

**Marketing in SMEs during economic crises:
An investigation of marketing activities within the small retail sector**

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Dissertation in Partial Fulfilment of the Requirements for the Degree of MSc in Marketing
Practice

27th August 2010

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Abstract

It is a widely acknowledged fact that businesses tend to face increased difficulty during times of economic downturn. The purpose of this study is to examine how retail businesses deal with the effects of economic crises, how their level of marketing activities can impact on performance and to assess the level of emphasis on customer service in the small retail sector.

The research methodology is predominately exploratory in nature. The research approach involved phase one, semi-structured interviews with eight retail owner-managers in Letterkenny, phase two, a focus group with employees from the retail sector, and a third phase consisting of an interview with a professional of marketing.

The role of marketing in small retail outlets and the activities which are engaged in are discussed and a professional opinion on the above is offered within the research indicating that small businesses are slow to engage in newer forms of marketing and tend to employ traditional methods as they are somewhat uneducated regarding the value of marketing.

The findings suggest that marketing activities such as public relations, customer service, brand building and the use of online marketing are somewhat lacking in the operations of small businesses. In addition, it was found newly established businesses are more open to such activities than more established businesses that have been in operation for a long time.

The research did have limitations which were mainly of a financial or time related nature.

Overall the research suggests marketing activities that can be undertaken, yet do not necessarily require large financial investment, for smaller businesses.

Acknowledgements

Many people have contributed to this dissertation and I wish to formally acknowledge and thank these people. I owe a special debt of gratitude to the following:

Mrs Kathleen McGettigan, my dissertation supervisor, for her guidance, motivation, and wonderful advice which was always so willingly provided during the course of this research.

My family and friends.

All participants and respondents in the primary research phases.

All the MSc in Marketing Practice lecturers and fellow students who provided support and friendship throughout the past year.

The library staff at Letterkenny Institute of Technology, who were very helpful throughout the year.

Adelle Mc Ateer

August 2010

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List of Abbreviations

ACA	American Communications Association
AMA	American Marketing Association
CED	Committee for Economic Development
EIPM	European Institute of Purchasing Management
MHE	Management Horizons Europe
PR	Public Relations
USCB	United States Census Bureau
VFM	Value For Money

Chapter 1

Introduction

1.1 Introduction

Marketing is vital to the success of any organisation; however its importance is not always appreciated by owner/managers of small and medium sized enterprises (Stokes and Blackburn, 1999). Especially in times of economic downturn, the first budget that is likely to be cut with the onset of a recession is the marketing budget, along with training and staff development (Rao, 2009).

Owner/managers of smaller organisations need to become more aware, and even educated, on the topic of marketing and how it can be applied to their business in a manner that is beneficial and cost effective (McMurtry, 2003).

1.2 Research objectives

This study aims to explore the role of marketing in small retail business, the activities that are carried out and the areas that require improvement. This is achieved by conducting an extensive review of existing literature to examine secondary data regarding the nature of marketing, what it comprises and how it is implemented in business. The literature review is presented in Chapter 2.

The research also serves to determine the effect of the recession and if a decline in customer spend is a given or if measures of a marketing nature can be employed to counteract this. The reasons for undertaking traditional marketing activities as opposed to more modern activities are also discussed; participation in market and customer research, and the value of customer service is also examined through a series of semi-structured interviews, a focus group of employees, and an interview with a professional in marketing, the findings of which are analysed in Chapter 4.

1.3 Researcher's reason for interest in the subject area

The onset of the recession in late 2008, and the impact this had on small retail business, is the main reason for the researcher's interest in this area.

In small to medium sized businesses, marketing is sometimes viewed as an activity engaged in by larger businesses and not necessary for smaller business. The researcher investigates how businesses can engage in marketing at a level that is suitable to a small business operation.

1.4 Chapter outline

Chapter 2, Literature Review, examines the theory of customer service as an aspect of marketing.

Chapter 3, Methodology, discusses the research objectives, research philosophy, research design, data collection methods and analysis chosen in this research.

Chapter 4, Findings and analysis, examines the interview responses, the focus group findings regarding the issues addressed in the interview. This is followed by an interview with a professional of marketing.

Chapter 5, Conclusions and recommendations, presents the overall conclusions drawn from the research along with the researcher's recommendations for the future of marketing and customer service in small Irish retail outlets.

Chapter 2

Literature review

2.1 Introduction

This chapter focuses on literature that is available on marketing activities and customer service within small businesses. The literature studied is a combination of published articles, journals and textbooks. The specific areas researched include effectiveness and adaptation of marketing strategies with an emphasis on customer service, small business approach, and effectiveness in customer retention in times of economic downturn. From reviewing existing literature gaps may be identified in the research to date, on the relationship between customer service in SME's and more challenging economic conditions.

2.2 Marketing in SME's

To provide an overview of marketing in SMEs, the researcher feels that it is appropriate to firstly define marketing. The Chartered Institute of Marketing (UK) defines marketing as:

‘the management process for identifying, anticipating and satisfying customer requirements profitably.’

Whereas the American Association of Marketing provides the following definition:

‘Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives.’

Another definition from the American Association of Marketing (2006) states that

‘marketing is an organisational function and set of processes for creating, communicating and delivering value to customers and for managing relationships in ways that benefit the organisation and the stakeholders.’

These definitions, while clearly defining marketing, they are more strategic and operational definitions that can be applied to larger businesses but are of little use in defining the role of marketing in smaller organisations, (Simpson et al, 2006).

In addition, Fuller (1994) describes marketing as that which provides business with customer centric activities, however marketing is not always understood or implemented appropriately.

It is somewhat unclear if smaller businesses employ marketing strategies continuously as part of ongoing business activities, and if so, to what extent. In addition, it is also uncertain what the usage levels are, and how marketing is integrated and implemented within the business. Managers may feel they are effectively employing marketing strategies however this may not always be the view of consumers or even employees. Based on existing literature it is apparent that existing marketing strategies within small firms are based on adapting strategies and models generally used by larger organisations (Simpson et al, 2006).

There is little empirical evidence to support the role that marketing assumes in SMEs. Based on existing literature there is a general agreement that a market oriented firm is one in which all staff members are committed to providing continuous, superior value to their customers, (Narver and Slater, 1990).

Narver et al, (1998) suggest that a market orientation entails three key behavioural components:

- Customer orientation,
- Competitor orientation and
- Inter-functional co-ordination,

Researchers have found that there is a strong link between market orientation and business performance, (Narver and Slater, 1990). Yet it is not clear if the market orientation concept is appreciated or not by the small business owner.

Marketing tends to cause difficulties and problems for managers, and for this reason marketing is not seen as a high priority when compared to other aspects of a business's

functionality. Small business managers often refer to marketing as 'something larger firms do' (Stokes and Blackburn, 1999).

Small firms often undertake marketing tasks in a manner that is too general and not suitable to their business operations that it does not have much impact on productivity; therefore it is seen as an unhelpful tool by management, (Blankson and Stokes, 2002).

However Stokes and Blackburn (1999) state:

“Marketing is crucial to the survival and development of small firms, and a key entrepreneurial skill”.

Therefore, it is apparent that smaller firms do need to employ marketing activities, however it should be at a level that is suited to business operations and not based on activities of larger firms.

2.2.1 Market orientation

A market oriented firm is one which successfully applies the marketing concept. The marketing concept, (Blackburn and Stokes, 1999), states that:

‘if a business is to achieve profitability, the entire organisation must be oriented towards satisfying customer needs, wants, and aspirations’

Market orientation consists of three components:

- The organisation wide generation of market intelligence pertaining to current and future customer needs;
- Dissemination of the intelligence across departments; and
- Organisation wide responsiveness to this market intelligence.

Yet it is unclear if the concept of marketing orientation is appreciated by smaller businesses. The small business marketing deliberation involves informal, unplanned activity that relies on intuition and energy of an individual, the owner/manager, to make things happen, (Blackburn and Stokes, 1999).

2.2.2 The relationship between marketing strategies and performance during a recession

At present the general consensus within a business is to cut back where possible. It is believed that almost a third of firms have cut back on customer service practices due to the recession (Harlow Herald, 2009).

It is thought that many smaller businesses have viewed marketing strategies as an unnecessary or elaborate expense. However, in recent years, even small retailers have been placing more emphasis on marketing in order to be competitive in the market by attracting and retaining customers (Domegan, 1996). Now, with the recession, managers may feel it is too costly to continue with such strategies.

According to Köksal and Özgül, (2007), in times of economic crisis marketing strategies need to be adapted with particular regard to the marketing mix: product, price, place and promotion. However, there is also reference to the need to adapt customer service strategies. Young (2009) suggests that it is vital to continue marketing strategies to survive the downturn.

The American Marketing Association (2009) believes that businesses have entered a period of austerity marketing, which is defined as marketing to consumers who don't want to spend. This involves creating incentives beyond the discounts and coupons, and making very clear to the consumer why offerings are worth the money and how they are relevant to the purchaser's needs or desires (Grossberg, 2009).

In addition, communicating with consumers is of even more importance in times of financial difficulty. Consumer interest can decrease due to a reduction in discretionary income; however this can be retained and attracted by means of promotional activity. By increasing promotional activities a business can also attract 'floating customers' as there is a tendency among consumers to shop around and change from brands they would have purchased previous to the recession.

A business often has no choice but to lay off employees and implement pay cuts, yet this often creates challenges for management (Zehir and Savi, 2004).

The most common measures taken by management include reducing costs, cutting production, reducing investments, entering foreign markets, working more with equity capital, improving efficiency, re-structuring debt, but this will not have a positive effect on a business's performance unless sales increase as a result, (Zehir, 2005).

Businesses that increase marketing spending are not necessarily less profitable during recession. Furthermore profits tend to increase at a greater rate once the recovery starts, unlike those companies that reduce marketing budgets. It is actually likely that the profitability of these companies will decrease despite an upturn in economic activity, (Roberts, 2003).

2.2.3 Branding

Another key aspect of customer attraction and retention is branding. How the company positions itself through the medium of branding can greatly influence customer behaviour.

The key challenge facing chief executives today is how to further increase the value of the products and services they sell. The more enlightened ones know that they will not achieve this through the traditional 4Ps approach to product marketing (Knox, 2004). By marketing the organisation at a broader level, customers become involved in many of the organisation's business systems and processes, so no one department can effect that nor guarantee consistency in dealing with the company across departments. The job of the chief executive, as manager of the organisation brand (King, 1991), is to transform the organisation's marketing strategy, and then to manage the organisation as a brand to ensure that customer value can be delivered consistently.

The key issue facing managers is how to build more value into the products and services they sell in the face of product commoditisation, faster innovation, growing competition and more demanding customers (Court et al., 1999). At the heart of the matter is the fundamental shift

in what customers perceives as value, and this is challenging the way that business activities create customer value. At a psychological level, a trusted brand minimises the risk that the image created for customers using the product or service falls short of that desired. In essence, brand values provide a promise of sameness and predictability (Keller, 2003). But new ways of coping with risk have changed all that. In consumer markets, 25 years of consumerism, higher disposable incomes and continuous improvements in product performance and reliability have led to more confident, less risk averse customers (Knox et al., 2000). The promise of sameness and predictability is no longer a strong enough brand proposition to meet customer expectations.

2.3 The theory of customer service

There are many ways of defining customer service. Ward (2009) provides a straightforward definition which is:

“Customer service is an organisation’s ability to supply their customers’ wants and needs.”

This definition implies that a business should identify their customers’ needs and wants and that satisfying them will result in a good level of customer service.

However, the American Communications Association (ACA group) (2009) defines customer service as follows:

“Customer service is the ability of an organisation to constantly and consistently exceed the customers’ expectations.”

This definition suggests that customer service is not only about satisfying needs and wants but exceeding customers’ expectations.

Whereas Speer (2006) states that:

“Excellent customer service is the process by which your organisation delivers its services or products in a way that allows the customer to access them in the most efficient, fair, cost effective, and humanly satisfying and pleasurable manner possible”.

This definition can be interpreted in several ways. Firstly, it suggests that customer service is based on providing what the customer expects or is accustomed to. In other words it is ultimately about meeting their expectations. Secondly, it suggests that customer service is about providing the customer with an overall pleasant experience, not just focusing on one element of the interaction such as price or efficiency, but more so tending to every single aspect of the customer interaction stage, with an emphasis on price, especially in an economic recession as price sensitivity can be a more dominating factor.

Brandon (2008) defines customer service by means of five key qualities.

Customer Service is:

‘A positive, polite, caring and friendly attitude.

The knowledge and ability to provide quality service by satisfying the customer's needs.

The process of delivering first rate benefits and treating customers fairly and professionally.

Any communication that creates a good or bad impression.

How a business looks after it's customer's requirements through effective and efficient before and after sales services.’

Several theories can be derived from the above definition. Firstly, it suggests that customer service is more a process of important events that requires continual attention rather than one event such as the customer interaction phase.

It also conveys the difficulty attached to defining customer service. There are many elements to customer service and one definition alone cannot convey its full meaning.

Twomey (2007) states that:

‘Customer service can be defined as the provision of a product or service of sufficient quality and in sufficient manner that reaches or exceeds the customer's expectations.’

As aforementioned there are numerous definitions of customer service, yet a common theme among such definitions is customer needs and wants, and not only meeting but also exceeding customer expectations.

2.4 The development of customer service

The concept of “service” remains to this day linked to its ancient roots in master-servant relationship. It reflects a cultural manifestation that evokes images of personal attendance. It refers to deeds one person does for the benefit of another (Reis et al, 2003).

Because service in those times thought in humanistic terms instead of rationality, improvement in efficiency were not possible and costs remained high (Levitt, 1972).

