

# Marketing Techniques and SMEs: Evidence from Donegal

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## Abstract

The purpose of this dissertation was to gain a more profound understanding of the marketing techniques used by small medium enterprises (SMEs) in Donegal, thus, enhancing owner/manager's decision making. By analysing the existing literature it was evident that research specific to marketing within SMEs was not extensive. Traditionally, marketing theory has been developed based on studies of larger organisations. This research aims to be particularly useful to SMEs within Donegal and Ireland, with regards to the usage levels of marketing and the true value achieved from such usage. A mixed methods approach of data collection was adopted which included semi-structured interviews with owner/managers of SMEs in Donegal and questionnaires were conducted at the "Donegal Enterprise Week" held on the 5<sup>th</sup> to 9<sup>th</sup> of March 2012. The study's main focus was on areas of interest to students and SMEs such as marketing knowledge, perception and performance. Thus, the importance of marketing and owner/managers opinions are discussed in order to give a true understanding of the level of marketing undertaken by SMEs in Donegal. The findings indicated positive feelings towards marketing and showed that owner/managers play a dominant role in making key decisions. The results also showed the lack of financial resources SMEs face in Donegal, and also the lack of employing graduates which was disappointing. A number of areas discussed may help managers in making some key marketing decisions to aid business performance.

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## List of Abbreviations

DCEB.....Donegal County Enterprise Board

CSO.....Central Statistics Office

SME..... Small Medium Enterprise

SFA.....Small Firms Association

# Chapter One - Introduction

## 1.1 Introduction

Successful small businesses are committed to their marketing strategy and focus on their customers' needs (Karami *et al.*,2003). According to the Small Firms Association (SFA) of Ireland, small firms are defined as having 50 employees or less, with micro firms having less than 10 employees. This definition varies in different countries. The target group of this research was small and micro firms which are part of a bigger group of business classification – small and medium sized enterprises (SMEs). As from the 1<sup>st</sup> of January 2005 the European Commission has adopted the following definition of SMEs which is to be used in all cases. The classification is as follows; a small enterprise has a headcount of less than 50 and a turnover or balance sheet total of not more than €10 million and a micro enterprise has a headcount of less than 10 and a turnover or balance sheet total of not more than €2 million. The findings aimed to help owner/managers to develop their business and so they can gain a full understanding of the benefits of marketing from this research as there is a lack of evidence in the literature of how integrating marketing aids SMEs.

## 1.2 Research Objectives:

The main research objective is to:

*Explore the variety of marketing techniques used by SMEs*

### Sub objectives:

1. To distinguish the level of new marketing techniques employed by SMEs in comparison to traditional techniques.
2. To identify the perceptions of marketing by SMEs.
3. To elicit the attitudes towards marketing by SMEs.
4. To determine the perceived value of marketing techniques to SMEs.

### **1.3 Value of the Study**

This area of SME marketing is of particular interest to the researcher having worked in SMEs over the past five years thus noticing the evolution of marketing over the years. The experience gained provides the researcher with the knowledge and expertise to examine the levels of marketing in SMEs. The outcomes sought from this research were to uncover the levels of marketing techniques adopted by SMEs and in turn if this affects business performance. The perceptions of marketing by owner/managers were also identified and consequently this benefits marketing graduates when pursuing jobs with local SMEs in the future. The SME owner/managers can also benefit from this research as they can truly assess the advantages gained from new innovative marketing techniques in combination with business performance. There is a need to examine the marketing carried out by SMEs in order to develop a marketing theory appropriate to the small firm's context. Therefore, any such findings that can assist SMEs in making decisions in relation to adopting marketing will be of great benefit to the firm, graduates and the economy as a whole.

## Chapter Two – Literature Review

### 2.1 Introduction

Webster and Watson (2002) maintain that a review of relevant literature is an essential skill of any academic. This chapter focuses on the literature that is available on SMEs and innovative marketing activities with the aim of identifying gaps in the research to date. The literature studied was a combination of published articles, journals and textbooks. The specific areas researched include marketing performance, networking, resource constraints faced by SMEs, innovative marketing and E-marketing. This dissertation considers what perceptions are held about marketing by SMEs, how marketing is adopted and implemented by SMEs (market orientation) and finally what the relationship of marketing and business success is in the context of SMEs.

The official journal of European Commission (2007) states that SMEs are defined as enterprises with fewer than 250 employees whose annual turnover does not exceed 50 million euros or whose annual balance sheet total does not exceed 43 million euros. From the literature it was noted that other criteria is used to classify small firms which have also included sales volume, asset size, types of customer, capital requirements, industry market share and significance within the industry (Mc Carton-Quinn and Carson, 2003). Gore *et al.* (1992), cited by Nwankwo and Gbadamosi (2011 p.15) state that ‘like the proverbial elephant the small firm is one of those things that is recognised when seen but difficult to define’. Thus, Mc Carton-Quinn and Carson (2003) maintain that there is no clear definition of a small firm.

Storey (1994), cited by Stokes (2000a), states that there is general acceptance in the literature that “a small firm is not simply a scaled down version of a large firm”. Vinten (1999) explains that the importance of SMEs has been finally recognised. Vinten *et al.* (1996), cited by Vinten (1999), argues there is need to reapply, with due modification, techniques which are taken for granted in larger firms.

