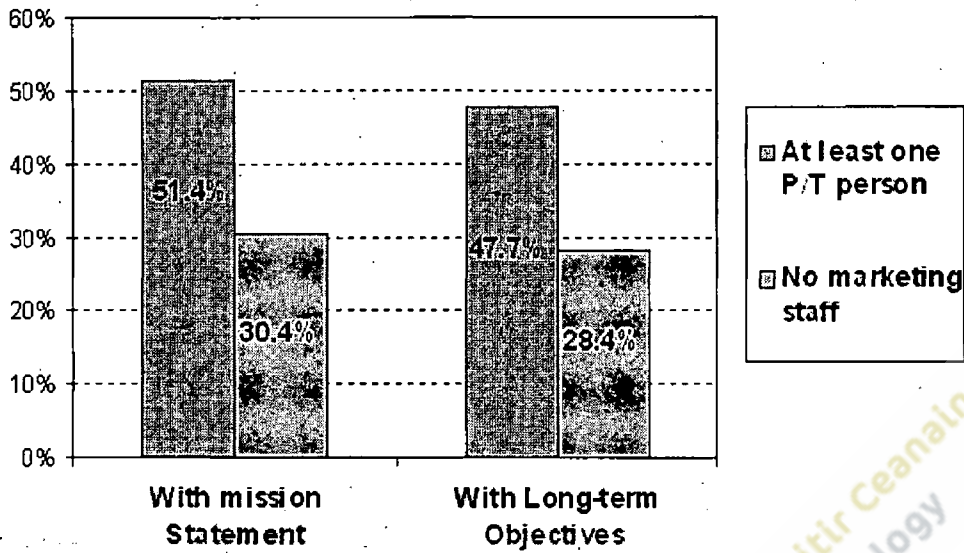
Chapter 5 analyses the findings presented in chapter 4. The suitability and complexity of the marketing mix for application in the small business sector is explored. Furthermore, the applicability of marketing theory to the small business sector is also questioned in this chapter. Having commented on the applicability of marketing theory the researcher analyses the quality of strategic marketing plans in the small business sector and investigates if there are variations in strategic marketing planning approaches in different types of small firms.

## 5.2 Mission statement and long term marketing objectives

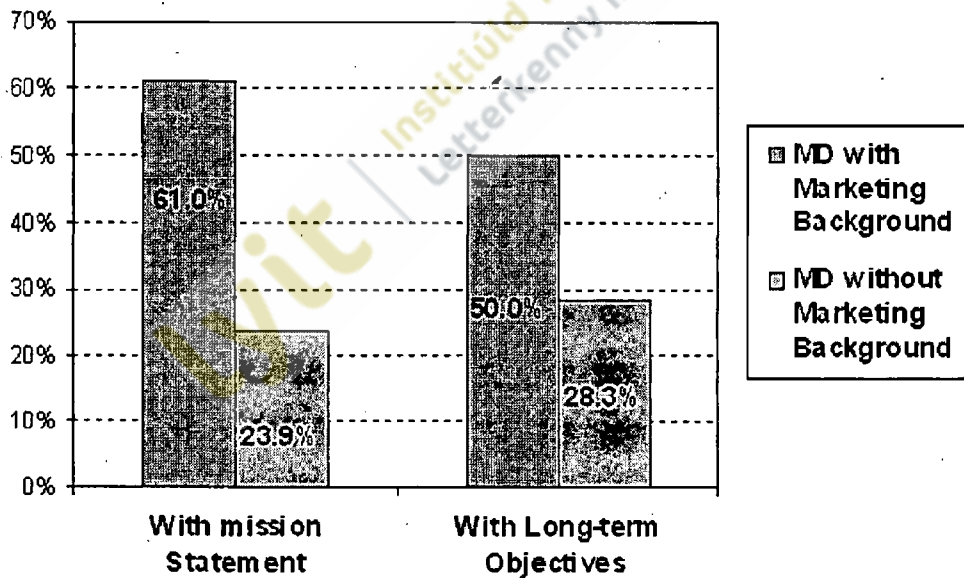
The mission statement and long-term marketing objectives should be in the foundation of any businesses corporate strategy (Lambin, 2007). However, during this study the researcher identified that only 38.5% of small firms that responded had long-term marketing objectives and 41.3% claimed to have a written mission statement. To gain more insights into this problem the researcher compared various types of small firms. Discriminating on the basis of service/product company, size, age or customer base did not uncover any significant variations from the percentages stated above.

Nevertheless, such variations occurred after cross-tabulations with two other variables: MDs' background and marketing staff. Figures 5.1 and 5.2 clearly indicate that the profile of those small firms with written mission statements and long-term marketing objectives is strongly related to these two variables. As illustrated by figures 5.1 and 5.2, the percentage of small firms with written mission statements and long-term marketing objectives is much higher among small firms that employ at least one marketing professional or are managed by an MD with a marketing background.

**Figure 5.1 Variation in %'s of firms with mission statements and marketing objectives depending on existence/absence of marketing staff**



**Figure 5.2 Variation in %'s of firms with mission statements and marketing objectives depending on the MDs' background**





### 5.3 Application of segmentation in the small business sector

The literature review indicated that strategic segmentation and targeting is determined by market research (Lambin, 2007). However, the findings of this research are in line with Hills *et al.* (2005) who identified that small firm owner/managers generally reject such formal research methods preferring more informal methods of gathering market information. During phase 1 of this research, marketing consultants identified the concept of "intuitive marketing". According to these professionals, some small firm owner/managers are unaware of the formal process of segmentation, targeting and positioning, but at the same time they are very conscious of their target market. This finding was confirmed during depth interviews with small firm owner/managers. Furthermore, as indicated by the literature review, the importance of tacit knowledge and the existence of so called "intuitive marketing" were recognised by many researchers (Ashill *et al.*, 2003; Hackley, 2000; Gilmore *et al.*, 2001; Stokes, 2006).

The lack of awareness of the customer base and target market, or in marketing terms, the lack of awareness of the segmentation process, was perceived to be the main specific SMP problem in the small business sector. However, it is important to highlight that this particular issue was raised only by the business consultants and marketing professionals. None of the small firm owner/managers confirmed that this problem did, in fact, exist in their firm.

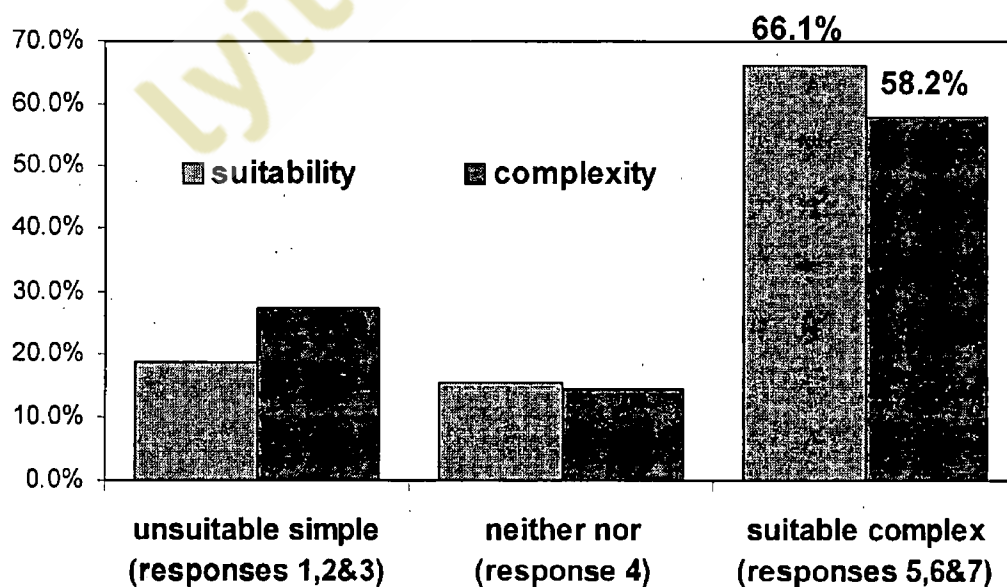
Furthermore, the findings from the main survey presented in chapter 4 indicate that this might be a case of a perceived rather than an actual problem.

It is clear from the table 4.2 (see chapter 4) that the majority of small firms in Ireland tend to apply basic tactical segmentation tools rather than strategic approaches such as adjusting the whole marketing mix to suit the particular market segment. Frequently the segmentation of the target market in small firms is limited to price discounts to larger or "more valuable" customers. The data presented in table 4.2 clearly identify a gap between small business sector practice and segmentation theory. According to the theory (Clarke and Freytag, 2008; Dibb *et al.*, 2002), segmentation should be one of the core concepts in contemporary strategic marketing planning. Moreover, successful segmentation, according to Drummond *et al.* (2001), relies on a clear understanding of the market, with knowledge of consumer behaviour being the critical foundation on which market understanding is built. In practice, however, the two most frequently used descriptions of segmentation were much more basic: (i) "price differentiation according to volume"; and (ii) "price differentiation according to customer size".

## 5.4 The suitability and complexity of the marketing mix for application in the small business sector

According to modern researchers (Mohan and Krishnaswamy, 2006; Yang *et al.*, 2007; Hines *et al.* 2006), the basic tools and tenets of marketing management theory, including the marketing mix concept, tend to be viewed sceptically and their relevance to the modern small business environment called into question. Having established the levels of awareness of the marketing mix concept in chapter 4, the researcher focused on the analysis of the suitability and complexity of this strategic marketing planning concept as viewed by the small firm owner/managers. Figure 5.3 shows only the responses of those small firm owner/managers who were aware of the marketing mix and could comment on this concept's suitability and complexity of its practical application.

Figure 5.3 Marketing Mix Suitability and Complexity



The main data that were highlighted by the researcher were responses number 5,6 and 7 in both the suitability and complexity sections of the figure above. The survey results suggest that 66.1% of those small firm owner/managers who were aware of the marketing mix concept felt that this approach was suitable for the small business sector, furthermore, 26.6% - suggested that it was very suitable. However, the application of the marketing mix concept in practice cannot be viewed as simple because 58.2% of respondents identified it as being a complex process.