However, consumer expectations soared in the USA when foreign competitors, notably Japanese, entered the market with lower prices combined with much higher quality goods than those manufactured in America (Reis et al, 2003). Moreover, Japanese companies introduced new products and levels of service that American firms could not match. This was mass customization, a new system that would satisfy the existing segmented and global market better than Ford's mass production. It was mass production plus quality, price, selection, and service together (Hammer and Champy, 1994).

What CEOs of powerful companies are saying now is that quality has become so deeply embedded in most companies' processes that it does not need reinforcement anymore (Garten, 2000), however it may still need reinforcement in smaller companies.

Although some companies have aimed to reach customer satisfaction excellence, this objective remains difficult to achieve. The customer is not king anymore, at least not any customer. There has been a fundamental shift in how companies assess customer value and apply their resources. Companies can measure exactly how much business a customer generates and what he/she is likely to buy. That kind of information allows them to deliver a level of service based on each person's potential to produce a profit (Reis, 2003).

2.4.1 Customer hierarchy

Customer evaluation is commonly carried out using the theory of the ABC analysis, Pareto's law or "80/20 rule" which states that 20% of a given population represents 80% of a specific characteristic (EIPM, 2004). In purchasing, the basic ABC analysis is used to identify which segments represent most of the expenditure in a given category or portfolio.

Usually,

- The A segments represent approximately 80% of the total spend within a category
- The B segments represent the following 15% of the total spend within a category
- The C segments are the remaining (most of the time several segments) which represents the final 5% of the total spend (EIPM, 2004).

The ABC analysis is just one element of customer evaluation, however, all businesses, including small retail outlets, should employ some form of customer evaluation to determine the more profitable segments and develop a targeting strategy in line with this.

2.5 The effectiveness of customer service in retaining customers

There is extensive literature in the field of customer service which provide many arguments regarding its effectiveness and implementation. Overall it is an established fact that customer service plays a vital role in a company's operations (Twomey, 2007). Customer service requires an understanding of consumers and their needs and wants and also meeting these needs (Baines, 1996). As stated, customer service is important in attracting and retaining customers (Porter-Brotman, 1994) but how this is carried out and developed can deliver alternate outcomes. Many companies implement customer service policies and procedures but fail to communicate these properly throughout the organisation.

Effective customer service requires continual customer research and investment in training and development. However, with the onset of a recession managers may be compelled to cut marketing budgets and activities. Yet Köksal and Özgül, (2007) argue that continuing marketing practices during a recession will not only increase profitability but also strengthen the company during the recovery phase allowing for a faster recovery than businesses who have reduced marketing expenditure.

Customer service practices also need continual reviewing. There are a number of reasons why an organization reviews its customer contact strategy; they are all interconnected. According to Burns (1995) three of the most common drivers are to:

‘Increase direct sales performance while containing direct sales costs; Enrich and expand the customer knowledge base; Provide a higher, measurable, level of customer service.’

The above are three of the main factors influencing an organisation to place emphasis on customer service and continually adapt to the customer’s needs.

Customer service has been split into five key dimensions essential to ensure effectiveness.

However Boshoff and Klemz, (2001), state that there are five important dimensions of service quality, that fall under two categories: environmental and emotional which are:

‘Tangibles – the physical facilities and equipment, and the appearance of personnel.
Reliability – the ability to provide what was promised, dependably and accurately.
Responsiveness – the willingness to help customers and provide prompt service.
Assurance – the knowledge and courtesy of employees, and their ability to convey trust and confidence. Empathy – the degree of caring and individual attention provided to customers.’

The above dimensions are applied within the service industry; however they can also be applied to customer service in any industry.

2.6 Customer behaviour

One principal area that managers must consider and understand in times of economic strength and more so in times of difficulty is that of customer behaviour. Needless to say, customers can drastically alter their buying behaviour and trends in times of economic difficulty (Lathram and Braun, 2010). It is useful to provide a definition of customer behaviour to enhance this: Horner and Swarbrooke (2007) define customer behaviour as

‘the study of why people buy the product they do, and how they make their decision.’

Lathram and Braun (2010) state that there are four types of behaviour which customers may exhibit during a recession. These are as follows:

‘Substituting Customers: these customers will seek out direct competitors with similar product at a lower price and will consider making “recessionary trade-offs” by switching to substitute goods.

Satisficing Customers: These customers seek out adequate solutions in the absence of real ones.

Reducing customers: are customers who are tied to a non-specific good or service but unable to leave the relationship due to a high level of lock-in.

Negotiating Customers: These customers will attempt to renegotiate aspects of their existing relationship through price concessions, value-added services, or both.’

Although the research on strategic planning during a recession is limited, it is quite accurate to say that strategic planning is even more essential during an economic downturn (Beaver and Ross, 2000). It is a general consensus among managers to employ short term measures that are likely to be unsustainable into the recovery phase (DeDee and Vorhies, 1998). Yet as the term recession can instantly create a feeling of negativity and the need for immediate reaction from business managers then it is of little surprise that the first instinct is to reduce costs and downsize.

However Rao (2009) argues that managers should retain their current work force during a recession as it not only saves resources in the recovery phase if recruitment is necessary, but also creates a sense of loyalty to the organisation and in turn strengthen the business. The author goes on to say that training budgets are also likely to be cut but instead they should be maintained if not increased as training increases employee confidence and commitment which can portray a positive image to customers in the form of quality service. Rao (2009) concludes by deeming learning and development a priority that business should recognise in order to take full advantage of the recovery phase.

Although value plays a major role in customer behaviour, an organisation must do more than offer value for money; they must also understand what their customers value and how that evolves with economic changes (Grossberg, 2009). The terms which have entered the marketing world along with the recession are 'indulgent parsimony' or 'frugal indulgence',

which employs the theory that, although consumers are shopping for inexpensive products and services, they still expect their purchases to provide comfort and stress relief (Grossberg, 2009).

2.6.1 Value for money

During a recession the vast majority of consumers tend to become more and more price conscious. This would suggest that consumers want the cheapest goods possible (Isakovich, 2010), although it would be more accurate to say that consumers want value for money products.

Erlendsson (2002) states:

‘Value for money (VFM) is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. This could also be applied to the consumer as it implies that value for money is purchasing products most suitable to wants and needs at a reasonable price or worth the cost.’

In addition the author notes that some elements may be subjective, difficult to measure, intangible and misunderstood. Judgement is therefore required when considering whether VFM has been satisfactorily achieved or not. It not only measures the cost of goods and services, but also takes account of:

‘The mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value.’

Value for money is one definition of quality (Harvey & Green, 1993).

Quality as value for money sees quality in terms of return on investment. If the same outcome can be achieved at a lower cost, or a better outcome can be achieved at the same cost, then the ‘customer’ has a quality product or service.

Campbell and Rozsnyai, (2002, p. 23) also identify a value-for-money definition of quality:

‘Quality as value for money. The notion of accountability is central to this definition of quality with accountability being based on the need for restraint in public expenditure, (Lomas, 2000).’

2.6.2 The value gap

In the late 1990s, there was a growing gap between brand values and customer value with the latter stemming increasingly from processes outside the remit of marketing, such as supply chain leadership and customer relationship management (Christopher, 1996). When the value offered to customers does not meet their expectations, a company faces a stark choice, change or fail.

2.7 Customer value and the organisation

Today’s customers are highly sophisticated and confident in their own ability to decide between products and suppliers’ offers (Mitchell et al., 2003); these days they need much less brand reassurance to validate their choices. In most markets, the customer can choose from a large number of high-quality products made by renowned companies.

From the customer’s point of view, value is created when the benefits, or perceived quality, they receive exceed the costs of owning it, or the perceived sacrifice. These components of customer value can be disaggregated further into the benefits derived from the core product and customised service against the purchase price and the consumer’s transaction costs.

Marketing the organisation or a strategic business unit requires a very different approach from the conventions of 4Ps product marketing (de Chernatony, 1999).

In marketing an organisation, business leaders need to consider four components to develop its brand positioning in the supply chain:

- (1) Its overall reputation.
- (2) Product/service performance.
- (3) Product and customer portfolio.

(4) Networks (Knox and Maklan, 1998).

If an organisation can consider these areas and develop all four areas then the chance of success could be greatly increased (de Chernatony, 1999).

2.8 The impact of service failures on customer loyalty

Loyalty rather than satisfaction is becoming the number one strategic goal in today's competitive business environment (Oliver, 1999). With a renewed interest in loyalty, the concept of brand commitment has received increasing attention among consumer behaviour researchers (Ahluwalia et al., 2001). Research suggests that affective commitment might be the key to brand loyalty, yet empirical work in this area is sparse (Ahluwalia et al., 1999).

The impact of service recovery on post-failure attitudes and behaviours remains unclear. Oliver's (1997) cycle of satisfaction model suggests that consumers update their prior attitudes based on their most recent satisfaction levels. This revised attitude in turn influences consumers' future purchase intentions. In the context of service recovery, McCollough et al. (2000) report a positive relationship between recovery performance and post recovery satisfaction, while Tax et al. (1998) argue for the direct impact of complaint handling on trust and commitment.

Yet, Andreassen (2001) shows that even excellent recovery might not be enough to restore consumer attitudes and behavioural intentions to a pre-failure level.

Research shows that the majority of customers are dissatisfied with companies' service recovery efforts (Andreassen, 2001). But unfortunately, service organizations are left with little guidance as to how to deal with dissatisfied customers (Colgate and Norris, 2001). Having a deeper understanding of how customers' affective commitment influences their post-failure attitudes could aid managers in developing sound service recovery strategies.

2.9 The impact of the current recession

Firstly the researcher wishes to define the term recession as follows:

‘A recession can be defined as a decline in Gross Domestic Product (GDP) for two or more consecutive quarters, (Kambil, 2008).’

The onset of the global economic crisis in 2008 was somewhat unexpected and predicted by few (Garrigan and Pelsmacker 2009). With the downturn came numerous reports of negativity along with news broadcastings on the worsening state of economies worldwide, which in effect brought about the feeling of anxiety which is still apparent now (Garrigan and Pelsmacker, 2009).

Even those who have a relatively stable income and means to get by exercise caution in times of economic woe (Garrigan and Pelsmacker, 2009), thus creating more obstacles for business owners, namely how to counteract the feeling of anxiety and retain both customers and profitability.

Effective management strategies play a key role in this, yet the research on this topic is somewhat underdeveloped and needs further investigation (Pearce and Michael, 2006). In times of recession business owner/mangers tend to opt for one or both of these two choices: they can either seek out inefficiencies within the business and/or reduce costs (Lathram and Braun, 2010).

Reducing factors such as staff may help a business get through the initial phases of the downturn but it may have long term consequences that can negatively impact the business post recession (Roberts, 2003)

For instance, preceding the technology sector downturn in 2000 to 2001, bankruptcies increased 13 percent during the year of the downturn, however this increased to 22 percent in 2002, when the sector was in the recovery phase (US Census Bureau, 2003). This would imply that companies who react to a downturn with short term responses, which only deal with current problems, are less likely to recover as quick, or even at all, as those companies that think ahead and adopt long term strategies (Lathram and Braun, 2010).

2.10 Retail sector

Within a recession, every single industry is affected but it is reported that the retail sector tends to suffer to a great extent (Werner et al, 2004).

With the onset of a recession, the first instinct of managers may be to cut marketing budgets as it is a larger expense, however Roberts (2003) states that it is more effective to invest aggressively in marketing, innovation and customer quality.

Regarding small businesses, it is widely stated that they must also practice marketing, not just larger companies. It is necessary to grow and survive regardless of the economic cycle. However the usage level that should be implemented is somewhat unclear. Hogarth-Scott et al (1996) suggest that small business owners do not need to become 'marketing specialists' as the somewhat complex theories can be somewhat irrelevant in a small business context.

It is a well known fact that today's retail environment is highly competitive and that it is essential for retailers to gain some form of differential advantage.

Retailers often offer the same assortments at comparable prices (Homburg et al, 2002) and the location is clearly not as important as it used to be (Hummel and Savitt, 1988). As a result, retail service quality, whose importance is undisputed as a means for retailers to differentiate (Berry, 1986), is attaining more relevance.

Brands are one of a firm's most valuable resources (Srivastava et al, 2001), so branding has emerged as a top management priority in the past decade. Given its highly competitive nature, branding can be especially important in the retailing industry in influencing customer perceptions, as well as in motivating store choice and loyalty (Ailawadi and Keller, 2004). The rise of the retailer as a brand is one of the principal trends in retailing (Grewal et al, 2004). This is known as retail branding, (Dennis et al, 2002).

This poses the question of how relevant service quality is in building a strong retail brand. Service can be viewed in isolation only, without comparing its importance with that of the other retailer attributes and thus placing it in a the appropriate proportion (Siu and Cheung, 2001).

2.10.1 Changes in retail sector

Between 1990 and 1999 major changes occurred within retail sectors throughout the UK and Ireland, as well as Europe. The following are changes listed by Management Horizons Europe, a consultancy group, (1999):

- increasing wealth of customers, resulting in two million square feet of new retail space;
- Out-of-town expansion, resulting in one third of new space being outside of traditional town centres;
- Internationalisation, the arrival of North America, European and other world-wide retailers;
- The focus on value, resulting in the establishment and success of factory outlet schemes;
- Time-poor consumers, resulting in longer shopping hours and alternative distribution channels

2.10.2 Customer service in the retail sector

At present there are several challenges facing the retail Industry. For this reason the customer experience is becoming increasingly important.

According to Bloomberg (2007), retail sales within the euro zone declined 2% from the previous year, the biggest drop in at least 13 years. Business had gradually picked up, but discretionary consumer spending is still under pressure in many countries from a variety of factors, including higher energy and food costs, the housing slump, and high levels of consumer debt accompanied by tighter credit and not to mention the global recession (Genseys, 2008).

To increase profits and market share, differentiation through providing a better customer experience may be one of the few opportunities retailers have to rise above the price competition (Genseys, 2008).

Retailers will need to focus on the purchasing behaviour of unique demographic segments to deliver a meaningful value proposition. Demographic dichotomies (age, ethnicity, and income) will increase over the next decade with the most rapidly growing age segment in Europe being persons aged 60 years and older. Also the share of people aged 80 years and more is predicted to increase from 4% to 11%. This is bad for retailers, because it is at approximately age 70 that spending on many goods is believed to decline (Genseys, 2008).

2.10.3 Branding in the retail sector

Retail branding is emerging as one of the most important strategic initiatives in the modern retail industry (Wileman and Jary, 1997). Retailers seeking more control over products, profits, and customer satisfaction are producing and integrating their own brands into product strategy (Corstjens and Lal, 1997). The practice of retail branding has become popular among retail sectors in both the United States and Europe (Birtwistle and Freathy, 1998).

Product brands are commonly targeted at various customer groups and positioned accordingly. The whole branding process is seen as a discrete activity only relevant to customers as the main stakeholder group, (Burghausen and Fan, 2002). Comparatively, a corporate brand has a much broader appeal as the interface between an organisation and its various stakeholder groups. Although there might be still segment specific sub-brands at a product or service level, they are all related and linked to the overall corporate brand, channelling customer goodwill and trust towards the entire organisation no matter what life-style segment is catered for (Ackerman, 1998). In addition it is suggested that a brand should reflect the core values of an organisation (Burghausen, 2000).

2.11 Conclusion

According to Köksal and Özgül (2007) the way to be successful in times of economic difficulty is for managers to not only focus on promotional activity but also other marketing strategies and activities. The author suggests that managers should not just view marketing as promotional activity but also engage in other activities such as public relations and online marketing.

With regard to training, Ang et al., (2000) claims that providing training that is relevant to the impact of economic crises will have a positive impact on company performance. In addition, Bennett (2005), also suggests that those companies which did continue to train staff, and particularly marketing staff, during a recession achieved a superior level of performance. This would suggest that management should develop training further during times of economic difficulty rather than cut training budgets. Finally, it is not advised to cut quality and price as, although consumers become more price conscious, they still seek quality products and value for money (Köksal and Özgül, 2007).

From the literature that the author has reviewed, a structure is now in place to conduct exploratory research in each of the identified areas.

Chapter 3

Methodology

3.1 Introduction

This chapter aims to provide an overview of the methodological approaches and research design selected for application to a study on the marketing practices of small retail outlets. The dissertation shall investigate the effectiveness of adapting current marketing strategies, in small businesses, during times of economic crisis. Secondly, the study shall investigate the importance of marketing activities and customer service and the extent to which it is a vital element in customer retention during a recession. Thirdly, following the analysis of primary data collected through a set of interviews conducted with owner-managers, and focus groups with employees within the general retail sector, the dissertation shall provide input from a professional of marketing/customer service to help further inform the research.

3.2 The marketing research process

Marketing research defined

The Market Research Society (MRS) (2008) defines market research as follows:

‘Research is the collection and analysis of data from a sample of individuals or organisations relating to their characteristics, behaviour, attitudes, opinions or possessions. It includes all forms of marketing and social research such as consumer and industrial surveys, psychological investigations, observational and panel studies.’

3.3 Research objectives:

Overall objective: To explore the current areas of change in marketing practices in small retail businesses based in Letterkenny.

1. Explore the current areas of change in customer service as an element of the marketing activities of small retail businesses.
2. Determine the level of focus on marketing and customer service delivery in small retail outlets.
3. Evaluate the relationship between customer service levels, customer retention and developing customer base.
4. Investigate the connection between academic principles of customer service and practice

(See Appendix one for more detailed research objectives).

3.4 Research philosophy

This chapter will identify the various types of research that can be conducted, and give the chosen methodology. The first step in designing the research is to identify the most suitable research paradigm to pursue in terms of designing and completing the research.

The adopted research philosophy holds assumptions about how the researcher views the world (Saunders et al., 2007). There are two common research philosophies mentioned in the literature which are positivism and interpretivism. Interpretivism is more flexible and focuses on the meanings behind the research. According to Saunders et al., (2007) an interpretivist perspective is appropriate in business research. However, positivism will involve a very structured methodology to facilitate replication (Gill and Johnson, 2002).

The chosen research philosophy depends on the research objectives. With regard to this dissertation, interpretivism is the most suitable research philosophy as a flexible question style is required to gather valid information. In addition, each respondent from the owner/manager sample will partake in different marketing activities at different levels; therefore generalisation of the population would be difficult.

3.5 Research design

The research undertaken may be classified as predominantly descriptive in nature as it will describe things such as market characteristics or functions (Malhotra, 2003). Phase one of the primary research, which is semi-structured interviews, attempts to describe the marketing activities employed by small retail outlet managers and owners and the impact of these activities on performance in times of economic crises. Descriptive research may be an extension of exploratory research (Saunders et al., 2007). With regard to this, the researcher has explored the marketing activities of small businesses through secondary research and subsequently through qualitative research in phase two and three of the primary research, focus groups and semi-structured interviews. The objective of exploratory research is to explore a problem or situation to provide insights and understanding (Malhotra, 1999). Saunders et al. (2007) state that an advantage of exploratory research is that it is flexible and adaptable to change. This assisted the researcher as it provided follow up questions for phase two and phase three of the research based on the responses from phase one.

3.6 Data collection methods

Data collection methods can either be qualitative or quantitative and are used extensively across all disciplines. Both are systematic in their approach. However, there are strengths and weaknesses to both, but each provides different, yet valid information.

Qualitative research is empirical research, whereby the data collected is not in numbers whereas quantitative research is empirical research whereby the data gathered is in numbers (Wright & Crimp, 2000). It is possible to use both in completing research.

Qualitative research collects and analyses data that cannot be quantified in statistical form (Parasuraman *et al.*, 2004). It provides insights and understanding of a problem (Malhotra, 1999). Methods include focus groups and interviews.

Quantitative research is characterised by structure and large representative samples (Parasuraman *et al.*, 2004). It seeks to quantify data and typically applies statistical analysis of some form (Malhotra, 1999). Methods include surveys and observation.

3.6.1 Instruments chosen

For the purpose of this research a three phased approach was adopted.

The researcher chose semi-structured interviews and focus groups as the instruments for conducting the research.

3.6.2 Phase one: semi-structured interviews (See Appendix three & nine for theme sheets).

An interview is a purposeful discussion between two or more people (Kahn and Cannell 1957, cited by Saunders *et al.* 2007) and can be an effective means of obtaining reliable data that is relevant to the research objectives (Saunders *et al.*, 2003). Interviews may be structured, unstructured or semi-structured. Structured interviews use questionnaires based on a standardised set of questions (Saunders *et al.*, 2003). On the other hand, unstructured interviews, also known as in-depth interviews, are informal and the interviewer does not have a predetermined list of questions (Saunders *et al.*, 2003). In this case, given the nature of small businesses and the various usage levels of marketing activities, semi-structured interviews were deemed to be the most suitable method of obtaining qualitative information to allow the researcher to cover a list of themes which varied from interview to interview, (Saunders *et al.*, 2003).

Phase one of this research involved eight semi-structured interviews with owner/managers from each retail outlet. According to Saunders *et al.* (2003), in order to control bias and produce reliable data for analysis, a full record of an interview needs to be created soon after its occurrence. Notes were therefore taken and interviews were recorded, given permission, to ensure accuracy. (See Appendix six for transcripts)

3.6.3 Phase two: focus groups

A focus group consists of a number of people who are led through an unstructured discussion of a topic by a moderator. The number of people in a focus group depends somewhat on the topic and the type of participants (Crask, Fox, Stout, 1995).

The researcher chose focus groups to gain the opinions of employees within the retail sector as it is a relatively quick and inexpensive method of obtaining information. It also provides a group atmosphere which stimulates conversation that is not forced and can result in more thoughtful and serious answers, (Stewart et al, 2007).

(See Appendix eight for a selection of comments from the focus group)

3.6.4 Phase three: semi-structured interview

A final interview was sought with Ms. Joanne Sweeney-Burke who is a local Letterkenny business woman with expertise in the field of marketing. Ms. Joanne Sweeney-Burke currently leads the multi-media agency Media Box located in the town of Letterkenny. She deals with SMEs on a regular basis helping them to maximise their business potential without the dramatic expense. Joanne has an impressive background in journalism, public relations, multi-media, lecturing, and event management and also in the Chamber of Commerce movement - locally and nationally.

This interview helped to confirm the findings from the first phases, from which a theme sheet was developed, (See Appendix nine). Due to Joanne's extensive background, local operations and the fact that she is continually introducing SME's to the working of marketing it was felt that the insights and opinions offered by her would be very valuable and imperative in validating the findings from the first two phases of research. (See Appendix ten for transcript)

3.7 Measurement techniques

Phase one of the research assisted the theme sheet design for phase two (See Appendix seven), focus groups. The researcher used theme sheets as a measurement technique. The theme sheets were based upon the research questions and specific questions in relation to customer service, loyalty, the impact of service failures on repeat purchases and service recovery,(See appendix three, seven and nine for theme sheets).

3.8 Sampling

3.8.1 Method chosen: quota sampling

In marketing research it is common practice to use quota samples. A prescribed number of members of the population are found in each of several categories or quotas. Quota samples are widely used in marketing research because cost-benefit analysis favours their use (Malhotra, 1999).

The researcher chose quota sampling for selecting the owner/managers. This was deemed to be the most suitable method given the size of the population. In addition, the researcher wished to talk to business owner/managers who have been operating in the town for a number of years and also owners who have recently set up business so that comparisons could be drawn. The selected quotas are as follows:

1. **Size:** Small Retail outlets employing ten or less members of staff, whereby small is defined as per the definition from the Committee for Economic Development (CED), (cited in Steinhoff, 1978) which is as follows:

‘A small firm is one which possesses at least two of the following four characteristics:

- Management of the firm is independent. Usually the managers are the owners
- Capital is supplied and the ownership is held by an individual or a small group
- The area of operations is mainly local, with the workers and owners living in one home community. However the market need not be local.
- The relative size of the firm within its industry must be small when compared with the biggest units in the field. This measure can be in terms of sales volume, number of employees or other significant comparisons.’

2. **Length of operation:** Newly established: within the last five years, and well established: in operation for ten years or more.
3. **Independent:** Either family run outlets, independent outlets, franchises and non-chain outlets but not chain outlets or high street outlets.
4. **Area:** Letterkenny town area

Owner/Managers were chosen from an exhaustive list of outlets. As there was no exhaustive list readily available the researcher compiled a list of outlets (See Appendix two A for list of outlets) from numerous sources (See Appendix Two B for list of sources). For the second phase, judgement sampling was used when selecting employees from within the retail sector so as to avoid interviewing employees from outlets where the owner/managers have been interviewed so as to prevent a conflict of interests and to get a broader range of information.

3.8.2 Judgement sampling

Judgement Sampling is used in both purposive and probability sampling. Judgement enters into the multi-stage probability sampling; it fits as well as into purposive designs. The description 'judgement' is particularly applicable to industrial and trade research sampling (Crask, 1994).

3.9 The site of inquiry

The research was carried out among owner-managers of small businesses with the definition of 'small' as aforementioned. The interviews were conducted in person, in order to receive as much information as possible and to probe where necessary. Phase one involved completing eight semi-structured interviews with owner/managers of retail outlets in the Letterkenny town area. A focus group was then arranged for phase two, involving 6 employees within the retail sector, using the same quotas as above, but not employees from the outlets of the owner/managers. Interviews initially concentrated on the research questions outlined at the beginning of this chapter.

Phase three involved a depth interview with a professional within the field of customer service. The collection and analysis of this information proved to be conclusive with existing literature and also helped to present any gaps that existed

3.10 Conclusion

The interviews were carried out among owner/managers in the Letterkenny area. A focus group for employees within the retail sector was then organised. Finally, an interview was held with a professional in an attempt to triangulate the research.

As previously discussed, the main aim was to uncover the activities and opinions of owner/managers, employees and professionals on the topic of marketing and customer service and its usefulness in retaining customers in poor economic times.

In this next chapter, the findings chapter, there will be a discussion on the research material which was gathered as a result of the agreed methodology being applied. This discussion will aim to be quite focused and will look at the research outputs and inputs.

Chapter 4

Analysis & findings

4.1 Introduction

From conducting the eight semi-structured interviews there were several key areas which the interviewer sought to uncover information on. Phase one of the research represents the interviews, conducted with eight owner-managers, which were based on the issues that arose from the literature review. The first area discussed was that of marketing activities in small retail outlets and to what extent marketing activities are employed. From this several other headings were derived which include current areas of change, customer service and customer retention, online marketing activities, niche markets and differences between established and relatively new businesses. Phase two was based on the findings from a focus group that was conducted with six participants who were employed in the retail sector, and finally phase three represents an interview with a marketing executive.

4.2 Phase one: Semi-structured interviews

4.2.1 Marketing activities within retail outlets

From the primary data collection it is apparent that the majority of marketing activities carried out in small retail outlets were mainly promotional and advertisement based.

4.2.2 Advertising

As suggested in the literature all of the respondents used some form of advertisement however the chosen means and opinions on certain forms of advertising varied to a large extent. The advertising channels used included radio, newspaper, sponsorship, online and social networking. Out of the eight respondents only one respondent has a specific website for the business. Three respondents used a combination of both radio and television advertisement.

However, radio advertisement was identified as the main form of advertisement used by the respondents. The particular reason being that it was seen as the most effective method and a greater response rate, and increase in customers, was seen from radio campaigns in comparison with other campaigns carried out such as newspaper adverts.

When asked about newspaper advertisement several managers felt that a combination of radio and newspaper advertisements were more effective than just one method as it targets a larger audience. On the other hand, several respondents claimed, based on previous experience that newspapers were not as effective as radio or other forms of advertising. In addition, one respondent claimed that he had been told by the franchise operators that newspaper adverts were not effective and never to use them. However, none of the respondents had any definitive measurement technique to evaluate the chosen methods.