After analysing these findings the researcher concluded that the application of the marketing mix concept, albeit a very complex issue, is viewed by the practitioners as suitable for the small business sector. During phase 1 of this research the business and marketing consultants also indicated that formal SMP approaches are applied, but 'these usually are simplified for small firm owners by County Enterprise Boards or other similar organisations'. Stokes (2006) also argued that most existing SMP frameworks, including the marketing mix concept, were designed for bigger firms with plentiful resources and should not be applied without adaptations in the small business sector. Therefore, it is reasonable to suggest that if adapted, simplified or, even better, explained, the marketing mix concept would find a wider application across the spectrum of small firms.

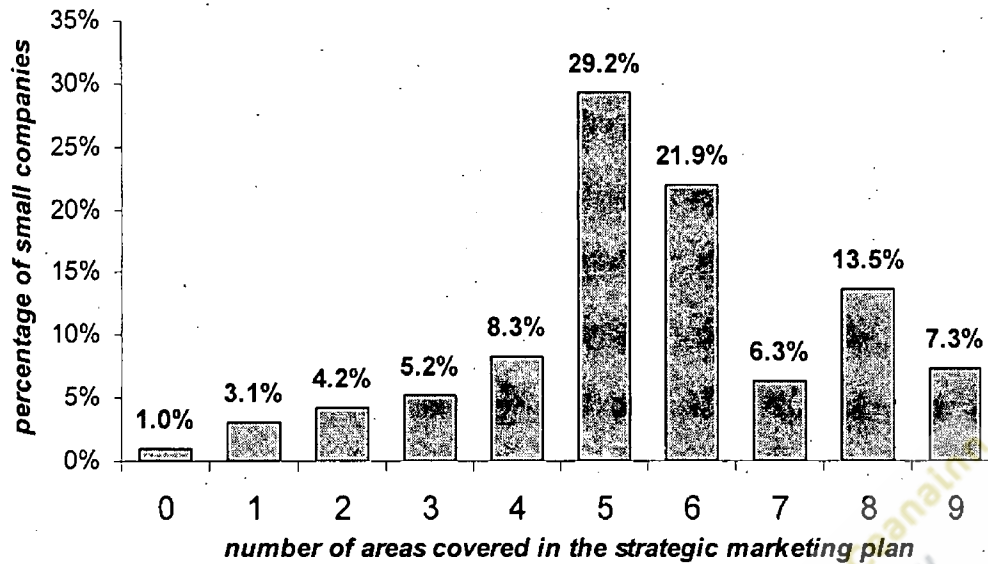
## 5.5 Quality of the strategic marketing plans

Lambin (2007) tried to illustrate the importance of written strategic marketing plans. He believed that sound strategic thinking about the future must be clearly stated in a document which describes the ends and means required to implement the chosen development strategy.

Having identified the ratio of small firms that have a strategic marketing plan in chapter 4, the researcher analysed the quality of these plans by determining how many of Lambin's (2007) nine essential areas were covered (see sub-objective 3C in figure 3.2). According to Lambin (2007) any strategic marketing plan would be expected to cover the following nine topics: Mission Statement, Corporate Objectives, SWOT Analysis, Competitive Analysis, Trends Analysis, Marketing Mix (4Ps/7Ps), Marketing Objectives, Segmentation and Scheduling and Budgeting. Figure 5.4 illustrates the ten groups of small firms divided according to the number of areas covered by their strategic marketing plan.

As one can see in figure 5.4, the two biggest groups were the small firms that covered a combination of 5 and 6 of the nine essential areas in their strategic marketing planning. Furthermore, only 21.9% of all small firms that drafted a strategic marketing plan covered less than five essential areas.

**Figure 5.4 Number of essential areas covered by small firms' strategic marketing plans**

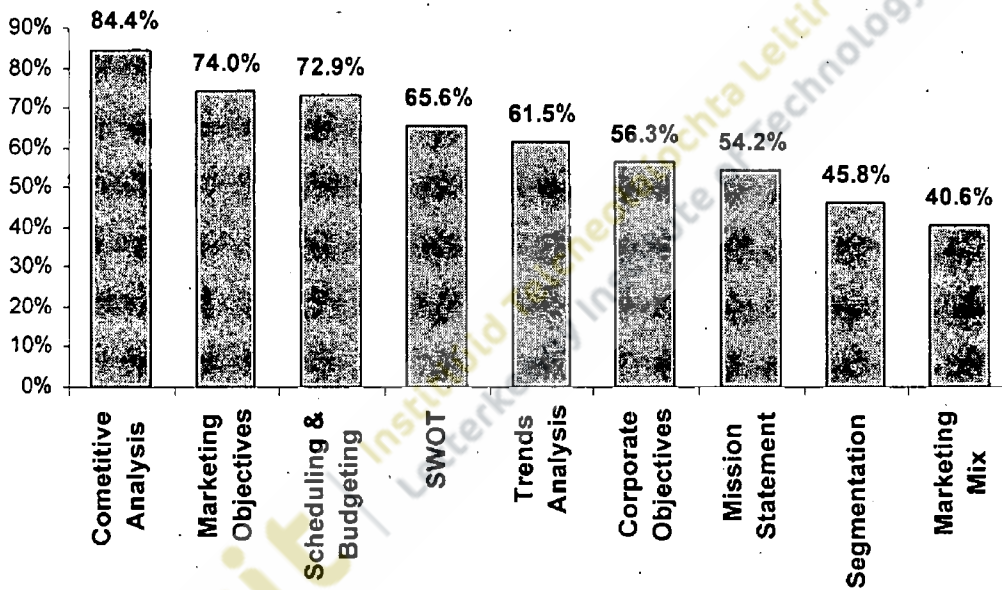


Initially the researcher felt that these results show that the majority of strategic marketing plans drafted by the small firms were relatively complete. However, this conclusion radically changed when the researcher explored which of the above-mentioned nine areas were normally covered by the small firms' strategic marketing plans, or, perhaps more importantly, which areas were frequently omitted.

To identify which of the nine essential areas were more frequently covered in the strategic marketing plans, the researcher calculated the number of the small firms covering each of the nine areas individually (i.e. the researcher identified what percentage of small firms covered SWOT in their plan, what percentage of small firms covered segmentation, and so on for each of the nine areas individually). Figure 5.5 below shows that the most popular area that was covered in 84.4% of small firms' strategic marketing plans was Competitive Analysis and the least popular with 40.6% was Marketing Mix.

In the researcher's view, the main finding from the data presented in the figure 5.5 was the two distinct groups that emerged. The first five most popular areas are highlighted in yellow on the graph. In the researcher's opinion these areas are all tactical marketing tools and the following four least popular areas, highlighted in blue, are all of a strategic nature.

**Figure 5.5 Percentages of small firms covering various areas in the Strategic Marketing Plan**



These data presented the researcher with the origin of the most important specific SMP problem identified by the respondents (i.e. confusion between short-term marketing tactics and long-term strategy). Evidently, when engaged in strategic marketing planning small firms in Ireland focus more on tactical, short-term approaches such as competitive analysis, SWOT, scheduling and budgeting, omitting arguably more important strategic marketing planning approaches such as the Marketing Mix, Segmentation

and Mission Statement. These findings are consistent with Stokes (2006) who also argued that in the small business sector short-term considerations take priority over longer term planning thereby making small firm marketing management reactive in style and operational as opposed to strategic in orientation. Therefore, it is important that the new model would resolve this problem and emphasise the importance of strategic marketing planning approaches. Furthermore, the model should explain the proper use of tactical marketing instruments within the strategic marketing planning process.



## 5.6 Lack of applicability of marketing theory to the small

### business sector

As already stated in the literature review a number of articles in well renowned academic journals (Van De Ven and Johnson, 2006; Bennis and O'Toole, 2005) have pointed out that the gap between strategic marketing theory and practice is widening. This research also identified the existence of this problem as the Irish small firm owner/managers surveyed rated the perceived lack of applicability of marketing theory to their firms as the second most pressing SMP issue. The same percentage of respondents agreed and disagreed with the statement that 'there is an evident lack of applicability of marketing theory to their business' and only a small number of small firm owner/managers neither agreed nor disagreed. The researcher investigated this statement further.

Simkin (2002) argued that the perceived lack of applicability of marketing theory to small firms' practice is a result of implementation difficulties caused by the inadequate skills of small firm owner/managers and a lack of marketing knowledge. To test this statement, the researcher cross-tabulated the data from the question on the perceived applicability of marketing theory to practice with: (i) MDs' background, and (ii) Marketing staff (see figure 5.6). It was found that a strong correlation existed between the degree of agreement or disagreement with the statement about the applicability of marketing theory to practice and the absence/existence of marketing staff in a

given small firm. The correlation increased in the degree in which the response to this question depended on whether or not the Managing Director of a small firm had a marketing background.

**Figure 5.6 Cross-tabulation of perceived applicability of marketing theory and firms' demographics**

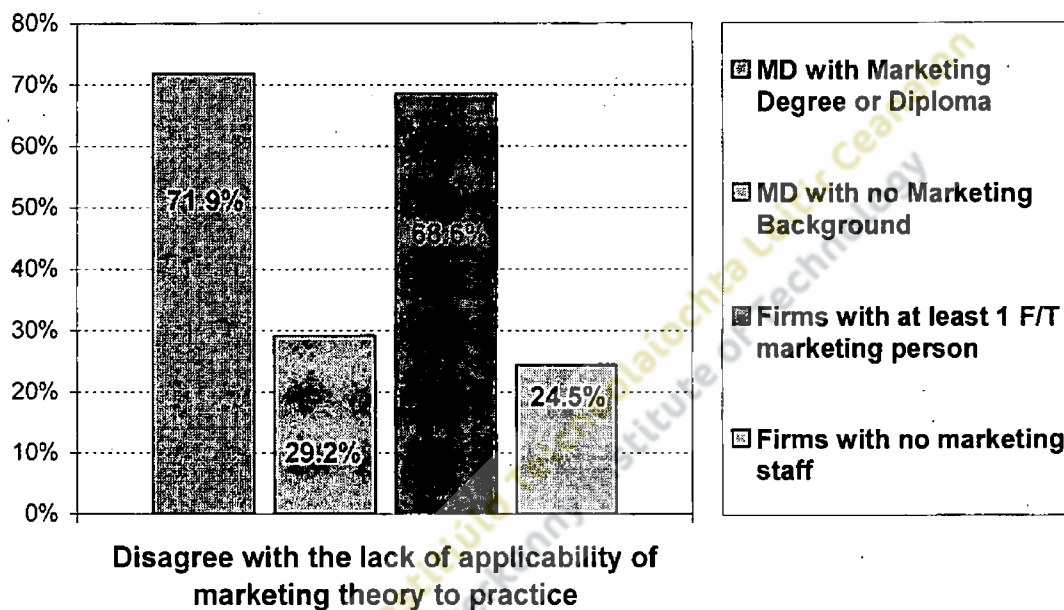


Figure 5.6 above illustrates that the absolute majority of the small firms that employ at least one full-time marketing person (68.6%) or ones managed by the MD with a Degree or Diploma where marketing was part of the programme (71.9%) disagree with the statement that 'there is an evident lack of applicability of marketing theory to their business'. These data suggest that the small firms that have marketing knowledge at their disposal are successfully applying marketing theory in the small business sector. In contrast, the majority of the small firms that have no marketing staff and ones that are managed by the MD with no marketing background agreed with the

lack of applicability of marketing theory, suggestive of the perceived, rather than the empirical nature of their response. These findings indicate that indeed, as suggested by Simkin (2002), the perceived lack of applicability of marketing theory to small firms' practice might be caused by a lack of marketing knowledge within a small firm. Furthermore, these data verify the findings of Carson *et al.* (1995) and Stokes (2006) who also discovered the existence of a relationship between the background of owners and the marketing performance of their firms.