4.2.3 Marketing budget

One of the researcher's aims was to investigate if small retail outlets drafted a marketing budget. Based on the literature and from the primary research, the response varies. The findings also show that small retailers are more likely to spend as they go rather than budget for future spend, although several retailers did have a promotion or advertising budget it was not really based on past performance or annual turnover, it was more a fixed amount but liable to change. However those who spend as they go also pay attention to how, business is responding and progressing, therefore less income means less expenditure on marketing activities. Finally, one respondent stated that while they did have a budget, it was only for busy times such as Christmas.

This would suggest that marketing activities are not highly prioritised from a financial perspective. In addition, retailers also like to see how things are going before spending too much as a higher spend on marketing doesn't always increase business.

4.2.4 Sponsorship

Only one respondent stated no participation in sponsorship as it was viewed as a waste of money. The other respondents stated that sponsorship is offered to various relevant organisations. Firstly, one respondent stocks school uniforms for several schools in the area and sponsors one large annual event for each school. Another respondent sponsors one of the local school football teams. One more respondent sponsored a variety of occasions depending on what they are and if they felt it provided a good level of exposure.

4.2.5 Branding

From the eight interviewees, seven had a brand name that was designed specifically for the outlet, with the remaining respondent operating under the family name. However, all eight respondents either showed interest in building on the brand and/or expressed the following opinions:

'We probably should work more on the brand'

'I should pay more attention to developing it'.

The majority of branding activities consisted of putting the brand name on any item related to the outlet, such as labels, bags, letterheads and outdoor signs and boards. In addition several respondents spoke of placing more emphasis on the brands that were stocked by the outlet, not the outlets brand name itself.

4.2.6 Changes in marketing activities recently

When the topic of changes in marketing activities was discussed various opinions and answers were offered with some common themes arising. One respondent stated:

'It's a recession, you have to adapt, and it's probably the best time because when things are good you don't bother reviewing your business'.

Several respondents stated that they engaged in less promotional activity since the onset of the recession. The remainder stated that the level of marketing, namely promotional activity had remained constant from before the onset of the recession.

4.2.7 Most effective marketing activities

Several respondents claimed that radio advertisements and sponsorship of daytime talk and music shows was the most effective forms of advertisement for the business. One respondent considered online activity in social networking and video blogging to be more effective. With two respondents using only newspaper advertisements and the remaining respondents using a combination of both radio and newspaper advertisements, however radio was still deemed the more effective method by the respondents, although none of the respondents declared any forms of measuring effectiveness, or return on investment.

4.2.8 Main reasons for chosen activities

Overall, the main reasons for the chosen marketing activities were predominantly based on cost effectiveness. Although one respondent felt that the less expensive, or free activities, such as advertising on social networking sites, for example, by means of a Facebook page were more effective as social networking sites are accessed by a large volume of the population.

Seeing a large response rate from certain adverts and promotions was also a contributing factor.

One respondents stated:

'it's what I've always done', 'I don't see a major need to change as it's a low key outlet'

This may suggest little, if any, adaptation however that outlet has a relatively strong consumer base. This may suggest that although marketing activities are a vital factor in a small business performance, building strong and lasting relationships can also be as effective.

Additionally, only one respondent stated:

‘It is what my customers use’.

This would suggest that the above respondent has done some consumer research regarding the preferred media of their consumers.

4.3 Customer service

The findings show that while there is no real formal customer service policy within small retail outlets it is a high priority among management and is more about personal relationships and word of mouth rather than comment cards.

In accordance with the literature, customer service is viewed as the identification of customers' needs and wants and satisfying them (Ward, 2009). However, there was little direct mention of exceeding customers' expectations (American Communication Association, 2009). Although, there is no mention of it, it is apparent that managers do aim to fulfil, if not exceed customers expectations through promotional activities and informal discounts as the majority of respondents claimed that regulars often received unofficial discounts on purchases.

4.3.1 Customer service training

Three respondents stated that some formal training was given every so often or when necessary, for instance when introducing new products. Four respondents claimed that the current staff were well experienced and had been with the outlet for a number of years and were competent without having to be trained. One respondent claimed that all employees were family so training wasn't really essential as communication and knowledge about the business was strong. Another respondent stated:

‘We talk about it (customer service) but not in a sit down formal setting’.

It was discussed informally and mainly focused on issues such as awkward situations such as an unsatisfied customer, and how such issues could be dealt with.

4.3.2 Changes in consumer behaviour

Overall, the findings show that consumer spend has declined rapidly since the onset of the recession, five respondents declaring a sharp decline in custom. According to one respondent the instance of impulse buying has decreased and shopping for specific goods or only shopping for what is needed has become the norm, however several respondents have started to see an improvement in recent months.

In addition to this, a niche market appears to have performed better in the last six months than ever before. This is due to the outlet's product offering which is wedding and occasion wear inclusive of all shoes, bags accessories everything you need and even custom shopping if desired. Again if a consumer is going to a wedding they would be inclined to spend a substantial amount. In accordance with the literature, and based on the findings it is clear that the retail sector is a very competitive one and difficult to remain competitive in (Genseys, 2008). However a niche market or product offering can greatly enhance the chance of success as it is somewhat recession-proof.

4.3.3 Customer service and customer retention

From the findings it is notable that all outlets have regular customers, who at present are shopping less frequently but who are still visiting the outlet on occasion. This suggests that customer service and relationship building has been effective in retaining customers to an extent, however the impact of the recession has limited customer expenditure suggest that price sensitivity can diminish loyalty somewhat.

4.3.4 Customer feedback

All of the respondents stated that they probably should introduce comment cards and suggestion boxes with only one respondent having such measures in place. Although there

was no formal method of obtaining customer feedback, all respondents were confident that good relationships were maintained with customers and informal feedback is often obtained during transactions.

4.4 Market research

From the responses it can be ascertained that there is little market research of a formal nature carried out. One manager is currently seeking public relations (PR) consultancy now that the business is becoming more established. Those outlets which are fashion orientated all attend trade shows as it is somewhat necessary, however one respondent claims that it does allow managers to interact and discuss what is working well for others and why. One respondent stated that:

‘it (market research) is not really necessary in a small low key outlet,’

While another respondent suggested that it is something that has been considered and that may be engaged in further down the line.

Again, market research should be undertaken by smaller retailers, especially in times of economic difficulty. As Genseys (2008) implies retailers will need to focus on the purchasing behaviour of unique demographic segment to deliver a meaningful value proposition.

4.5 Word of mouth

Half of respondents emphasised the importance of word of mouth. One respondent stated:

'It's how I get most of my business'.

Another gave the view that if you provide good service and the customer leaves happy then they will pass on the word and it's more effective than any advert'.

4.6 Similarities and differences in activities of new and established retail outlets

This research involved interviewing eight respondents, four of whom have been in operation for ten years or more and four outlets that have set up within the last five years. From this, some comparisons can be made and differences can be highlighted in the various activities of these outlets.

The newly established businesses tend to engage in more online activity. Also three of the new respondents develop customer databases and web texts. Newer businesses are somewhat more optimistic and are more likely to experiment with different channels of advertising and promotion, whereas only one manager from a long running outlet stating that adaptation, in times of economic difficulty, was necessary.

The major difference between the older more established businesses and newer operations was the level of involvement in online marketing activity. Newer companies tend to engage in online activity more so than older businesses.

Again this provided mixed views and opinions. One respondent relies almost solely on online activity such as social networking and video blogging. Half of the respondents either currently use Facebook or are in the process of setting up a page. The remaining respondents stated that they probably should do some online activity but that the business is well established and is already well known at this stage.

4.7 Phase two: employee focus group

Several themes arose from the focus group, which was carried out among six participants. The selected participants all had worked within the retail sector, four within large chain stores, one of whom had also worked in small and family run outlets and two working in small or independent outlets.

The researcher developed a rather open-ended theme sheet (See Appendix seven) in an attempt to gather a variety of opinions to develop discussion on and to allow a variety of points of view to emerge, thus strengthening the primary research findings on marketing and customer service policies within the retail sector. It was also developed as the researcher only wanted a general overview and to determine if there was any differences between the opinions of managers and employees regarding marketing activities and customer service.

4.7.1 Employee view of marketing activities

When the participants were asked to discuss the marketing activities of the outlets they had worked in, all spoke of promotional activities that managers carried out. Several participants acknowledged that there was no real marketing carried out, although management did focus on providing high customer service to increase word of mouth. Where marketing activities, mainly promotional were mentioned, participants made reference to the benefits of in-store promotions and while such activities were effective in generating new customers and attracting people to the store it was not necessarily effective in retaining those customers, whereas good customer service and word of mouth were thought to have helped gain and retain customers in the long-term.

4.7.2 Customer service

When participants were asked to describe customer service in the place of employment all stated that customer service was a high priority and all stores aimed to provide good service. However, the point of view of several employees was that the customer service policy could

be somewhat off-putting to customers in such instances where the customer was just browsing or knew what they were looking for.

When asked if they felt the customer service policy was effective the majority of participants discussed such issues as exchange and returns policies. All respondents in this case stated that such policies were very fair and customer orientated. However, several referred to the actual daily dealing with customers and that approaching customers could be somewhat annoying and off-putting. Finally, the participants also discussed the nature of departments within the organisation, within larger organisations, and that the lines of communication were not always clear.

With regard to customer service policy and its importance within overall company code and practice, participants felt that customer service is vital to any businesses' performance; however it is not always the case, several employees felt that management say customer service is important but that selling will always be first priority.

4.7.3 Customer service training

Customer service training was also included in the survey. The following views were expressed with regard to training:

- training was provided and was very useful,
- training was provided but was basic and viewed as 'common sense'
- finally training was not provided but participants would have liked training.

For those participants that had received training, when asked if training was effective when put into practice a variety of opinions were offered. Several participants felt training was helpful in some areas but overall it was somewhat ineffective.

4.7.4 Customer interaction

When asked what good customer service was, again a variety of responses were gained. The most common views included basic manners, making the customer feel welcome, listening, resolving issues, building relationships, ensuring customer's needs, wants and expectations were met, advising, showing empathy and personal appearance was also mentioned as being important.

4.7.5 The customer is always right

When asked to voice an opinion on this statement, participants gave rather ambiguous views. Several respondents agreed with the statement to an extent. Others stated that the customer is not always right but should be made feel as though they are, and finally that it depends on the nature of the business and if policies and regulations are adhered to as displayed by the outlet then issues should be resolved in an efficient and fair manner regardless of right or wrong.

When asked how certain issues were dealt with the most common themes included dealing with issues in accordance with company policy, asking customers what was wrong with the product and why they wished to return it, keeping a calm manner and listening to the customers situations, using discretion and customers requests must be reasonable.

4.7.6 Current areas of change

From the group only two respondents were still employed within the retail sector. Working conditions and marketing activities are the areas that change has been most apparent since the onset of the recession. The same level of customer service is still being provided, employee hours of work have been cutback, and one of the businesses has entered receivership so numerous changes will take place. Finally, management have engaged in more marketing activities and less traditional or more unusual marketing activities.

4.8 Interview with professional marketing executive

After discussing the findings from the first phase of data collection, the interviews with owner/managers the selected professional had a variety of comments to present to the author.

4.8.1 Marketing activities

Firstly, confirmation was granted based on the marketing activities carried out by small retail outlets with reference to the fact that most owner/managers still only carry out traditional marketing activities which is press, radio and newspapers with little focus on newer forms of media such as social networking and media. From working in a media and PR based business the opinion offered was that small business owners need to be educated on the value of marketing, and what marketing entails now. According to Ms. Burke:

‘Small business managers think that advertising in the local paper and on radio is marketing, and also, they spend a lot of money but do not measure the return on investment and don't actually generate a return.’

4.8.2 Marketing budget

The opinion offered on this was that although owner/managers claim they don't have a budget they still spend money. In addition to this expenditure is not strategic and will not necessarily generate a positive return. As Joanne states:

‘Money is spent at such times as Christmas when an urge to do something is felt. Therefore a budget should be drafted for such activities.’

4.8.3 The value of public relations

Ms Sweeney-Burke also emphasised the value of PR and that small businesses that have engaged in PR are somewhat amazed by the benefits of PR campaigns and the cost equivalent to advertising coverage. As Ms Sweeney Burke states:

‘That's PR, it's very powerful but it's all about education, and that business people don't understand how valuable it can be.’

4.8.4 Reasons why companies choose such traditional marketing activities

When asked to discuss the reasons why companies tend to only engage traditional marketing activities the view was that it is due to lack of understanding regarding newer forms of marketing and how inexpensive it can be. In addition, Mediabox place emphasis on low cost, high impact marketing activities in times of economic difficulty as cash flow is restricted. She stated that:

‘During the boom marketing wasn't essential, businesses advertised because they had the money to do so but now the general opinion is that marketing needs to be cut. Business people do not consider the value that can be achieved for little or no money.’

This relates back to the concept of value for money. It is not just consumers who are seeking value or money but business managers should also seek value for money with regard to marketing and promotional activities.

4.8.5 Customer service

In relation to the findings from the depth interviews it was discovered that few managers pay little attention to customer feedback. Based on this Media box have developed a number of packages that offer clients the infrastructure to make sales, building a database for which they can market, doing market research on their competitors and on their potential customers. This suggests the importance of obtaining feedback and building on customers' needs and wants

‘In terms of customer care and service the view was that it is extremely important but definitely lacking. If a business is not competent in areas such as accountancy they

would naturally hire an accountant, however this is not the case with regard to marketing. Similarly, for other businesses they are not a marketing business but if they don't engage in some way in marketing then they are not maximising their opportunities.'

4.8.6 Consumer behaviour and how businesses should retain customers

From discussing this topic the view was that businesses need to measure the return on investment of their marketing. Additionally, online marketing and product research is becoming increasingly popular. Consumers are researching products online, however are still purchasing offline. Therefore if a company is not online then consumers assume that they are not in business

4.8.7 The relationship between academic principles and business practice

Although there is a relationship between academic principles and business practice of marketing, it is not necessarily the best way to discuss marketing with business people. Generally, business people do not want to talk in terms of theories but more so, case studies that are relevant and that they can relate to their own. As Joanne stated:

'The academia is necessary to prove what works but it is not always relevant to a business person.'

4.8.8 Differences between established business and newer business

In accordance with the findings of phase one, and the view of Ms. Sweeney-Burke it was found that newer businesses are more open to newer forms of marketing and media, whereas the older business are less likely to branch out from traditional forms of marketing.

4.8.9 Niche markets and perceived competitive advantage

From the interview, it was concluded that a niche market is in a better position as they can market directly to the consumer and that during a recession a niche business is more likely to succeed.

4.8.10 Customer service training

It was also found that training should be incorporated into every business. It is necessary to provide staff with training as that is the first point of contact for the consumer.

4.8.11 Word of mouth

Finally the topic of word of mouth was discussed with the view that a personal recommendation can sometimes outweigh any form of promotion or marketing.

Overall the expert opinion was that educating business people is a big challenge for companies such as Media box. Owner/managers do not realise the value of adopting and implementing new forms of marketing and engaging in PR. It is essential that marketing is not viewed as a luxury or an unnecessary expense but as a necessity that is essential to increase profitability.

4.9 Conclusion

The three phase research approach yielded some interesting findings, regarding marketing in small retail outlets. It is clear that marketing in small retail outlets is still rather limited with only a few businesses adapting to newer forms of media. Based on the findings of this study it is apparent that newer businesses are more inclined to change and adapt marketing activities than more established businesses, which tend to continue the same as always.

From the findings it is also clear that there is a strong link between marketing activities and performance during a recession and that failure to adapt can lead to a significant drop in customer base during times of economic difficulty.

Although businesses do discuss customer service in an informal manner, training should be provided. Additionally, customer databases, methods of obtaining feedback and strong communication with customers are vital to the success of any business, not just retail.

It is still apparent that small business owner-managers still hold a perception that marketing is expensive and an activity more suited to larger organisations. Finally it is clear that small business owners and managers need to be educated on the value of marketing and how important it is to a business.

Chapter 5

Conclusions and recommendations

5.1 Introduction

Although the respondents of the owner manager interviews conducted what they felt was marketing activities, the majority only carry out traditional marketing in the form of general advertising. There is some focus on branding, yet it is only based on having a brand name that is consistent with all parts of the business there is little continual brand building in the mind of the customers.

5.2 Marketing activities

All businesses, even small retail outlets should continually adapt and engage in new forms of marketing, without necessarily spending a large amount of money. A simple website, engaging in social networking and developing PR campaigns should be a high priority among owner/managers.

5.2.1 Marketing budget

Although owner/managers tend to spend consistently on marketing, they may do this in a reactive manner, without always evaluating the benefits of the expenditure. A budget is essential to measure the effectiveness of any activities or campaign and to measure the return on investment. That way, managers will be in a better position to identify what is generating income and what is not.

5.2.2 Customer service, customer feedback and customer retention

Although both management and employees within the retail sector understand the importance of customer service, training should be implemented on an annual basis or with the employment of new staff. In addition, formal means of obtaining feedback should be put in place to help understand customer needs and wants. Also, building customer databases can be an invaluable tool in helping to define and meet customer needs and wants, and should be given a high level of importance.

From the findings it is also clear that there is no one true definition of customer service. Depending on the customer base, customer service offering and involvement can vary greatly.

5.2.3 Market research

Finally, all managers should consider seeking a marketing consultant, researcher and/or PR consultant to help give the business direction and maximise potential and identify opportunities. If a business person does not understand the theory of marketing then a professional of marketing should be sought be consulted.

Overall, if a business is to survive, consideration should be given to all possible options that could increase and maintain profitability. The view that marketing is not necessary, irrelevant, or too expensive for small businesses should be disregarded as marketing, even the simplest activities, can greatly improve business performance.

5.3 Recommendations

Overall, there are four key recommendations. To begin with, owner/managers of SMEs should review current marketing activities and aim to increase activity in newer forms of marketing, especially online marketing. Consumers are searching online for the information required on goods and services; therefore a website and/or a social networking page can be a means of informing the customer and help customer base.

Additionally, owner/managers are spending money on promotional activities; therefore a budget should be a high priority. Not only does it determine how much is available for marketing, but a budget, when compared with overall figures and turnover, would also be helpful in determining the return on investment from the activities engaged in

It is apparent that owner/managers are not conducting enough consumer research; therefore it is unlikely that the consumer's needs are being met. It is recommended that owner/managers developed methods of obtaining customer feedback. Simple methods such as comment cards and suggestion boxes would help the business become more customer-centric. Additionally, all owner/managers should implement customer service training programs on a regular basis to ensure consistency among all employees and improve customer retention.

Finally, market research should be conducted by all owner/managers. If owner/managers are unaware of the process of market research or how it should be carried out, a professional should be consulted to help determine target markets and also engage in activities such as public relations.

5.4 Limitations

The main limitations encountered by the author were time and finance. The timescale outlined at the beginning of this research was rather demanding. More time would have allowed for the selection of a larger sample of respondents.

Finance restricted the research from being conducted outside the Letterkenny area due to the amount of travelling that would be required.

This research was also sector specific to one sector being the retail sector. This provides scope for further research in the services sector, a cross sector analysis and a comparison of the retail and service industry.

In addition, a study more focused on the academic aspect of marketing could also be carried out in future whereby the findings could be discussed with an academic expert to provide further insights.

For this dissertation the sample was chosen taking all these limitations into consideration and if time and finances allowed the research could be extended to a larger geographical area.

5.5 Research Reflections

From conducting the research it was found that there were a lot of challenges but also many benefits derived from the process.

Although time, finance and scope restriction prohibited the author from carrying out various activities, the only major problems encountered were the organisation of the interviews and focus groups with the relevant respondents and participants.

Benefits obtained from this research were plentiful and beneficial. I have gained confidence and competency in organising and conducting in-depth interviews with company owner/managers and I believe this will help me in the future. I have learned a lot regarding organisational and time management skills significantly and my confidence in carrying out research has improved immensely.

The completion of this research has been the highlight of the process and the results that emerged are satisfactory in the author's opinion.

I felt the chosen sample was effective in gaining the required information.

Undertaking such a task again, the author would embark upon it with confidence and enthusiasm as the process has proved very rewarding.

5.6 Areas for further research

There is an opportunity to develop research further, possibly conducting more qualitative research within the services sector.

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APPENDICES

Appendix One: Detailed Research Objectives

Overall Objective: To explore the current areas of change in marketing practices in small retail business based in Letterkenny.

1. Explore the current areas of change in customer service as an element of the marketing activities of small retail businesses.

Areas to be examined: Marketing focus, marketing budget, marketing techniques, tools, approaches, position of customer service within marketing activities.

2. Determine the extent of marketing focus on customer service delivery in small retail outlets.

Areas to be examined: Actual Customer service packages, programmes, training, evaluation, dealing with difficult customers.

3. Evaluate the relationship between customer service levels, customer retention and developing customer base.

Areas to be examined: Price sensitive customers, customer base, market growth, competitiveness

4. Investigate the connection between academic principles of customer service and practice.

Appendix Two A: List of Small Retail Outlets in Letterkenny

1. **Argento Jewellers Ltd**
2. **Ball C.T. The Jewellers**
3. **Boston Fashions**
4. **Classic Casuals (2 outlets)**
5. **County Seat**
6. **Dalton Peter K.**
7. **Denim Corner**
8. **Ethos Fashions**
9. **French Connection**
10. **Girlz**
11. **Greenes Footwear (2)**
12. **Griffin Marcus Designer Jewellery**
13. **Il Ritiro Ladies Boutique**
14. **McCallion J & Sons Jewellers**
15. **McCallion P Goldsmiths**
16. **McCullagh Jewellers**

17. **McCullagh Jewellers**
18. **McGarrigle Shoes**
19. **Menarys Fashions**
20. **Morgan**
21. **Perfect Tailors**
22. **Pulse Accessories**
23. **Shoe Zone**
24. **The Corner Shoe Shop**
25. **TK Maxx**
26. **Unique Boutique**
27. **Zain Fashions**
28. **Tesco Ireland**
29. **Bradley Jos**
30. **Centra Shop**
31. **Express Stop Convenience Store**
32. **Vivo (2)**
33. **Albany Home Decor**

34. **Alcorn's Flower & Garden Centre**
35. **Ballaghderg Garden Centre**
36. **BM Blinds & Shutters**
37. **Concept Interiors**
38. **D.I.Y. Centre-Door Store**
39. **Donegal Tile Centre**
40. **Dunnes Stores Ltd**
41. **Fabrics & Alterations**
42. **First Class Blinds Ltd**
43. **Furniture 2000**
44. **Furnitureworld**
45. **Gallagher Garden Centre**
46. **Glencar Furniture**
47. **Glenvale Interiors**
48. **Global Tiles & Bathrooms**
49. **Grove Furnishings**
50. **Mc Mahon & Sons (Johnston James & Sons Ltd)**

51. **Loughside Garden Centre**
52. **McPhilemys Furniture**
53. **O'Kane Furniture**
54. **Pearse Road Furniture**
55. **Pine Ridge Garden Products**
56. **Sky Blinds**
57. **Sofa World**
58. **Speer Ernest**
59. **Spratt H Fireplaces**
60. **Sweeney's Furniture**
61. **Sweet Dreams**
62. **The Curtain Centre**
63. **The Fabric Centre**
64. **The Showhouse**
65. **Wood Park Furniture Ltd**
66. **ABC Bookshop**
67. **Barrs**

68. **Books Direct**
69. **Clarkes Newsagent**
70. **Donegal Stationery Co Ltd**
71. **Noel O'Boyce**
72. **Proctor Brendan A**
73. **Sweeneys**
74. **The Paper Post**
75. **Veritas Bookshop**
76. **Adventure One Surf & Ski**
77. **Brian McCormick Sports & Leisure**
78. **Church Street Cycles**
79. **Cost Cutters Iona Stores**
80. Donegal Sports
81. **Finishing Touches**
82. **La Maison**
83. **Lifestyle Sports**
84. **McCarry's Off Licence**

85. **New Beginnings**
86. **Port Off Licence**
87. **Pound City**
88. **Pounds & Pence**
89. **The Beauty Store**
90. **The Bike Stop**
91. **The Price Is Right**
92. **Timeless Gifts**
93. **Top Tackle**
94. **Toymania Ltd**
95. **Toymaster**
96. **VFM Discount Stores**
97. **Victor's Gift Shop**
98. **Argos**
99. **Ben Sweeney Gas & Electrical**
100. **Boots Chemist**
101. **C Shoe**

102. **Charles Kelly & Son**
103. **Clarks Footwear**
104. **Benetton**
105. **Breslins Fine Furniture**
106. **Carphone Warehouse**
107. **Chateau**
108. **Classic Casuals**
109. **Doherty's Butchers**
110. **Clare Clothing**
111. **Donegal Tile Centre**
112. **CT Ball Jewellers**
113. **Dunnes Stores**
114. **Evolve**
115. **Exhibit Fashion**
116. **Fabric Centre**
117. **Fabrics and Alterations**
118. **Foy & Company**

119. **Michael Gallaghers Menswear**
120. **Gormleys Centra**
121. **Golf USA**
122. **Global Tiles and Bathrooms**
123. **Greenes Footwear**
124. **Hallmark**
125. **Harry Corry**
126. **Jack and Jones**
127. **Homebase**
128. **Link-2**
129. **Magees Pharmacy**
130. **Marks and Spencer**
131. **McFadden Pharmacy Oldtown**
132. **McFaddens Pharmacy**
133. **McGees Butchers**
134. **Menarys**
135. **New Look**

136. **Penneys**
137. **Planet Baby**
138. **Planet Mum**
139. **Private Collection**
140. **Prememan**
141. **Right Price Tiles**
142. **River Island**
143. **Specsavers**
144. **Sony Centre**
145. **Ruths Chemist**
146. **Surprise Surprise**
147. **Tempest**
148. **Xtra Vision**
149. **Zone**
150. **Next**
151. **Heatons**
152. **Holland & Barret**

153. **Easons**
154. **Mace Swilly Foodstores**
155. **McEwen Electrical**
156. **Atlantic Homecare**
157. **Lidl**
158. **Aldi**
159. **Tobins Gala**
160. **Macs Mace**
161. **Joe Gallagher**
162. **Elverys Sports**
163. **Medina**
164. **Piano**
165. **Mourne Antiques, Jewellery and Collectables**
166. **3G Store**
167. **Natural Way**
168. **Private Collection**
169. **Unique Boutique**

- 170. **Herbs & Accupuncture**
- 171. **Meteor**
- 172. **McFadden's Pharmacy**
- 173. **Name It!**
- 174. **Paco Fashion**
- 175. **Barrats Shoes**
- 176. **Castle Interiors**
- 177. **Courtyard Pharmacy**
- 178. **Denim Corner**
- 179. **Comics and Collectables**
- 180. **New Beginnings**
- 181. **Sara Store 1 & 2**
- 182. **Shoe Zone**
- 183. **Wet & Wild**
- 184. **Universal Books**
- 185. **Universal Records**
- 186. **Sprint educational supplies**

187. **O2**
188. **Halfords**
189. **Bassets Bathrooms**
190. **Reynolds Music**
191. **Allure Giftshop**
192. **Avalon Gift ware**
193. **Format Computers**
194. **Northwest Computers**
195. **Compustore**
196. **CyberWorld**
197. **Blooming Kids Children's Wear**
198. **Jules Hair & Beauty Supplies**
199. **The Friendly Meat Shop**
200. **Motobiz**
201. **Carpet Interiors**
202. **Ruth's Pharmacy**
203. **Cyberworld**

- 204. **Treasure Bin**
- 205. **Sweeney Electrical**
- 206. **Irish Oak ltd**
- 207. **Aanee's Flowers and Gifts**
- 208. **Abigails Flowers**
- 209. **Carmen Creations**
- 210. **Flowers by Maggie**
- 211. **Tiger Lily**
- 212. **Glenvale Interiors**
- 213. **Sofa World**
- 214. **Finishing Touches**
- 215. **The House of Harriet**
- 216. **Private Collections**
- 217. **Timeless Gifts**
- 218. **Boston Fashions**
- 219. **One Stop Motor Shop**
- 220. **Gary's Pet World**

- 221. **McGarrigle Shoes**
- 222. **Mountain Top Shop and Service Station**
- 223. **Dress to Impress**
- 224. **Elite Brides**
- 225. **Baby World**
- 226. **Wisteria**
- 227. **Josef**
- 228. **Dfs**
- 229. **Fitness Point**
- 230. **G McFadden & Sons**
- 231. **Express Frame**
- 232. **Bliss**
- 233. **House of Harriet**
- 234. **Birthdays**
- 235. **CK Locksmith**
- 236. **Tokyo**
- 237. **A-Wear**

- 238. **Game Stop**
- 239. **Pounds and Pence**
- 240. **Bargain Homeware**
- 241. **Orions Healthy options**
- 242. **Signal**
- 243. **La Touché**
- 244. **SuperDrug**

Appendix Two B: List of sources used to compile retail business list.