## **5.7 Variations in strategic marketing planning in different types of small firms**

As outlined in chapter 3 one of the researcher's aims were to identify and profile the differences in marketing planning between small firms selling product(s) and ones offering service(s) and between business-to-business small firms and those that target private consumers (see sub-objectives 1G and 1H in figure 3.2). A series of hypotheses was developed by the researcher and subsequently tested using cross-tabulations.

The first of these researcher's grounded theories was that the existence/absence of the segmentation process in small firms depended on whether the firm was a service provider or a product(s) supplier. Table 5.1 below shows the result of a cross-tabulation between the existence of segmentation and the type of small firm (service/product).

**Table 5.1 Cross-tabulation between segmentation and type of small firm (service/product)**

**H0:** There is no association between segmentation and the type of small firm (service/product).

**H1:** There is an association between segmentation and the type of small firm (service/product).

Count

		Service/Product		Total
		Product(s)	Service(s)	
Segmentation Process	yes	33	69	102
	no	53	58	111
Total		86	127	213

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.233(b)	1	.022
Continuity Correction(a)	4.613	1	.032
Likelihood Ratio	5.268	1	.022
Fisher's Exact Test			
Linear-by-Linear Association	5.208	1	.022
N of Valid Cases	213		

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 41.18.

A significance value (p value) of 0.022 was generated along with a chi-square of 5.233. This indicated that the variables were not independent and that there was an association between the existence/absence of the segmentation process and the type of small firm. The cross-tabulation identified that 54.3% (69 out of 127) of service providers employed segmentation compared to 38.4% (33 out of 86) of small firms supplying products.

**Table 5.2 Cross tabulation between networking and type of firm (business-to-business/consumer).**

*H0: There is no association between networking and the type of small firm (business-to-business/consumer).*

*H2: There is an association between networking and the type of small firm (business-to-business/consumer).*

Count

		Percentage of sales generated by Private Consumers.					Total
		less than 20% (i.e. business-to-business firm)	20%-39%	40%-59%	60%-80%	more than 80%	
Engaged in networking	yes	63	14	4	6	15	102
	no	57	5	12	22	15	111
Total		120	19	16	28	30	213

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.357(a)	4	.002
Likelihood Ratio	18.264	4	.001
Linear-by-Linear Association	3.826	1	.050
N of Valid Cases	213		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.66.

The second researcher's hypothesis was that there is an association between a networking involvement and type of small firm. The grounded theory in this case was that more business-to-business small firms would be involved in networking compared to those mainly targeting private consumers. To find

out if there was an association the researcher cross-tabulated these two variables (see table 5.2).

A significance value (p value) of 0.002 was generated along with a chi-square of 17.357. This indicated that the variables were not independent and that there was an association between the involvement in networking and the type of small firm (business-to-business/private consumer). Although the cross-tabulation was carried out applying 2x5 chi-square table, 0 cells (0%) had expected a count of less than 5, confirming the validity of the association. Furthermore a very low significance value of 0.002 indicated a strong association between the two variables. The survey also identified that 55.4% of small firms mainly targeting other businesses (i.e. firms with less than 40% of sales generated by private consumers) were engaged in networking. This compared to 36.2% among the small firms mainly targeting private consumers (i.e. firms with more 60% of sales generated by private consumers).

The third hypothesis suggested that there is an association between generating word-of-mouth and the type of small firm. Again the hypothesis was that more business-to-business small firms would be trying to generate positive word-of-mouth than those targeting private consumers. To identify if there was an association, the researcher cross-tabulated these two variables (see table 5.3). A significance value (p value) of 0.011 was generated along

with a chi-square of 13.104. This indicated that the variables were not independent and that there was an association between generating word-of-mouth and the type of small firm (business-to-business/private consumer). 0 cells (0%) had expected a count of less than 5 confirming the validity of the association.

**Table 5.3 Cross-tabulation between generating word-of-mouth and type of firm (business-to-business/consumer).**

*H0: There is no association between generating word-of-mouth and the type of small firm (business-to-business/consumer).*

*H3: There is an association between generating word-of-mouth and the type of small firm (business-to-business/consumer).*

Count

		Percentage of sales generated by Private Consumers.					Total
		less than 20% (i.e. business-to-business firm)	20-39%	40%-59%	60%-80%	more than 80%	
Generate WOM?	yes	86	11	8	13	13	131
	no	34	8	8	15	17	82
Total		120	19	16	28	30	213

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.104(a)	4	.011
Likelihood Ratio	13.077	4	.011
Linear-by-Linear Association	12.435	1	.000
N of Valid Cases	213		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.16.



Further calculations identified that 69.8% of small firms mainly targeting other businesses (i.e. firms with less than 40% of sales generated by private consumers) were trying to generate positive word-of-mouth about their business. This compares to 44.8% among the small firms mainly targeting private consumers (i.e. firms with more 60% of sales generated by private consumers).

The findings generated by testing the above hypotheses clearly indicate that significant variations exist in the SMP concepts applied by various types of small firms. Based on the data generated by cross-tabulations it is possible to identify four distinct groups of small firms:

1. Product firms mainly targeting private consumers.
2. Product firms mainly targeting other businesses.
3. Service firms mainly targeting private consumers.
4. Service firms mainly targeting other businesses.

Indeed, as previously mentioned in the literature review, business-to-business firms tend to allocate more resources towards networking activities (Wilkinson, 2006; Morgan *et al.*, 2007). The researcher's findings (see table 5.2) were consistent with this observation. Furthermore, the research identified that the majority of Irish business-to-business small firms (69.8%) are proactively trying to generate positive word-of-mouth. Molinari *et al.*, (2008) suggested that most previous studies in the area of word-of-mouth were

carried out in business-to-consumer setting. The researcher's findings, as well as the recent study by Lacey and Morgan (2009), confirm the involvement of business-to-business firms with word-of-mouth seems to be a new trend.

Variations in SMP strategy were also discovered between small firms that provide service(s) and those supplying product(s). Many theorists (Parasuraman *et al.*, 1988; Irmie, 2005; Gilligan and Wilson, 2003) also argued that the marketing of services differs to a great extent from that of products. Indeed, the research identified that service providers seem to be more involved in SMP activities than product suppliers (see table 5.1). Parasuraman *et al.* (1988) suggested that potential customers tend to rely more on the information from personal sources, rather than advertising, when evaluating services. Therefore, the proposed model must emphasise the importance of word-of-mouth in services marketing. Gilligan and Wilson (2003) confirmed these differences and went on to suggest that the traditional marketing mix concept (4Ps) is too limited for strategic marketing planning in service provision and that the extended 7Ps concepts should be applied in any SMP framework designed for service providers.

The researcher's opinion is that, considering the above-mentioned differences in SMP methodology, the four distinct groups of small firms require tailored SMP frameworks. Therefore, the researcher's model, presented in Chapter 6, must accommodate these differences.

## 5.8 Conclusion

Chapter 5 analysed the findings presented in chapter 4. The investigation identified that the percentage of small firms with a written mission statement and long-term marketing objectives was much higher among small firms that employed at least one marketing professional or were managed by an MD with a marketing background. In addition, the researcher concluded that the application of the marketing mix concept, albeit a complex issue, was viewed by practitioners as suitable for the small business sector. Therefore, the researcher suggests that if adapted, simplified or, even better, clearly explained, the marketing mix concept would find a wider application across the spectrum of small firms. Further examination of the findings revealed that, when engaged in strategic marketing planning, small firms in Ireland focus more on tactical short-term approaches while often omitting strategic marketing planning concepts such as the Marketing Mix, Segmentation and a Mission Statement.

Furthermore, in chapter 5 the researcher identified the differences in marketing planning between small firms supplying product(s) and those providing service(s) and between business-to-business small firms and firms targeting private consumers. The conclusion was made that the researcher's model presented in Chapter 6 must accommodate these differences.

# CHAPTER 6 - CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

6.2 Conclusions and Recommendations

6.3 Research limitations

6.4 Suggestions for further research

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## 6.1 Introduction

Chapter 6 starts with the introduction of the researcher's Strategic Marketing Planning model for application in small firms, the development of which is essentially the primary objective of this entire study.

In this chapter the researcher, after presenting the main implications of the research, also identifies the limitations of the study that was carried out. Furthermore, having reviewed the main findings from primary and secondary study, the researcher presents several recommendations that give small firm owner/managers and marketing professionals more insights into the area of SMP in the small business sector.

Finally, the chapter identifies challenging areas for further research that can be undertaken to explore in more detail the related areas of small business sector Strategic Marketing Management.

## 6.2 Conclusions and Recommendations

To determine the contribution of this study to strategic marketing theory and practice it is important to review the main objectives of this entire research. Having reviewed figure 3.1, one can conclude that two most important objectives of this study were: (1) to define gaps between strategic marketing planning theory and the small firm sector practice, and (2) to propose and develop a practical model of SMP implementation in small firms.