1. Kompass online directory: www.kompass.ie
2. My town online directory: www.mytown.ie
3. Members of the 'Shop LK' campaign. Available online: www.shoplk.ie
4. Chamber of commerce member list. Available online:
<http://www.letterkennychamber.com/members.php>
5. Letterkenny online: www.letterkennyonline.com
6. Letterkenny shopping centre store directory. Available online:
<http://www.letterkennyshoppingcentre.com/store-directory.89.html>
7. Courtyard shopping centre store directory. Available online:
<http://www.courtyardletterkenny.com>

**8. Appendix Three: Theme Sheet 1: Semi- Structured Interviews –
Owner/Managers**

Issues to be addressed:

Marketing Activities

Marketing Budget

Customer Service

Staff Training and Performance

a.1) Identify the extent of marketing activities that you engage in.

a.2) what areas of marketing do you focus on?

Promotions:

a.3) What factors do you consider when developing a promotions campaign?

Advertising

Sponsorship

Sales Promotion

Branding

Merchandising

a.4) How do you draft the marketing/promotions budget?

i.e. is it based on a percentage of the overall annual turnover, Last year's sales/Last year's profit/Competitors' expenses/Affordable, a set amount, or based on the activities you wish to engage in irrelevant of turnover.

Is it based on performance last year/previous best sellers or competitors' product offerings?

a. 4) Pricing:

Loss Leaders

Special Offers

Loyalty schemes and discounts

a.5) Product Development:

Discounted Product Bundles

New Product Offerings

Limited Edition goods

a.6) Distribution

Online

Location

Corporate Branding

Shop Frontage

a.8) What are the main reasons you've chosen these activities?

B) Marketing activities in the past two years/during the recession

b.1) Have you started new activities since the recession/ stopped certain promotions or increased the level of activities you engaged in previous to the recession?

b.2) Given the current economic crisis have you adapted your current marketing activities and increased or decreased the level of marketing?

b.3) If so, what are the main reasons that you changed your level of marketing promotional activity?

- Reduced Budget
- Drop in custom
- Increased Competition
- Competitors lowered prices/increased promotions/advertising

C. Market Research

c.1) Do you conduct formal or informal market research

c.2) Do you conduct any customer research?

For Example: Comment Cards/Suggestions box, general conversations with customers to find out what they would like to see on offer.

c.3) Are your marketing activities developed based on customer needs and wants?

c.4) Ask customers how they view the products on offer.

Is it sufficient/limited/excessive?

c.5) Do you make every effort to meet customer needs and order products if they request them?

D) Customer Service

d.1) What is your current customer service policy?

- Club Cards
- Loyalty Schemes

d.2) Do you have a customer service policy? Customer complaints

d.3) Returns Policy

d.4) Dealing with customers

d.5) What level of customer service training is provided to management and staff?

d.6) Do you have a specific way of dealing with customer complaints and problems?

d.7) How does this match with how issues and complaints are actually dealt with and the level of service recovery, in reality.

E) Staff & Training

e.1) How is training implemented and what measurement techniques are in place?

For example, progress reports and reviews.

e.2) Is there any emphasis on performance related pay in general/or in relation to customer service.

e.3) Are there any measurement techniques to show the impact of marketing, training and

customer service on productivity/repeat purchases?

e.4) How often is training updated and tested?

e.5) Do training procedures change based on economic conditions?

F)

f.1) Do you seek help from a marketing consultant/academic of marketing/customer service?

f.2) Have you noticed a change in customers shopping patterns in the past year?

- Buying less
- Buying cheaper non branded items
- Buying cheaper goods in bulk
- Not shopping as frequently

f.3) If so have you based any promotions around this change in shopping patterns?

- Increased offers
- shorter opening hours

Any additional information that may be relevant to customer service level studies

- 1) **Name:** Evolve
Address: Unit 3B Letterkenny Retail Park
Tel: 074-9161615

- 2) **Name:** Foy & Company
Address: Port Road Letterkenny
Tel: 00 353 (0)74 9121925

- 3) **Name:** La Maison
Address: Canal Road
Tel: 074-9161694

- 4) **Name:** Brian Mc Cormicks
Address: 56 Upper Main Street Letterkenny
Tel: 074-9127833

- 5) **Name:** Classic Casuals
Address: Main Street
Tel: 074-9122376

- 6) **Name:** Gallaghers
Address: 5 Lower Main Street
Tel: 074 9121257

- 7) **Name:** Golf USA
Address: Unit 2 Pearse Road
Tel: 074-9120363

- 8) **Name:** McGees Butcher
Address: Unit 29 Letterkenny Shopping Centre
Tel: 074 9176567

- 9) **Name:** Magees Pharmacy
Address: 27 Upper Main Street
Tel: 074-9121409
- 10) **Name:** The Wine Buff
Address: Oliver Plunket Road
Tel: 074-9120075
- 11) **Name:** The County Seat
Address: Lower Main Street
Tel: 074 9121763
- 12) **Name:** Piano
Address: Oliver Plunket Rd.
Tel: 074 9126230
- 13) **Name:** Wisteria
Address: Oliver Plunket Rd.
Tel: 074 9127939
- 14) **Name:** Chateau
Address: Forte Shopping Centre
Tel: 074-9120120
- 15) **Name:** Mc Callion Jewellers
Address: Courtyard Shopping Centre
Tel: 074-9127467

Appendix Five: Interview Log

Name: Evolve

Address: Unit 3B Letterkenny Retail Park

Date: 7th July 2010 10:00am

Name: La Maison

Address: Canal Road

Date: 15th July 2010 13:00

Name: Classic Casuals

Address: Main Street

Date: 6th July 2010 10:00am

Name: Gallaghers

Address: 5 Lower Main Street

Date: 19th July 2010 11:30

Name: The Wine Buff

Address: Oliver Plunket Road

Date: 1st July 2010

Name: The County Seat

Address: Lower Main Street

Date: 19th July 2010 11:00

Name: Piano

Address: Oliver Plunket Rd.

Date: 7th July 2010 11:00

Name: Wisteria

Address: Oliver Plunket Rd.

Date: 21st July

Appendix Six: Depth Interview Transcripts

Interview A

Can you identify the extent of marketing activities that you engage in?

We tend not to spend too much money on marketing. We try to keep it as cheap as possible. The most important thing is our customer database so every time our customers come in we try to get their details, try to get their email address, mobile number and their name and basically we keep that information so we have about 1200 people in our database and then I send them an email every week telling them what's going on in the shop, what free tasters we're doing and what events we're organising. That's the most important thing.

We use Facebook as well, shop Facebook page. It's updated every week. I think there are nearly four hundred people on that. It's free and it's away to get the word out. I do up a video blog once a week even though it makes me look like an eejit. So we do that video blog every week. We don't really use newspapers at all because we don't think it really works. We do food and wine nights, as it gets the word out to people that wouldn't normally come into the shop, so again we use the database to tell people there's food and wine nights coming up and all the people who haven't been before will come to that.

Because marketing is kind of everything to do with the shop we try to keep the shop as clear as possible with all the prices and what's here and what's there and good information about the products. Also at the front you've got the chalk board up, for passing trade because we're in a very good position, we have all the cars coming in so we change the sign everyday to let them know what we do.

Sponsorship

We do very little because we don't think it pays.

Branding

It's a franchise, there are 14 throughout Ireland and the franchise controls the branding. I think it's a bit dated but that's their job not mine.

Marketing Budget

I should probably plan it better. I kind of do it as I go but I'm not a marketing person but I do

read marketing books occasionally to try to understand a bit more about it but I'm learning as I go and I should have a plan but I don't have an official plan.

Competitors

Well we're in a niche market. We stock slightly higher end brands and even though there is the supermarkets we don't really see them as much competition. I do my own thing I don't worry about them to be honest.

Pricing

Last year the average price of a wine was €14. This year it's about €11 so it's changing a lot. That's why the layout of the shop shows that we have lower priced wines so that people don't think it's all too expensive.

Marketing

There's a food and wine critics festival next month in Donegal town so any festivals we go to because we sell a lot of wine.

Product Offering

Well we try to just do offer prices, so the guys who control the franchise will bring in wine at a good price and we do offers bundles. We do web texts. We use a program on the internet that sends out web texts to all our customers when we put together a special pack, for example 6 wines and we'll put a reasonable price on it. It's one of our most effective marketing tools because we get one or two percent of people taking up the offer. You might think it's small but from 1000 people that's 10 to 20 people.

Reasons you've chosen your marketing activities?

It's because it's the cheapest and the most effective I think.

The shop is open since 2006. I started in 2008, I'm new to retail but I probably could use a marketing company but I just want to do it myself, learning as I go. We are meant to get marketing support from the franchise but I don't think they're particularly good.

We were told at the start never to spend money on newspaper advertising so we've never done that and we're doing more on the customer database. That's the most important thing because it's kind of checking up on who's buying what, so if anything comes in you can contact them

to let them know.

Market Research

We were thinking of using a few free surveys online which I might e-mail to my customers to fill out a survey and find out what they think. I haven't bothered yet but it would be good to get a bit of feedback and I think there are free ones online.

Comment Cards/Suggestion Box

No, that's another thing I maybe could do.

Do you ask your customers how they view the product offering?

It's another thing I maybe should do. I get a bit of informal feedback when I'm talking to them about the wines but there's nothing formal.

Do you have a customer service policy?

"Treat them well". I always put myself in their position with everything I do and try to think if I walked into a place how would I want to be treated and how I'd want the shop to be laid out and all that kind of stuff, make it as simple as possible.

Employees

It's just me and I have one other person that works for me on Mondays.

Customer Service Training

I do pass on how I think people should be treated but there is nothing official. She's an older lady and she's used to dealing with people very well. She's very good.

Changes in customer behaviour/trends

Yes we're in the first couple of years of operation so we're up about 40% each year. We're starting at a low base but we're growing quite quickly but we noticed that people are spending less so we just need to get more customers in to keep it going, but that will soon change but we are on the up so we're getting a lot more customers in but each spend is less.

Do you think the reason your customers are starting to increase is because of your activities?

Yes the emails and word of mouth. Word of mouth is the big one in my view. If I send out wine offers they'll tell other people, and get good service which I like to try and do and if they like the product (wine) then they'll tell a lot of people. Just treat them all well!

Could you identify the extent of marketing activities that you do?

Do you mean what sort of media do we use? Well we just have our sale when your sale is meant to be on. You would be advertising then on radio, papers, facebook, and internet.

And would you depend on one method more so than another?

We depend on radio more. Radio would be number one for us anyway.

What factors do you consider when your developing the advertising campaign? Radio/Sponsorship

We would vary it from time to time. It's usually just stand alone ads otherwise we do sponsor programmes as well, maybe sponsor the Shaun Doherty show there at times or the Lee Gouch show, things like that and you just get more mentions rather than just ads, just depends if we're doing a campaign we might sponsor a program to make people aware of it.

Do you have a set marketing budget?

We do have a set budget, usually, sort of done on affordability, just with it being a new shop we wouldn't have any real records to go on, compared on turnover or anything like that so more or less what we can afford but we do have a budget set aside.

Pricing

We wouldn't do any loyalty schemes but it's something we're looking into. We have built a customer database which we would then text as well.

Distribution

Online e.t.c

We did move but we've just moved a few doors up for more space.

Branding

Well it's just our logo. We keep everything we do in line with the colour scheme of the shop. Our colours would be mainly black and white, our adverts are always done in black and white and the inside of the shop is black and white. All kept in line with the logo

Changes during the recession

We only started off during the recession so we don't know any better. It's a good enough time

to start off anyway.

Say within the past year have you noticed a change in customers shopping patterns?

Yes people are spending more now than they were a year ago, there's not as much negativity out there. There definitely seems to be an upturn in customer spending.

Do you do any formal market research?

No, we wouldn't really do any market research at all. It's hard enough in this game to do market research. But we would do it at trade shows that we go to in Europe and see what brands are working well for other people. That would really be all.

Customer Research

No we wouldn't have any comment cards or suggestions at all. We would speak to them at the till because it's quite a small company. We can get to know people pretty well in the shop.

Customer Service – Do you have a set policy?

Yes we do. Customer Service would be something we feel very strongly about. We would all be given training in customer service first of all. We updated the training about six months ago since then we haven't really had to change it.

Service Recovery

We don't have a set recovery policy but any complaints just come to the owners here so there is no real need. Usually if they came to one of the staff they would just refer them to one of us and it would be dealt with there and then.

Marketing Consultancy?

No we don't, we just do it all in-house.

Interview C

Could you identify the areas of marketing you engage in?

This is quite a low key outlet so I only really use local radio advertisements.

I would do some sponsorship now and again for events if people call in to the shop and ask.

Word of mouth is the most important.

Do you have a marketing budget?

I don't have a budget; I just spend as I go along.

Do you have any loyalty schemes or discount schemes?

I do offer discounts unfortunately. I offer discounts to my good/regular customers of 10%, then for friends it's 20% and family it's 30%.

Pricing

We all have to sell our products at a set price with a mark-up of around 2.5 % then there are the sale items at the end of season's e.t.c

Do you do any online marketing?

I don't do any online marketing or social networking but I do use the internet to order a lot of my stock. The layout of the shop is based on brands with one brand in a particular place.

Shop frontage is important as it's a window display.

Have you changed any of your marketing activities in the past two years?

I have not adapted my activities in anyway, I have always used radio adverts and the shop is quite established and well known by now.

Do you carry out any formal market research?

I don't conduct any formal market research as; again it is a small and low key outlet. I don't have any suggestion boxes/ comment cards as I just talk to the customers while dealing with them.

Do you have a customer service policy?

I don't have a specific customer service policy. Most of my customers are regulars so I know a large majority of them on a personal level. I do allow customers to take products home with them to try them out, and then they would come in the next day to either purchase or

return them. If it is a good customer or regular customer who has purchased something that they are not happy with I will gladly refund them or offer a credit note. However no returns are accepted on sale goods unless they are faulty.

Do you give your staff training?

I have two other members of staff, one member who works two days per week and another who fills in when needed

One of the staff members could probably train me in customer service. They are both experienced and well used to dealing with customers in an efficient manner.

I don't seek any marketing consultancy as I don't feel it's necessary.

Have you noticed any changes in customer behaviour?

Well the shop has been in operation for over ten years, I have only taken over 3 years ago but I have noticed a change in customer behaviour and it's not for the best! Regular customers don't call in as often or spend as much either. Pricing remains the same unless for sales e.t.c.

Do you do much Marketing?

Do you mean radio?

Yes advertising and promotions?

Yes bits and pieces in radio and newspaper.

Do you do any sponsorship?

Yes we do, we sponsor the local schools football teams and things like that.

Do you have a marketing budget?

No we just do it as we go.

Pricing

Its cost price plus a mark up then seasonal sales, last of stock e.t.c

Do you do any online marketing?

We're actually in the middle of setting up a Facebook page

Do you have a website?

We don't have a website as such but we're linked. For instance Letterkenny online, have a link that tells people a bit about the shop.

Branding: Do you work on promoting your brand/shop name?

We probably should work more on it. We're here now 25 years so we're kind of well known at this stage.

In the past two years what's the big changes you have noticed?

Spending less, definitely spending less.

And have you adapted any of your marketing/promotions to deal with this?

Well you adapt your buying (stock). On the other end a lot of the prices have come back because the companies/suppliers know that they're not going to get the same money. They have adapted their prices back but we probably have done a bit more advertising.

Do you do any formal market research?

Mainly just trade shows, we have to go to a lot of trade shows

Do you have a customer service policy?

We don't have any loyalty schemes or club cards.

Do you train your staff in customer service?

We would, but most of our employees have been here a long time too, most of them are here six or seven years or more but when we take on new products come in you would speak to them and tell them what it's about.

Do you seek help from any marketing consultants?

We are looking at the moment, at the minute we're looking at it from every angle/ weighing up options.

Additional comments?

Not really, it's a downturn so you just have to adapt, it's properly the best time to adapt, when things are going well you don't see the need to change.

Marketing Activities

We used to do the radio, we used to do the newspapers, a lot of big newspaper ads, that free ad, free for people but not so free for me (business adverts) to advertise in now but I've stopped it all now. Except for the Post (Letterkenny Post), its brilliant, that's what really works for me. It's different for me because my shop is just images, I just keep putting big coloured images for dresses and you know what women are like, no writing, just images, and I think that's what works best for me, that sell best. We've done the radio adverts, newspapers all that but I find images is what works best.

Length of Operation/Recession

In operation nearly 5 years. The last 6 months have been the busiest I have ever seen because we've got a niche. Clothes and weddings, my business is specific, occasion wear, clothes, dresses, bags, shoes, jewellery/accessories. We can honestly say we have never been busier. Literally its appointment after appointment, people can't get in. We're very lucky.

Staff/Customer Service

I have two girls who are part-time but they are family so they know the ins and out of the business and I don't feel they require additional training.

Sponsorship

Yes sometimes I would sponsor events and the like, I sponsored one of the dresses for the LYIT strictly come dancing. I would sponsor a few now, it depends what it is, but you always have someone, each week asking about sponsorship. We always try to do a bit as it gets your name out there too.

Branding

Everything has the logo, letterheads, bags everything has the logo the same as the sign outside. Building it up, people just know, they get used to it even though they never get the name of the shop right in the first place, no matter how much branding you do.

Most effective means of promotion

Word of mouth is how I get almost all of my business. It's the best, well in this kind of shop because it's a niche and somebody is going to a wedding and there's 200 guests and there is

ten of my dresses there, if I get another 20 people asking, and you always know because on a Monday morning we get them all in looking because we make the head pieces and everything too for people. It's the best way, I can't ask for any better.

Trade Shows/Wedding Fairs

I don't go because I don't have too.

Competition

There is competition in Letterkenny but they are slightly different. There is one over in the courtyard but they do a different range. It's more conservative whereas I do young, all the party dresses, and dresses for the night and I do the mother of the bride but I do all the proms as well and then see it's like a one stop shop as we've got dresses, shoes, bags, accessories, jewellery, headpieces and because we do custom shopping for people too because I think people will go somewhere if they can get everything they need for an occasion in the one place.

Marketing Activities

Mainly we just do Highland Radio and the Letterkenny Post, but a lot of it is kind of word of mouth as well, we don't spend a fortune on advertising to be honest.

Sponsorship

We do, we do a lot of school uniforms, we tend to do one big thing for each school that we do every year. We don't do a lot of other kind of sponsorships like we don't do football team sponsorships or things like that, there is always people in looking for wee bits and pieces. If it's something around the town we will always contribute something, nothing

Branding

Not really, just the advertising

Marketing Budget

We just spend as we go depending on how the year is going really, we don't set out with a fixed amount.

Online

No we don't do any online business.

In the past two years, what's changed?

Probably kept advertising level the same but we've probably actually done less rather than more to be honest.

Changes in consumer behaviour

Well, I suppose what we notice is that people only buy now when they actually need something, there is very few impulse buys anymore. I think that's the biggest change, when people come in now they come in for something because they have something on, but we used to have people who would shop every week or fortnight but they're gone now, as I say we miss the builders.

Market Research

No formal market research, we would just go to trade shows.

Customer Service Policy

We have one policy where we just kind of give, if somebody spends 50 euro we give them a card that allows them 5 euro of their next purchase.

Staff and Training

We don't do official training, the staff we have we've had for a long time but we talk about it but not in a very formal way. But we would talk about it, it's not like a big organisation, we don't have formal sit down meetings but we kind of discuss things like for instance if we have an awkward customer and how we would handle that but nothing in a really formal way.

Marketing Activities

Well we would advertise mostly on radio, we used to do the papers but you wouldn't get as good a response to be honest and then just the signs on the windows and that to get the passing trade.#

Sponsorship

Aye well Michael would do a lot of sponsorship for Golf classics and the like for charity and that.

Branding

Well we would when we're advertising and then we would name all the brands we stock in the advertisements as well.

Budget

Well we would have a budget but it can change

Online

No online business, most of the other shops probably do online but we keep it very straightforward.

The past two years.

Probably done much the same you know when the sales are on, the same kind of thing as every other year.

We're not making as much anyway. Probably get half of what we used to get, its serious.

We have a good clientele built up so you would get the same customers back in but not new customers.

Market Research

No just trade shows every six months.

Training

No formal training, we all know the ropes by now.

Customer Service.

Regulars would get discount but no cards or anything like that.

Would you like to identify the marketing activities you engage in?

We would do a lot of customer texting and emailing so it's sort of marketing within or own customers. We would do the odd radio and newspaper advert but it's mostly just direct marketing to our customers.

Do you do any sponsorship?

No we don't

Branding: Do you work much on building your brand?

We do, yes, we would, and we have the names on all our labels and all our tags and our gift-wrap.

Do you have a marketing budget?

We have, we would work out at the beginning of the month how much we would have to spend on marketing but we towards summertime, weddings, Christmas time would be our big marketing things so it would be specifically for certain products that we have in the shop. That's what we spend or marketing budget on rather than doing a monthly thing really.

Pricing

No we find we have a lot of things you find exclusive retailers, so because our overheads are lower we find that for the products we have that you get in other places, or price is quite competitive, for those reasons because our costs are down.

What sort of online activity do you do?

We have a facebook page, a twitter page and we also have a website.

Is there any particular reason you have chosen certain marketing activities over others?

It's what our customers are using, it's customer demand really and what they respond too.

Length of operation

We're in operation five years this month.

What changes, if any have you made in your time in business?

We have now branched into services also and interior design and we would sell a lot of

corporate gifts, so it's not really just a shop any more. We provide a service; we run courses and classes and also provide wedding services. So its retail and service based.

Did you make any such changes due to the recession?

No it was always part of the plan.

Have you noticed a big difference in your customers' behaviour?

Yes, just there is a different spending pattern and a different buying pattern so you have to adapt to buy in stuff, more reasonable items.

Do you conduct any market research?

No, but with our customers we do, but not externally but within our customer base yes.

What sort of customer research do you do?

We have a suggestion thing on the counter; we would also have feedback from our courses, such as evaluation forms on the classes. We would also ask for peoples feedback if we we're doing interior design.

Do you do any customer service training?

We do indeed; we would spend a lot of time on customer service, just discussing selling and stuff like that.

Do you update your training or is it just informal?

I suppose it would be informal as we only have five staff. But it's ongoing all the time, and also the staff would have a lot of suggestions and changes as well.

Do you seek any marketing consultancy?

Well now that we are doing our five year anniversary we have taken on a Marketing and PR consultant, she's excellent.

Type of Retail Outlet

Could you describe what sort of retail outlet/s you work/ed in, I don't require the name but just the type of organisation: Chain store/franchise/small independent e.t.c and nature of business i.e. fashion/grocers e.t.c.

Marketing activities

Do you feel the marketing activities (promotions/advertisements e.t.c of the retailer you work/worked in are/were effective in gaining new customers and retaining customers?

Customer Service Policy

How would you describe customer service in your current/past place of employment?

How do/did you view the customer service policy in your employment?

Do you feel it was effective? Reasons why or why not?

Do you think customer service is/was an important part of the overall company code and practice?

Customer Service Training

Did you get training in customer service?

If not, would you like/have liked training?

If you did get training, how effective and helpful did you think it was to your interaction with customers?

Did you put your training into practice when dealing with customers?

Customer Interaction

What do you think good customer service is?

Do you agree with the statement ‘the customer is always right’?

How would you deal with certain issues such as Returns/faulty goods/awkward customers/
Unsatisfactory product/not happy with purchase e.t.c?

Recession

Finally, if you are still currently employed within the retail sector have you noticed any major changes in the following areas?

Management Policy

Customer Service

Promotional Activity (Increase/decrease)

Cutbacks in certain areas

Fewer Customers

e.t.c

If so can you give a little more information on such changes?

Appendix Eight: Retail Employee Focus Group: A Selection of Comments

Marketing activities

“I think that marketing budgets are used ineffectively.”

“They did a lot to generate new customer but very little to retain current customers. Many promotions are geared toward attracting and benefiting new customers but very few are generated for existing customers.”

“The shop did a lot of marketing activities, there were in store promotions almost every week and this was well advertised on shop fronts. When the promotions/sales are on, this definitely attracted new customers but I don’t think it necessarily retains customers. When it comes to shoes I think people will go anywhere to buy them and the majority of people are not loyal to a specific shop.”

“When I worked in Drumkeen, it was a new store so therefore the advertising campaigns would have helped gained new customers.”

“The shop didn’t do any marketing, run any promotions at the time when I worked there, it was mainly word of mouth and the excellent customer service that was provided by the proprietor at the time that helped the shop to gain and retain our customers.”

Customer Service Policy

“On a whole I would say it has been pretty poor. The larger stores have had detailed customer service guidelines and customer care teams but the smaller run business were dealt with on a case by case basis with no clear guidelines”

“The company aimed to have a good customer service; However, I felt it may have been overdone as it was quite off-putting to a lot of customers.”

“I would say that the customer service is very good in my current and past place of employment”

“There was no real customer service policy in any shop; you just had to ensure that you

provided a high level of customer service and to remember that the customer was always right.”

“Good customer service fair with exchange on damaged goods, or exchange with or without receipt.”

“My view of the customer service policy was that it was a good one for the nature of the business; fast paced, low cost, grab and go. Customers expected to get in and get out, the customer service was efficient in dealing with this through staffing policies, sales figures and consistent figures enabled the company to have the appropriate amount of staff available at a particular time of the day, stage of the week, or even the year etc.”

“No I don’t think the customer service policy was effective as the line for feedback was not always clear and the customer care department did not deal directly with the customers.”

“For the majority no, because a lot of people get annoyed when you approach them because often they are only browsing or else know what they are looking for.”

“Yes I thought it was effective as there can be a lot of hassle with exchange of goods in many retail outlets”.