In relation to the first objective, the researcher, having chosen "strategic marketing planning in the small firm sector", was concerned with one issue: does marketing theory apply to the small firm sector? Indeed, if the answer to this question was in the negative, there was no area for further research. Approximately the same percentage of small firm owner/managers agreed and disagreed with the statement that 'there is an evident lack of applicability of marketing theory to their business' and only a small number of respondents neither agreed nor disagreed. These data were alarming as they implied that almost half of the small firm owner/managers in Ireland believe that marketing theory is not applicable to the small business sector.

However, after further examination of these findings, the researcher identified that the absolute majority of the small firms that employ at least one full-time marketing person (68.6%) or ones managed by the MD with a marketing background (71.9%) disagree with the statement that 'there is an

evident lack of applicability of marketing theory to their business'. These data suggested that small firms that have marketing knowledge at their disposal are successfully applying marketing theory in the small business sector. In contrast, the majority of the small firms that have no marketing staff and ones that are managed by the MD with no marketing background agreed with the lack of applicability of marketing theory, suggestive of a response derived more from what was perceived to be the case rather than empirical data.

In the researcher's opinion, from the data gathered during this study, one of the main findings was the discovery of an evident confusion between operational and strategic marketing in Irish small firms. Indeed, as previously illustrated in figure 5.4 (see chapter 5), when designing a strategic marketing plan the majority of small firms in Ireland cover operational marketing issues such as competitive analysis, SWOT and scheduling & budgeting and in many cases omitted arguably more important strategic concepts namely, segmentation and marketing mix. This problem could be addressed by developing a plan design process, similar to the model developed by the researcher, that would explain how and when operational marketing tools should be applied within broader strategic marketing concepts.

Indeed, having analysed the data in relation to the application of specific SMP tools and concepts, the researcher concluded that some of these (SWOT, Competitive Analysis) found a wide application among small firms in Ireland

and are perceived as suitable for application during the Situation Analysis stage of the overall strategic marketing planning process in these firms. However, the researcher concluded that it is of paramount importance that these marketing planning tools and concepts are properly incorporated into the marketing strategies of small firms.

Furthermore, coming back to the implications of the data collected, the researcher concluded that the Strategic Marketing Planning model that was developed as a result of this study should also emphasise the importance of less conventional strategic marketing concepts such as controllable word-of-mouth and CRM and exploit these tools to aid small firms in their strategic marketing communication.

Having reviewed and analysed several existing strategic marketing planning models the researcher concluded that the majority of researchers (Stokes, 2006; Ashill *et al.* 2003; Jøcumsen, 2004) when developing their models focused more on describing how strategic marketing planning is carried out in small firms. The researcher's view was that the need still existed to develop a SMP model that would actually assist the small firm owner/manager in marketing planning rather than explain how the process works.

Furthermore, a primary study carried out by the researcher, as well as the research of secondary sources (Stokes, 2006; McDonald, 1989; Hines *et al.*

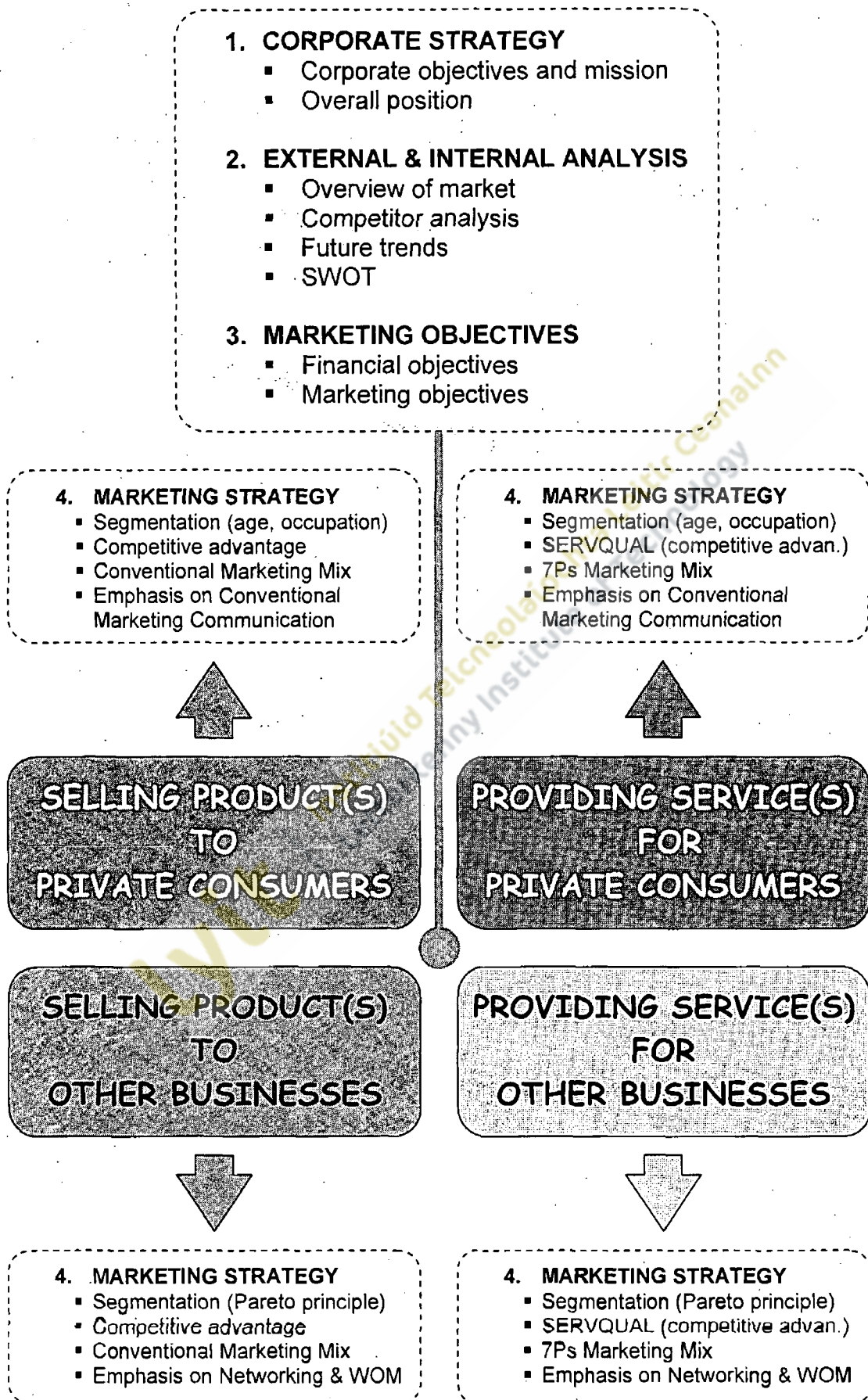


2006), revealed several challenges and problems associated with strategic marketing planning practice in the small business sector. Two main problems linked to the SMP in small firms were identified as:

1. Confusion of short-term marketing tactics with long-term strategy.
2. Lack of applicability of marketing theory to small business sector practice.

The model that was developed by the researcher and presented before the focus group participants (see figure 6.1) had to overcome these challenges and aid the small firm owner/managers in their strategic marketing activities.

Figure 6.1 The “Quattro” model of SMP in small firms



The "Quattro" (meaning "four" in Italian) model of SMP, based on the research findings, divides the small business sector into four distinct groups:

1. Product firms mainly targeting private consumers.
2. Product firms mainly targeting other businesses.
3. Service firms mainly targeting private consumers.
4. Service firms mainly targeting other businesses.

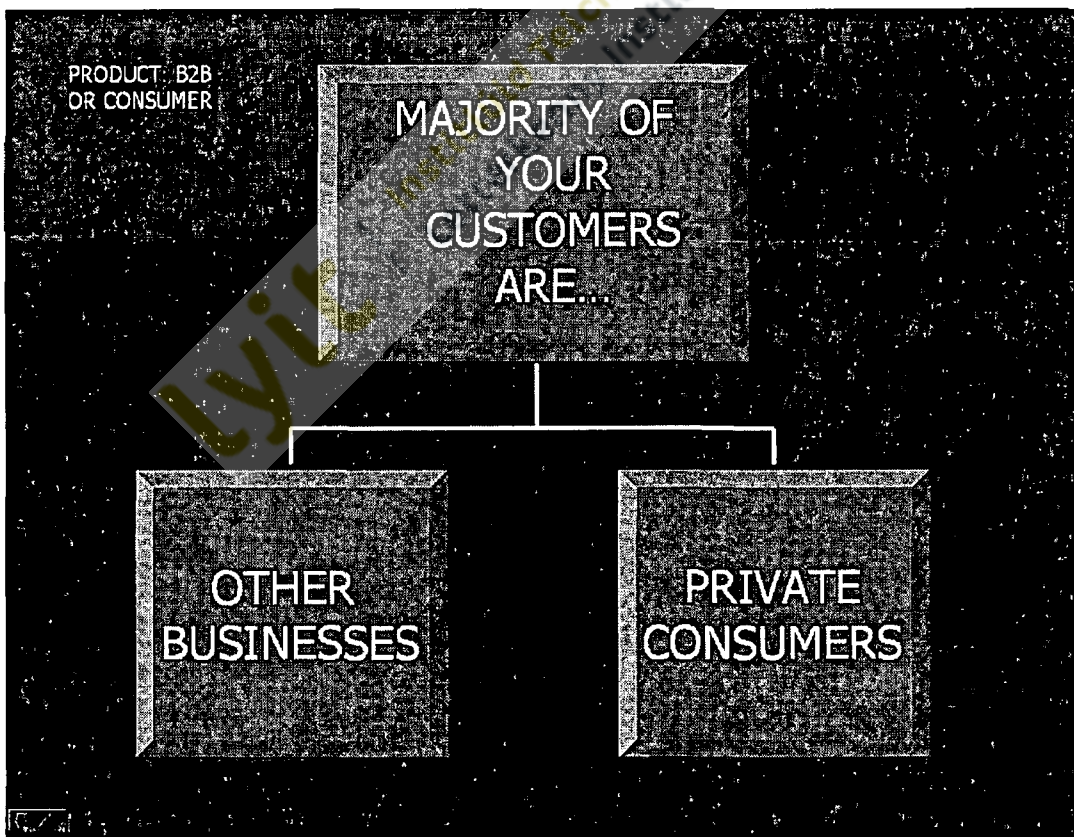
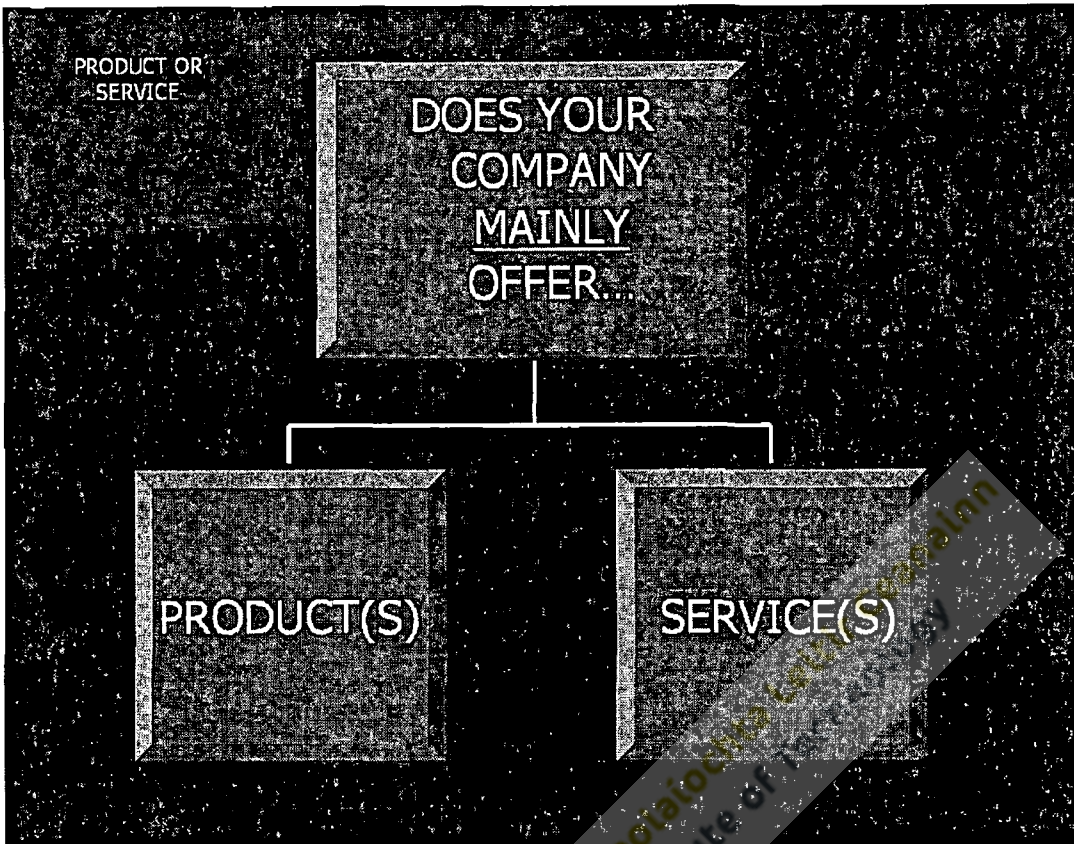
The researcher, after analysing the data from the secondary and primary research, concluded that these four distinct groups of small firms would benefit from tailored marketing strategies. Indeed, after completing the first three general stages of the strategic marketing plan design process (i.e. corporate strategy, external and internal analysis, marketing objectives) it is obvious that at stage four (formulation of marketing strategy) different strategic marketing approaches should be employed depending on whether a small firm is a service provider or a product(s) supplier. Indeed, using the extended 7Ps marketing mix for service providers and utilising the Pareto principle (80/20 rule) during the segmentation process in business-to-business companies, these choices seem to offer a straightforward solution for the marketing professionals: they are not, however, obvious choices for the small firm owner/managers where an explanation is necessary as to which of the strategic marketing concepts should be employed by their particular business.

The "Quattro" model of SMP in small firms does exactly that. It explains to the small firm owner/manager these "obvious" choices, such as which type of marketing mix is applicable to their small firm, which segmentation characteristics should be applied or which marketing communication channels should be utilised.

However, it is important to highlight that figure 6.1 showing the model merely illustrates a blueprint of a computer based program with a user-friendly interface that takes the small firm owner/manager through every small step of the strategic marketing plan design process. Having completed all the required fields in the program the small firm owner/manager is presented with a comprehensive printout of a tailored strategic marketing plan that covers all essential areas identified by this research. Several screenshots of the end-user version of the model showing the simplicity of the program can be seen further in this chapter and in Appendix D.

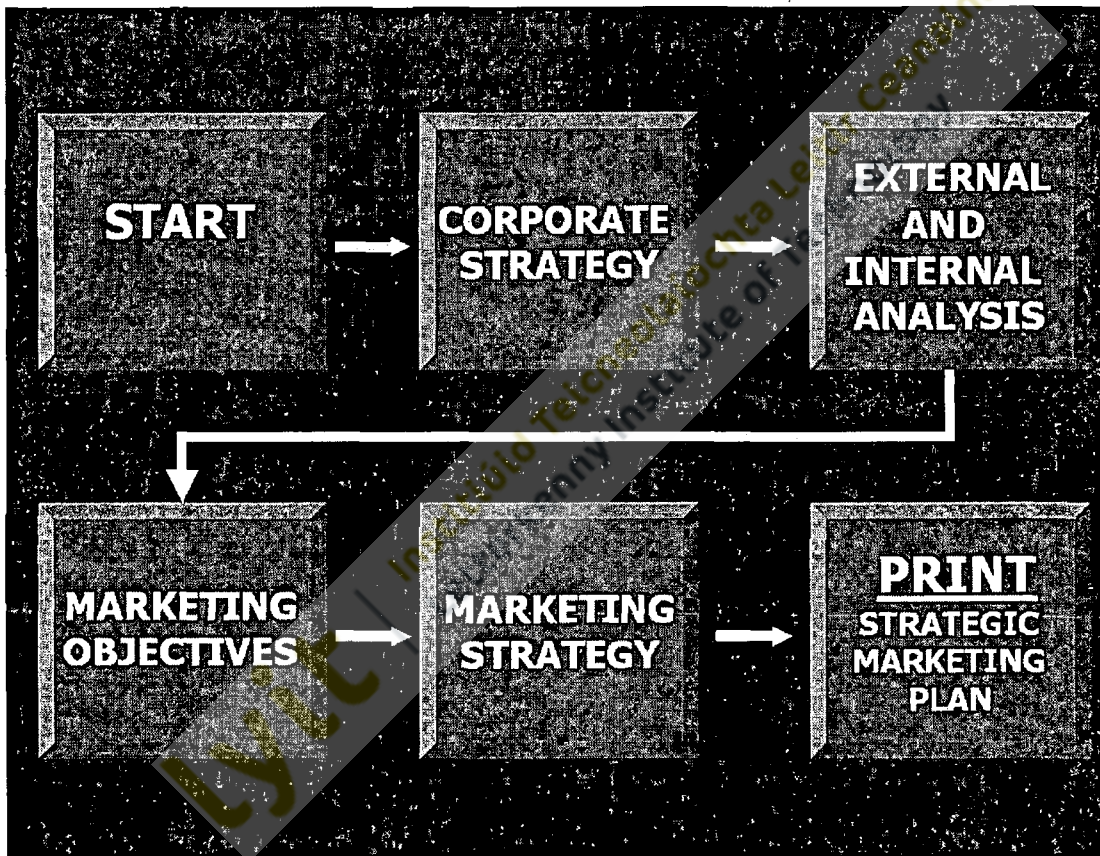
Indeed, as identified by business and marketing consultants during depth interviews, formal models from strategic marketing theory can be successfully applied to the small business sector, however these 'need to be adapted, simplified or explained' for the small firm owner/managers. The model developed as a result of this research does that.

Figure 6.2 End-user version of the proposed model



The foundation of the model is a diagram (figure 6.1) that shows marketing theorists how the process works. However, small firm owner/managers, having identified what distinct group (see figure 6.2) their firm belongs to, will only see step-by-step instructions (see figure 6.3) in the computer version where every point in the strategic marketing plan design process is explained in simple English and with examples (see Appendix D).

Figure 6.3 Main stages of plan design process



One of the important advantages of the “Quattro” model is that it will resolve one of the most critical specific SMP problems identified by the survey of small firms (i.e. confusion between short-term marketing tactics and long-term strategy). As already mentioned in chapter 5, when engaged in strategic marketing planning, small firms in Ireland focus more on tactical short-term

approaches like competitive analysis, SWOT, scheduling and budgeting omitting arguably more important strategic marketing planning approaches such as Marketing Mix, Segmentation and Mission Statement. The model developed by the researcher explains the proper use of the tactical marketing instruments within the strategic marketing planning process. As shown on figure 6.1, it also emphasises the importance of developing a firm's overall marketing strategy before designing short-term tactical marketing communication campaigns or adjusting elements of the marketing mix of individual product/service offerings.

The second problem associated with the SMP in the small business sector that the proposed model had to address was the perceived lack of applicability of strategic marketing theory to small business sector practice. Focus group participants linked this problem to the complex nature of the strategic marketing approaches. A solution proposed by the focus group was to utilise these SMP approaches in the new model, but simplify the terminology, using examples and guidelines (see figure 6.4) to explain in simple language these complex SMP concepts. As a result the use of strategic marketing expressions that can be found in figure 6.1, which is targeted at marketing professionals and theorists, is avoided in the end-user version of the "Quattro" model (see Appendix D).

Figure 6.4 Setting objectives using proposed model

# SETTING OBJECTIVES

**Guidelines:**

1. Objective should be challenging but achievable.
2. Objective should NOT be vague.
3. Objective should have a timeframe.
4. Max 5 general objectives with 3-4 tasks under each objective.