“Companies say it customer service is the main priority but in my experience the sale will always be priority”.

“Customer service is extremely important and can reflect and in some cases damage brand image.”

“I believe customer service is one of the most important factors of any business. If you don’t have excellent customer service, you will only end up losing all your customers.”

Customer Service Training

“Yes we got training but the training was common sense i.e. smile, say hello, ask them are

they okay...nothing that you wouldn't know to do yourself"

"I wasn't provided with any customer service. I would liked to have been sent on a training course, as I might have learnt something new, although I would consider myself to be providing excellent customer service"

"We had a system called passport to success which goes through everything from customer service to health and safety. But in realistic terms you learn customer service by practical work through your initiative."

"Training is key for any job no matter what the position; it sets expectations and ensures that standards are met for not only the customers but the company's success."

"In some areas training helped to deal with objections but overall no it did not help"

"Not helpful since I felt it was basic common sense and courtesy"

"We didn't get that much training, again your own initiative and friendliness went a long way. Maybe some people need customer service training, it would have been practical."

"Any team working in a customer service environment should have training so that there are no inconsistencies, all customers should get the same level of customer service."

"I always tried to be friendly and helpful to customers."

"The training provided had to be put into practice. The training was industry standard, if the training was not put into practice then we would not have the customer base that the company has today. For everyone one bad customer experience 20 people will hear about it and those 20 people may never want to use the company, this was an example used in training and it is very true."

Customer Interaction

What do you think good customer service is?

“Listen, resolve and rebuild the relationship.”

“Ensuring the customer’s needs and wants and expectations are met before, during and after sale!”

“Staff members need to make contact with the customer ensures they are ok. A customer needs to know that the staff are there to help but not necessarily bombard them once they enter the shop. If a customer is making a purchase, they should be made aware of what is in store i.e. alternative options if what they are looking for is not available”.

“Basic manners such as Hello How are you today? Starting up a basic conversation, making the customer feel welcome, using please, And Thank you etc.”

“Customer service is extremely important as it is a main factor in minds of consumers. Especially in the likes of women’s retail.”

“Listening, Advising, Doing what can be done for the customer within company policies.”

“If a customer cannot be helped within the policy, advice can always be given on where the customer can be helped.”

“Although a customer may not always be right, we should always see it from the customer’s side.”

“Empathy and understanding is a huge factor in customer service.”

“Personal appearance and hygiene is very very important.”

Do you agree with the statement ‘the customer is always right’?

“Yes and no! I agree with it to a certain extent but often the staff members have to deal with problems that are completely out of their control so I feel management need to be more customer service aware.”

“No, they are not always right”

“No, but they should be made to feel like they are.”

“Depending on the nature of the business, in retail there are laws, laws should be respected and customers rights should be respected within reason, if the customer is not right then empathy and explaining has to be used, the customer has to be listened to and the customers wishes must be respected however the customer should not always be given what is requested, as I have said there are policies in place and they have to be respected especially in the current economic climate customers will see that policy is strictly adhered to however advice and consultation will be given for the future.”

How would you deal with certain issues such as Returns/faulty goods/awkward customers/Unsatisfactory product/not happy with purchase e.t.c?

“In accordance with company policies if they have a receipt take it back.”

“First of all I would ask them what was wrong with the product/service, why they are returning it and what they are looking for i.e. refund/exchange. I would then check the product to ensure it is as it was when purchased before exchange/refund could be offered. I would also try to offer an alternative product if I felt they needed it.”

“I would keep a cool calm manner, listen to the customers’ situation and deal with the situation in such a way that the customer would be satisfied and would be returning to the shop again.”

“Returns policy is set out which consumers can return for another item if the tags are attached, for a money refund the receipt is needed otherwise credit vouchers are given out. Faulty items are exchanged no problem or a money back.”

Recession

Finally, if you are still currently employed within the retail sector have you noticed any major

changes in the following areas?

“We are currently in receivership, so no doubt there will be many more changes to come.”

“The shop had fewer customers in the recession, I think at one stage they had an in store promotion with a DJ in store. So it was out of the ordinary marketing activity in an attempt to get more customers into the store. I’m not sure what else they have done since I left.”

Issue 1: Marketing Activities in small retail outlets:

Main marketing activities: Newspaper and radio adverts, sponsorship, branding, social networking and online activity not so much.

Could businesses benefit from more online activity?

No real marketing budget, could a budget help

Little Formal Market Research/ Consultancy, could conducting market research really benefit a small retail outlet or would the expense outweigh the benefits? Are trade fairs and sales reps opinions enough?

Reasons for chosen activity included cost effectiveness and overall effectiveness; locally radio and newspaper were seen as the highest used methods of advertising

Issue 2: Customer Service

Training: 3 outlets conducted some form of training, the remainder did not but talked about it, had staff there for several years. Should training be offered even with experienced staff or is an informal approach better for a small retailer.

Feedback: Informal but the majority of respondents did not use comment cards/ feedback is obtained in an informal method by talking to customers during transactions.

Customer Database/web texts: Should smaller retailers engage in mobile marketing.

Databases are obviously beneficial, why do retailers not engage in this.

Is word of mouth more effective than any advert?

Issue 3: Consumer Behaviour

All respondents saw a sharp decline in customer spend and frequency. How do you think managers should deal with this from a marketing perspective? Adapt/reduce spend/maintain spend as before.

Issue 4: Relationship between academic principles and actual business practice

Do you feel that academic principles of marketing such as customer service, targeting e.t.c are implemented in business and reflective of what a business do in its daily operations or is it more concerned with larger organisations.

Issue 5: Differences between newer businesses (set up within last 5 years) and more established business (in operation for ten to 15 years or more)

Level of marketing activity

Major differences

Issue 6: Niche Market

What are your views on niche market shops? Are they really in a better position during a recession? Will they fair better e.t.c?

Issue 6: Employees and Customer service

Do you think managers communicate customer service policies effectively to employees?
Should they spend more time developing training and information programs or is it sufficient to have well experienced employees who are familiar with the business.

Any other comments?

Joanne Sweeney-Burke is a local Letterkenny business woman who currently leads the multi-media agency Media Box located in the town of Letterkenny. She deals with SMEs on a regular basis helping them to maximise their business potential without the dramatic expense. Joanne has an impressive background in journalism, public relations, multi-media, lecturing, and event management and also in the Chamber of Commerce movement - locally and nationally.

Due to Joanne's extensive background, local operations and the fact that she is continually introducing SME's to the working of marketing it was felt that that the insights and opinions offered by her would be very valuable and imperative in validating the findings from the first two phases of research.

Result

Marketing Activities

I would agree completely with your findings. Media box is almost two years old, so for the most of that time I've had to educate businesses on the value of marketing. And also what marketing is all about today, traditional marketing was press, radio, advertising and people actually, very small businesses, I would find that people think marketing is advertising in the local paper, and on radio and I find that they spend lots of money but don't measure the return and sometimes don't always generate a return on investment. In fact Here at Media box, advertising would probably be one of the last things that I would suggest for a client because I think there is far more value to be got in terms of PR, Brand awareness, social media, direct marketing: as in going straight to the client, forget about mass marketing and literally picking up the phone and we've got a very good success rate of picking up the phone and organising meetings, with more businesses, trying to increase sales so I would agree completely with that.

The majority of respondents didn't have a budget, do you think they should?

I think they should because even though they say they don't do a budget, they still spend money and they spend money wily nily, they spend it ad-hoc and they spend it at Christmas when they think goodness me I need to do something, they maybe do it when a festival comes up or at the rally or St. Patricks day parade when they think they should be doing something. So they're probably spending lots of money but it's not strategic, it's not generating a return

but if they were to sit down at the beginning of the year and some said you should do up a marketing budget they'd go 'yes no' but they're spending, it's something they should do.

Only one company said they had a PR consultant but the rest did no real formal market research bar trade shows, they didn't do any consultancy. Do you think they should?

Absolutely, but I have to teach people the value of PR and the PR campaigns that we run, the people can't believe the advertising cost equivalent to the coverage that they've got. For example we had a client who never done any marketing before who had won an award for their bread and rang me saying I'm thinking of doing some PR about it and I said well you absolutely should, it's an international award for your bread, charged him way less than one thousand euro and to date he has reached the value of around five to six thousand euro and just for hiring us and using us and that involved a photo shoot, we're doing blogger outreach programs, we're doing social media, we're running a competition on Facebook. He got four hundred friends in ten days, he's extended the reach of his product from South Donegal, Tyrone, and Fermanagh to now all over county Donegal in the space of two weeks, that's PR, it's very powerful but it's all about education and I'll keep coming back to that. They don't understand it.

Do you think they choose activities such as advertising just because it's traditional?

It is, because I don't think they really understand what's out there now. I now, recently, now it's on my website, did the media box top ten pr and marketing tips for small business and what it says is low cost high impact. We're in a recession, there is seven businesses a week in Ireland closing their doors, people don't have money, there is little cash in the economy so it's all about low cost high impact and I don't think that businesses have put a value on marketing when there was lots of sales and in the boom people didn't really need to do marketing, they advertised because they had the money whereas now they are going marketing has to be cut but they are not actually looking at what value you can bring for little or no money.

Customer Service: Findings showed that they don't really do any formal training; they talk about it but informally. They generally don't use comment cards or formal ways of obtaining feedback, only two of them develop customer databases. Would you have any views on this?

We have done up a number of packages for media box based on the last 12 months, and the type of clients that come through to us and what they are looking for. They come in and they say I'm not sure if you can help me, they actually don't know what they want; they just know

they want more business. And what we've done now, we have a package that literally gives them the infrastructure to make sales, building a database for which they can market, doing market research on their competitors and on their potential customers. Doing customer feedback, comment cards things like that and packaging it all together and saying 'guys if you don't speak to your consumer you're not going to get any feedback'.

In terms of customer care and service it is hugely important but I would say that it is definitely lacking and businesses are very busy and sometimes businesses are very good at what their main product or their service is but the other areas of the business will fail, I'm not an accountant so I have to hire an accountant to do the accounts for my business but I know that if I didn't my business would fail. Similarly, for other businesses they are not a marketing business but if they don't engage in some way in marketing then they are not maximising their opportunities.

Consumer Behaviour, obviously consumers will spend less but do you think there is any way to counteract a drop in custom?

Generally across the business spectrum there is huge opportunities, there are always huge opportunities and in terms of marketing you have got to look at the bottom line, you've got to look at the cost, the return on investment, for every euro you spend, I always say that marketing should return at least two euro, your doubling up. Again looking at new media, social media to get your message out there. 90% of people in Ireland, official Google figure, do research online but then they will buy offline, it's like the Irish psyche we still like to meet people and talk to people but they are doing their research online. So if you're not online then people don't think you're in business. Our business is up 40% since this time last year and we're a new business but that's because we generate money. People spend one thousand with us we can usually generate two thousand for them based on getting them one, two, three, four, five new clients and that's what I am always talking about. Marketing is about the bottom line and generating a return on investment so if businesses say I don't have any money marketing then well how are you going to talk to your customers. The homepage of my website says lights on, doors open but nobody coming in, that's a big problem so if you're not talking they're not going to come in.

The relationship between academic principles and what businesses actually do. Do you think they match up?

I'm not sure. I know when I meet clients and when I speak to clients, they are all in business,

some in not for profit or charity they only want to talk about money. They have absolutely no interest in you going in and saying well X theory says... You do not talk to a business person in academic terms and I also think in terms of academia everything should be related to business, case studies, people who teach it. Everything has to be related to business, I know we need the academia to prove what works but businesses don't want to hear it.

Do you think if you went to them with case studies it would help?

If it's a business case study, but they want to hear a case study that it is in Donegal, that's a business of the same size, that's their competitor so it needs to be really really relevant to them. You really have to break it down.

From the businesses that you deal with do you see any differences in newer businesses and more established businesses.

I've had young businesses and old businesses. The differences, god it's really difficult to see what differences there is because every type of business has taken a hit.

What I found from the interviews was that they do more online marketing.

Yes, they're more open to the new forms of media, whereas the older business are kind of that's what I've always done, it's always worked, but hey the whole theory of if it's not broke don't fix it. I like to change what we do every single day; with every client that comes through I like to do something different. I don't take out the last client's strategy and just change the name on it. I like to make it different so it would worry me.

Do you think niche markets would have a better advantage?

They do and they don't. Sometimes it's easier to market for a niche market because you can go directly to their niche market, find where they are and engage them a bit more. And I do think that businesses that set up now that are in a niche market place will probably do well.

Do you think managers should develop training programs with employees and improve customer interaction?

Oh absolutely, I do have one client, we were discussing, he has a number of businesses and he said in one particular other business he knows that because sales are not as good because of the person who is at the front desk and I said that is crazy, do you know what I mean. I absolutely believe that people do business with people that they like. And If your first point of contact is a business with someone who is cranky, who is irritable, who your annoying by

trying to do business with them or interrupting them then you're not going to go and you're going to go away with a bad taste in your mouth and tell ten other people so there is a direct correlation, absolutely, really really important. And do you know what it would be one training course or even saying here is what we like to do here. Always smile, always say please, always say thank you and have a nice day. That doesn't take very long so yes there is a direct correlation.

Lastly, what is your opinion on word of mouth?

Do you know what, even in my game and I sell promotion, you can't beat word of mouth. A personal recommendation will go a long long way and whenever someone comes to me I say where did you hear about me and very often its word of mouth and here's us experts in marketing and media and PR so people talking about you and getting a referral is hugely important.

Anything else you would like to add?

Em no well I think, and I've said it loads of times educating business people here and specifically in Donegal I find is our biggest challenge, engaging them with marketing and letting them understand how valuable it is, it's not a luxury item, it's a necessity and it can make you money.

Ok that's brilliant, Thank you

You're very welcome, best of luck with it.