**Examples:**

**Poor:** Increase market share.

**Good:** Increase market share in domestic market to 20% by the 1<sup>st</sup> Jan 2008.

*Please fill out marketing objectives of your company (consider Guidelines and Examples):*

1. \_\_\_\_\_
  - 1.1 \_\_\_\_\_
  - 1.2 \_\_\_\_\_
  - 1.3 \_\_\_\_\_
2. \_\_\_\_\_
  - 2.1 \_\_\_\_\_
  - 2.2 \_\_\_\_\_
  - 2.3 \_\_\_\_\_

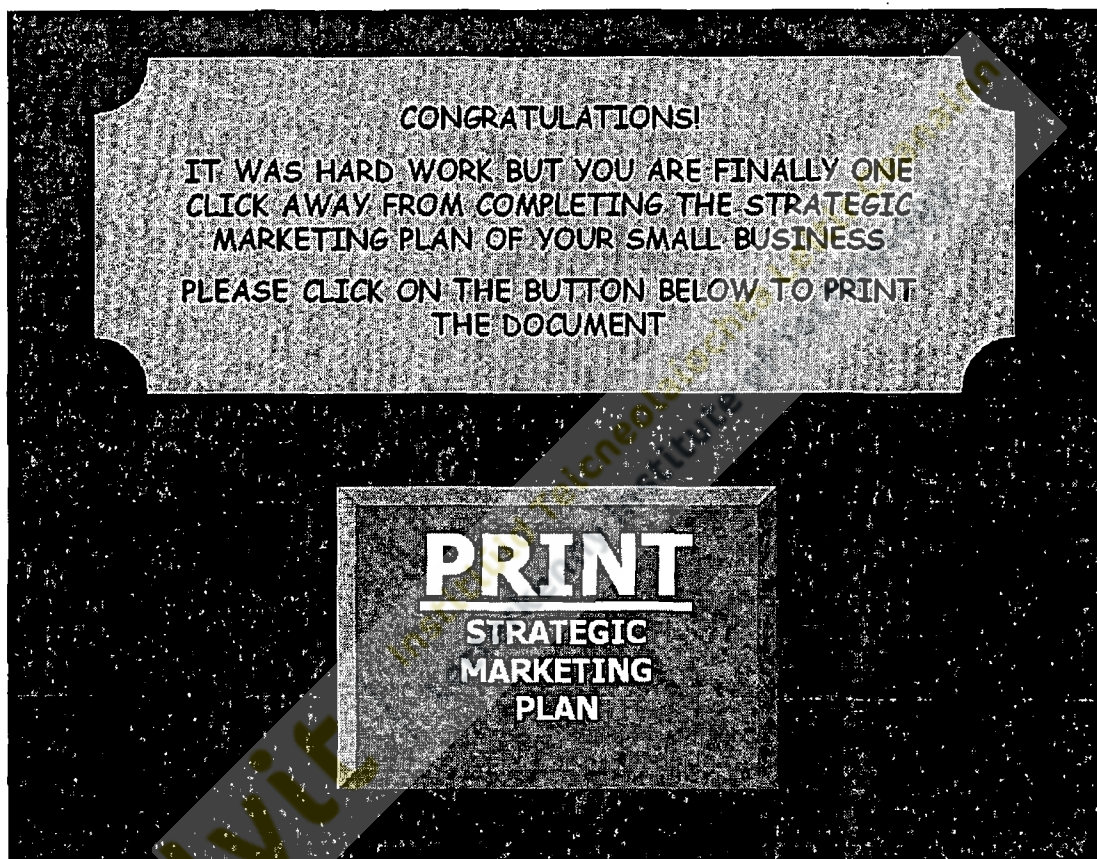
As mentioned previously, the findings from the primary research suggest that the owner/managers of business-to-business small firms in Ireland are productively utilising networking to promote their businesses while prone to the perception that word-of-mouth communication can be successfully controlled. In considering these findings the researcher decided to exploit networking and word-of-mouth by including these two unconventional marketing communications channels in the new SMP model for application in the business-to-business small firms.

In conclusion it is important to highlight that the main advantage of the developed model is the fact that, having taken on board a suggestion voiced



by the absolute majority of the respondents during phase 1 of this study, the researcher designed a model in such way that it offers a small firm owner/managers the opportunity to develop a strategic marketing plan on his/her own initiative rather than presenting him/her with a ready made marketing strategy.

Figure 6.5 Final step of the end-user version of proposed model



### 6.3 Research limitations

The model proposed by the researcher has not been tested in practice. The “Quattro” model is designed to generate strategic marketing plans. This research identified that the majority of small firms prepare the strategic marketing plan every 2-3 years, therefore, it could take up to three years to properly test the proposed model in practice. Testing of this model could result in further refinements.

Another limitation of the “Quattro” model relates to its core structure. Because of the configuration of the model it is probably not applicable to small firms that both supply product(s) and provide service(s). The proposed model in its present form applies only to small firms that can categorise themselves as firms “mainly selling product(s)” or “mainly providing service(s)”. The same applies to the other dimension of the proposed model. Thus, for the model to be relevant, the sales of a small firm should be mainly generated either by other businesses or by private consumers. Small firms without distinct business-to-business or private consumer target markets should not use the “Quattro” model of SMP.

Furthermore, this research was carried out to explore strategic marketing planning in the small business sector. Therefore, the model proposed by the researcher covers only the plan design stage. The “Quattro” model of SMP in small firms does not assist with plan implementation and control issues.

The use of a postal survey was deemed necessary in order to reach a representative population and apply a detailed measurement instrument. However, the use of postal surveys may have limited the quality of responses to certain questions, especially open-ended questions.

The length of the questionnaire may have had a negative impact on the overall response rate. While the response rate of 21.3% was commendable and comparable with other studies in the area, it is possible that it could have been enhanced had the questionnaire been more condensed.

## 6.4 Suggestions for further research

This research was designed to explore in great detail strategic marketing planning in the small business sector. However, although arguably the most critical stage - planning - is only the first step of a three-phase strategic marketing management process. The subsequent two stages, namely implementation and control, could be explored further. This would allow the strategic marketing planning model developed during this research to be tested in practice. Indeed, there is scope to test and further refine the conceptual model proposed by the researcher. While this model has the potential to be of benefit for small firm owner/managers, further model testing that could be incorporated into the study of the broader area of strategic marketing management, could generate valuable feedback.

The literature review identified that marketing in small firms depends to a great extent on the owner/manager's individuality and background (Gilmore *et al.*, 2001; Hills *et al.*, 2005). Stokes (2006) also recognised the existence of, so-called, "*intuitive marketing*" and suggested that the owner/manager's vision often affects marketing performance in the small business sector. However, further research should be carried out to identify what constitutes the owner/manager's vision and how "*intuitive marketing*" compares to "*text-book marketing*".

Another area of small firm marketing that requires further investigation is the concept of word-of-mouth. According to Winch and Bianchi (2006) small firms rely heavily on word-of-mouth marketing. Misner (2002) commented that word-of-mouth is totally non-controllable; however, the researcher's primary findings indicate that successful small firm owners find ways of encouraging referrals and recommendations by more proactive methods. These proactive methods of generating positive word-of-mouth, the existence of which is also confirmed by Stokes (2006), could be analysed in more detail.

In conclusion, as already mentioned in the research limitations section, the conceptual model developed by the researcher was designed for small firms with a distinct target market - either private consumers or other businesses. Furthermore, a small firm should be classified as either a service provider or a product supplier to successfully apply the model. However, there are many small firms that are in the middle of the spectrum along both of these dimensions. Indeed, there are many small firms that market to private consumers and other businesses. Furthermore, numerous small firms cannot be distinctly classified as service providers or product suppliers because they do both. Motor dealers would be a good example. Their main trade is selling vehicles. However, after sale service plays a significant, if not a paramount, role in the success of the firm. Therefore, there is an opportunity to research, firstly, the applicability of the conceptual model to these companies and,

secondly, if proven unsuccessful, the possibility to adapt the model to suit these small firms.

# APPENDICES

## Appendix A. Theme Sheet for Depth Interviews

### 1. CURRENT MARKETING PRACTICES EMPLOYED BY SMALL FIRMS

- Marketing, how is it perceived?
- Something scary, complicated and expensive OR investment that promises good return

### 2. GAPS BETWEEN MARKETING THEORY AND PRACTICE

- *Introduce main points of SMP theory in relation to small firms*
- How big is the gap with "reality"?
- Is SMP theory valid in the small business sector?

### 3. PROBLEMS ENCOUNTERED BY SMALL FIRMS IN MARKETING AND SMP IN PARTICULAR

- Outline general marketing problems
- Specific problems in SMP?
- GAPS AND PROBLEMS: which is "cause" and which is "effect"?

### 4. STRATEGIC MARKETING PLANS

- Do they work only in large enterprises?
- Planning timeframe (1-3-5 years)?
- Implementation and control in small firms?
- "Homemade" or professional outsiders are engaged in the design process
- Investment or cost?

## 5. NEW SMP MODEL FOR SMALL FIRMS

- Marketing in small firms. Vision of owner/manager OR is theory applied?
- To what extent models (if used) are standardised/adapted?
- Which existing models are the most popular?
- Degree of success of application of these models.
- How does "VISION" work? What do owners/managers rely on (past experience, own background, individual skills etc)?
- How do YOU see the SMP model for small firms (suggestions)?
- Discuss researcher's model.

## 6. SUCCESSFUL SMALL FIRMS

- Suggest two small firms worth studying in more detail.



## Appendix B. Covering Letter

20 March 2007

Re: Strategic Marketing Planning in Small Firms

Dear Sir/Madam,

This is a survey for Masters of Business Studies by Research being undertaken by Tamik Komaev at the Letterkenny Institute of Technology, Co. Donegal. The survey is designed to explore strategic marketing planning practices in the small firm sector in Ireland.

My research depends on a high response rate and I would be very grateful if you could take time to complete the enclosed survey and return same in the prepaid envelope provided. It should take you approximately 7-8 minutes to complete this questionnaire.

All responses will be treated in the strictest confidence. I will be happy to send you a summary of the research findings once completed.

Thank you in advance for your time,

Tamik Komaev, BBS (Mrk), MMII Grad  
086-8882730  
[komaev@yahoo.com](mailto:komaev@yahoo.com)

**Appendix C. Questionnaire SECTION 1: COMPANY PROFILE**

How many people does your company employ? (Please estimate Full-time equivalents)

- 10 - 20 people
- 21 - 34 people
- 35 - 50 people
- Other (Please Specify) \_\_\_\_\_

What is your company offering customers?

- mainly product(s);
- mainly service(s).

How many years is your company operating?

- less than 5 years;
- 5 - 10 years;
- 11 - 20 years;
- more than 20 years.

In the last year for which you have the figures, **APPROXIMATELY** what percentage of sales was accounted for by: (Please fill % values in BOTH boxes, the sum must be equal to 100%)

% consumers                       % businesses

**SECTION 2: CURRENT STRATEGIC MARKETING PLANNING PRACTICES**

Starting with the most important, please rank from 1 to 5 the importance of the following functions to your company: (where 1 = most important; 5 = least important)

- Finance
- Marketing
- Production
- Human Resources
- IT

What **ROLE**, in your opinion, does marketing play in the success of your business?

- None
- Minor
- Medium
- Major
- Critical

The Managing Director of the company has: (Please tick ALL that apply)

- A 3rd Level Degree or Diploma where Marketing was part of the programme
- Completed a course in Marketing
- Experience of working in a marketing position for another company
- None of the above

Which of the following does your company have? (Please tick ALL that apply)

- Marketing department (at least 2 persons)
- Long term marketing objectives
- One Full-time marketing person only
- Written mission statement
- One Part-time marketing person only

Do you adjust product/service offerings (this also means adjusting price, promotion and distribution approaches) for different customer groups?  Yes  No (Please go to Question 7)

How do you adjust product/service offerings for different customer groups?  
(Please describe)

Please rate from 1 to 7 the suitability of the following concepts for the small business sector:

	Very unsuitable	1	2	3	4	5	6	7	Very suitable	Don't know
Marketing Mix (4Ps/7Ps of Marketing)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Life Cycle (PLC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New Product Development Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Please rate from 1 to 7 the complexity of application in practice of the following concepts:

	Very simple	1	2	3	4	5	6	7	Very complex	Don't know
Marketing Mix (4Ps/7Ps of Marketing)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Product Life Cycle (PLC)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
New Product Development Process		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

10. Please rate from 1 to 7 the importance of the following factors in your pricing decisions:

	Not at all important	1	2	3	4	5	6	7	Very important
Cost of producing the product/service		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Price of similar competitors' products		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
How much customer is prepared to pay		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Seasonality		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Order size		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Customer value		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other (please specify if any) _____		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

10. Does your company have a written marketing communications strategy?  
 Yes     No (Please go to Question 12)

11. Please list the 3 most important objectives of your marketing communications strategy:

(A) \_\_\_\_\_

(B) \_\_\_\_\_

(C) \_\_\_\_\_

12. Please rate from 1 - 7 the effect of advertising your products/services via the following marketing communication channels:

	Very weak	1	2	3	4	5	6	7	Very strong	Not Applicable
TV		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Radio		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Newspapers		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Magazines		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Internet		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Phone		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Mail		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

13. Please rate from 1 - 7 the importance of the following in the success of your business:

	Not at all important	1	2	3	4	5	6	7	Very important
Word of Mouth"		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Public Relations (PR)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Customer Relationship Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Direct Marketing		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Image Building		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

14. Does your company try to generate positive "word-of-mouth"? (ie. Find ways of encouraging referrals and recommendations)

No.                       Yes. (Please describe how)

5. Please indicate your degree of agreement/disagreement with the following statements:

	Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree
The application of the SWOT analysis is useful in the small firm sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PEST is an excessively complex tool for the small firm sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Situation Analysis is a good starting point for further research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitive Analysis is widely applied by your company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SECTION 3: PROBLEMS AFFECTING MARKETING PERFORMANCE**

6. Please indicate your degree of agreement/disagreement with the following statements:

	Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree
There is a lack of marketing knowledge in our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of financial resources limits our investment in marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of time does not allow the owner to gain marketing know-how	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is an evident lack of applicability of marketing theory to our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is easy to confuse short-term marketing tactics for long-term strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is a lack of awareness of segmentation process in our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not enough time is allocated for strat. marketing planning in our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The value of marketing research is underestimated by our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor strategic pricing decisions affect marketing performance of our business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Problems (please specify) _____					

**SECTION 4: STRATEGIC MARKETING PLANS**

7. Did your company ever draw up a strategic marketing plan?  Yes  No (Please go to Sect. 5)

8. What was the plan timeframe?  1 year  2-3 years  4-5 years  > 5 years

9. When drawing up your most recent Strategic Marketing Plan did your company utilise an outside marketing specialist?  
 Yes  No (Please go to Question 6)

10. At which of the following stages was the outside marketing specialist involved? (Tick all that apply)  
 Plan Design  Plan Implementation and control  Results evaluation

11. Were the services of the outside marketing specialist funded by your company or by a third party (County Enterprise Board, Enterprise Ireland etc)? (Please tick ONE only)  
 funded exclusively by our company  funded exclusively by a third party  costs were shared

12. Who else was involved in the design of your most recent marketing plan? (Please tick all that apply)  
 Managers  Other Employees  Customers  Other (Please specify) \_\_\_\_\_

Which of the following areas were covered in your firms' most recent Strategic Marketing Plan? (Please tick ALL that apply)

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Mission Statement    | <input type="checkbox"/> Corporate Objectives | <input type="checkbox"/> SWOT Analysis           |
| <input type="checkbox"/> Competitive Analysis | <input type="checkbox"/> Trends Analysis      | <input type="checkbox"/> Marketing Mix (4Ps/7Ps) |
| <input type="checkbox"/> Marketing Objectives | <input type="checkbox"/> Segmentation         | <input type="checkbox"/> Scheduling & Budgeting  |

### SECTION 5: NETWORKING

Is your company engaged in any sort of networking with other small businesses? (these can be from different industries)  Yes  No (Please go to Question 4)

What form of networking does your company practice? (Please tick ALL that apply)

- FORMALLY sharing resources (written agreements, contracts etc)
- INFORMALLY sharing resources (information, personnel etc)
- Conducting research
- Other (please describe)

Please indicate your degree of agreement/disagreement with the following statements:

	Strongly Disagree	Disagree	Neither disagree no agree	Agree	Strongly Agree
The idea of "Safety in numbers" is one of your reasons for networking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Networking allows your firm to reduce marketing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Networking gives your firm access to new resources, skills and expertise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Networking has a positive effect on marketing performance of your firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Please go to Question 5</u>					

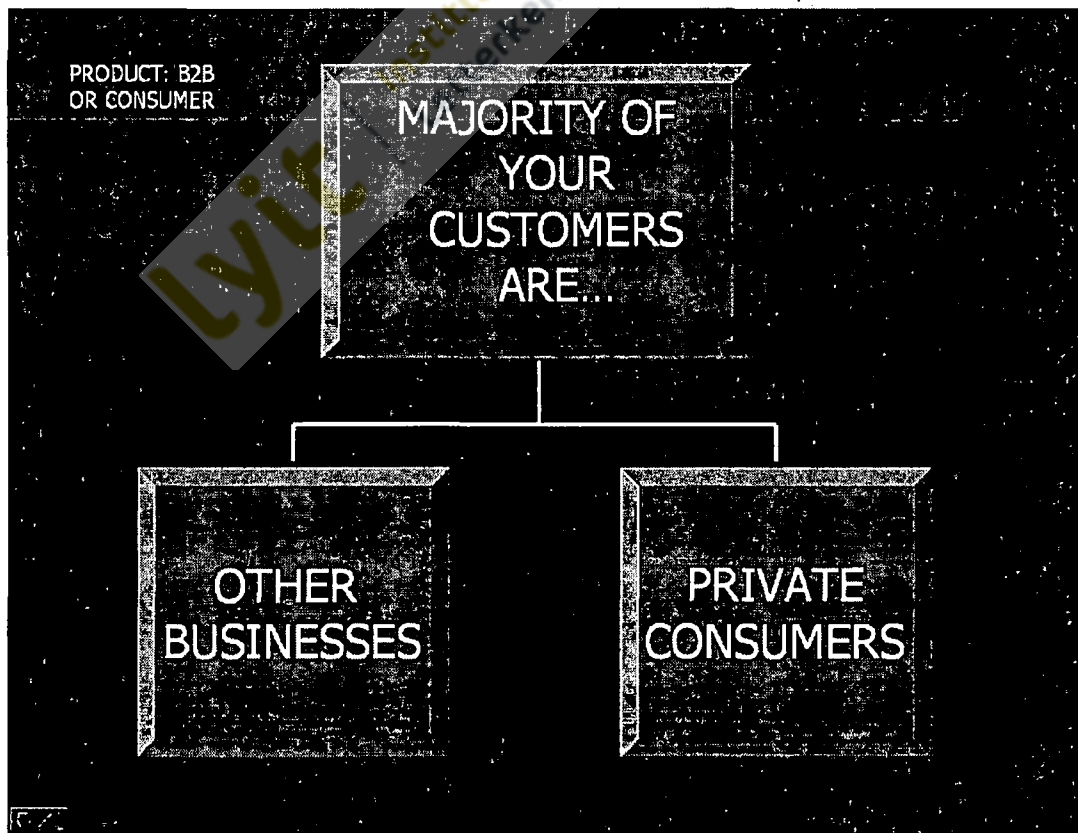
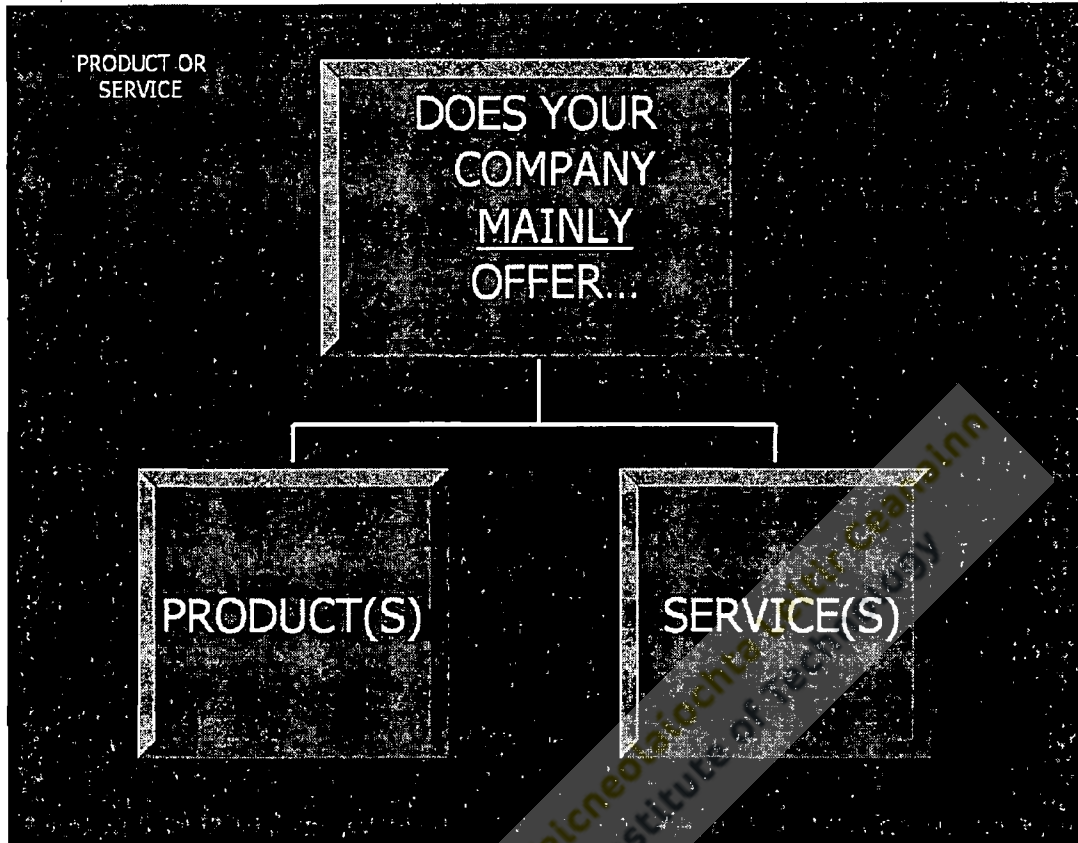
Starting with the most important please rank from 1 to 4 the following reasons describing why your company is NOT engaged in networking with other firms.

- The wish to remain independent
- Lack of information on suitable partners
- Disclosure of sensitive information to other firms
- Lack of trust
- Other Factors (Please describe) \_\_\_\_\_

Can you please identify other marketing tools or concepts that your company employs, which were not covered in this questionnaire.

Thank you for taking the time to complete this questionnaire

## Appendix D. Screenshots of the End-user Model



## READ ME:

OK, now when you have identified the type of your business I can generate a customised layout of strategic marketing plan to suit your firm. But before we begin I would like to advise you that because it is such an important document it will probably take you a day or two to complete the job. However, it will be time well spent as you will see the improvements in marketing performance of your business.

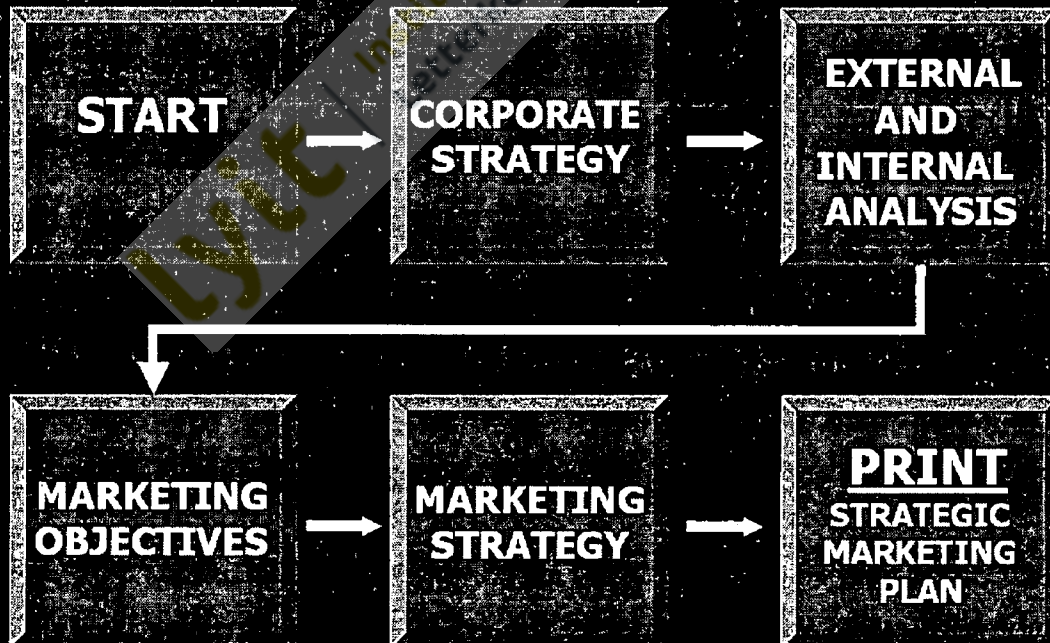
Consider involving 2-3 members of your staff in the plan design process as the research has shown that staff participation does improve the quality of the strategic marketing plan. To see what will the final product look like you can print a sample strategic marketing plan generated by this program for a company very similar to yours and if you are still not sure you can read the reviews from the MDs of Irish small firms just like yours. Find out how this changed their bottom line figures.

So I hope we are ready to START now. If we are, you know which button to click on.

**PRINT  
SAMPLE**

**READ  
REVIEWS**

**START**



# SETTING OBJECTIVES

## Guidelines:

1. Objective should be challenging but achievable.
2. Objective should NOT be vague.
3. Objective should have a timeframe.
4. Max 5 general objectives with 3-4 tasks under each objective.

## Examples:

**Poor:** Increase market share.

**Good:** Increase market share in domestic market to 20% by the 1<sup>st</sup> Jan 2008.

*Please fill out marketing objectives of your company (consider Guidelines and Examples):*

1. \_\_\_\_\_
  - 1.1 \_\_\_\_\_
  - 1.2 \_\_\_\_\_
  - 1.3 \_\_\_\_\_
2. \_\_\_\_\_
  - 2.1 \_\_\_\_\_
  - 2.2 \_\_\_\_\_
  - 2.3 \_\_\_\_\_

# S.W.O.T. ANALYSIS

## **STRENGTHS**

Please click here to identify the strengths of your small business. **Note:** these should relate only to your firm

## **WEAKNESSES**

Please click here to identify the weaknesses of your small business. **Note:** these should relate only to your firm

## **OPPORTUNITIES**

Please click here to identify the opportunities in your business sector. **Note:** these should relate to your firm & competitors

## **THREATS**

Please click here to identify the threats in your business sector. **Note:** these should relate to your firm & competitors



CONGRATULATIONS!

IT WAS HARD WORK BUT YOU ARE FINALLY ONE  
CLICK AWAY FROM COMPLETING THE STRATEGIC  
MARKETING PLAN OF YOUR SMALL BUSINESS

PLEASE CLICK ON THE BUTTON BELOW TO PRINT  
THE DOCUMENT

**PRINT**

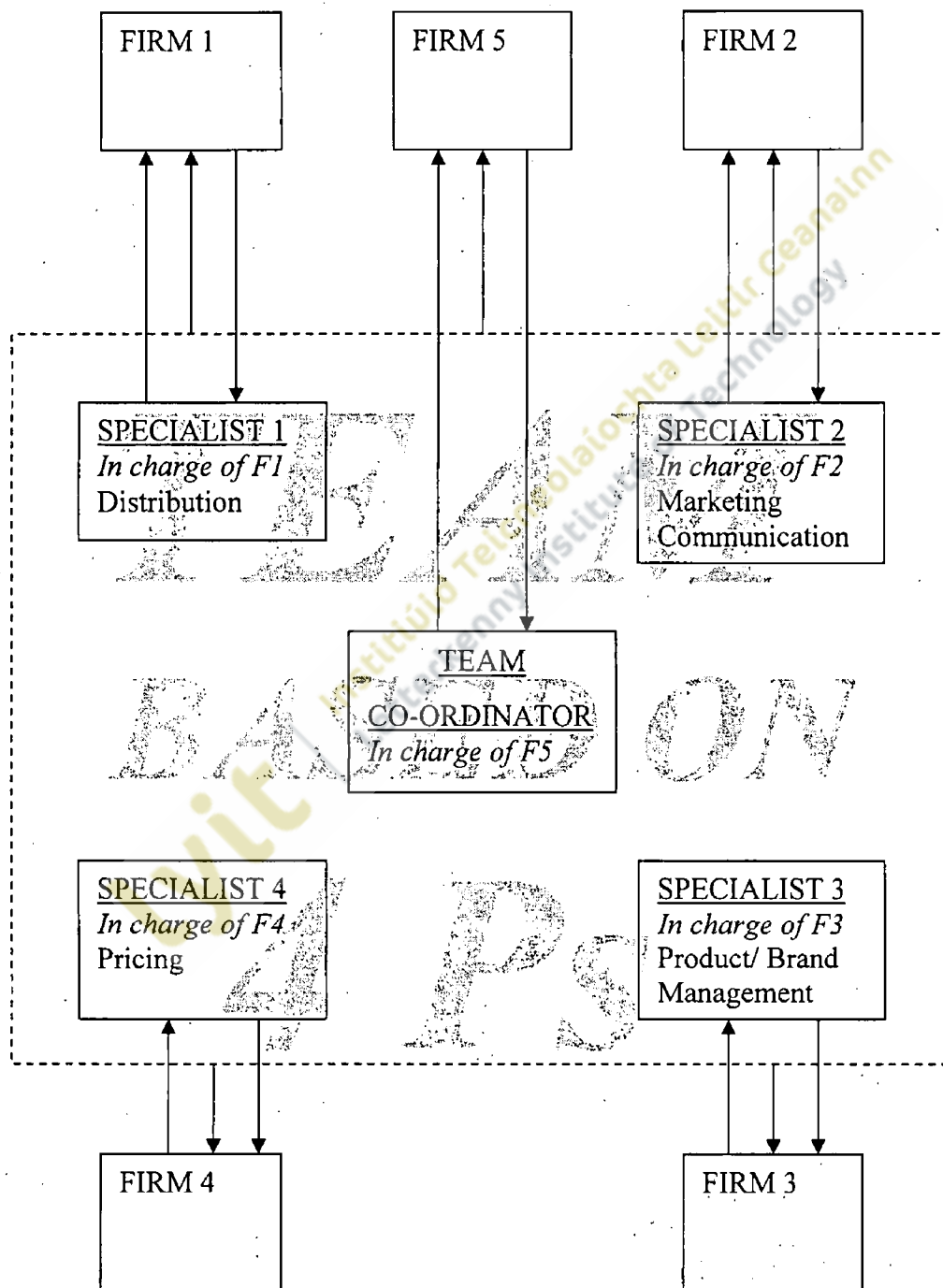
STRATEGIC  
MARKETING  
PLAN

lyit

Institiúid Teicneolaíochta Leictir Ceanailinn  
Letterkenny Institute of Technology

## Appendix E. First Draft of Proposed Model.

- Marketing agency serving 5 small firms
- Team of 5 marketing professionals
- Based on 4 "P's" plus team co-ordinator



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