For the purpose of this dissertation SMEs are broken down into small and micro with small SMEs employing less than 50 people and micro employing less than 10 employees.

Simpson and Taylor (2002), cited by Huang and Brown (1999), suggest that sales and marketing is often the most dominant problem encountered by SMEs and yet has been recognised as being the most important of all business activities and essential for the survival and growth of small businesses. Simpson and Taylor (2002) state that it is believed by academics that a firm with a marketing orientation will perform better than another, similar firm, without such an orientation. Firms that have high levels of entrepreneurial orientation tend to constantly scan and monitor their operating environment in order to find new opportunities and strengthen their competitive positions (Covin and Miles 1999, cited by Keh *et al.*, 2007). Narver and Slater quoted by Keskin (2006) describe market orientation as a set of behaviours and processes, or aspect of culture to create a superior customer value. In agreement, Becherer *et al.* (2003), refers to market orientation as a culture in which organisations strive to create superior value for their customer by focusing on customer needs and long-term profitability. Leventhal (2005) maintains that in order to achieve a true market orientation, a company should seek to make the customer the epicentre of its business perspective.

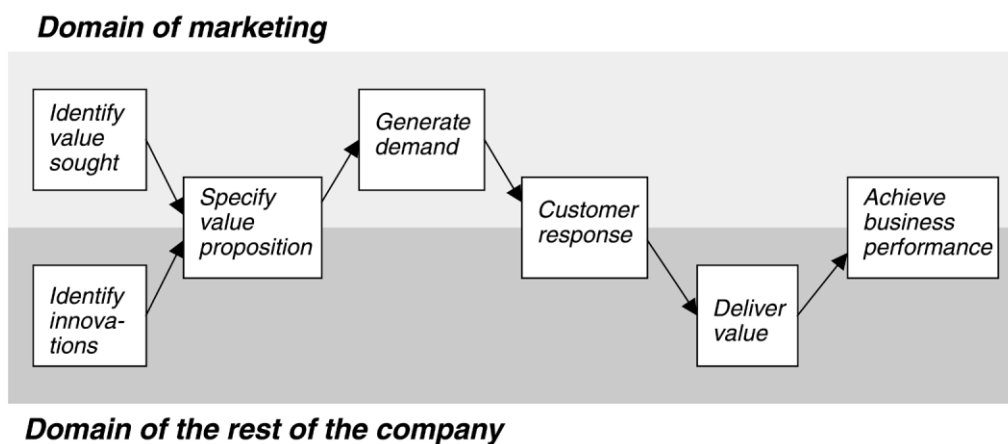
According to the literature marketing plays a significant role in SMEs. Moreover, Stokes (2000a) suggests that marketing is particularly important to smaller firms because it represents a vital interface between a small firm and an uncertain, fast changing external environment, and a key management skill which differentiates between surviving and failing firms. Hill (2001) highlights there has been a growth in research which is now termed the marketing/entrepreneurship interface that has spawned many research studies that examine both marketing and research disciplines.

Stokes (2000a) highlights that the influence of the owner/manager is the key distinguishing factor between large and small firms. Stokes and Blackson (2002) highlight that small business owners have a problem with marketing and appear to give marketing a low priority compared to other functions of their business, often regarding marketing as “something larger firms do”. In addition, small firm marketing is often informal, ad-hoc and sometimes chaotic in the way owner/managers conduct business as they make most of the decisions themselves based on past business experiences. Vorhies (1998) found that in the firms where strategies were developed, market intelligence processed, shared, and decision-making centralised, the level of marketing capabilities development was higher than in other firms. Day (1994) argued that as every firm develops its own set of capabilities it is impossible to list all the possible marketing capabilities. Gilmore *et al.* (2006) suggests that the characteristics of marketing in SMEs are determined by key constraints such as limited resources in the form of lack of finance, lack of time and lack of good clear market information resources. The importance of developing frameworks suitable for smaller firms has been widely recognised (Carson and Cromie 1989; Gilmore *et al.* 2001; Stokes 1995; Walkins and Blackburn 1986, cited by Gilmore 2006).

## 2.2 Marketing performance

A performance measure is a quantifiable expression of the amount, cost, or result of activities that indicate how much and how well products or services are provided to customers during a given time period (Meyer, 2002) Da Gama (2011) discusses how performance measurement has been a key concern in marketing and it remains a vital issue in many companies. Such interest in this topic is mostly based on the assumption that increased accountability of marketing reinforces corporate performance and adds to marketing credibility, being particularly relevant in economic downturns. Woodburn (2004 p.64) states the purpose of performance measurement is ultimately an improvement in the financial outcome in a commercial organisation.

**Figure 1: The role of marketing in an organisation**



**Source:** Woodburn (2004)



Woodburn (2004) highlights the idea that a company could successfully, or meaningfully, measure these factors without including marketing is really untenable. Marketing had a major influence on each of these factors. Moreover due to insufficient resources in SMEs to merit employing an individual marketing manager, instead SMEs recruit graduates who have gained specialised academic knowledge and are able to fulfil a variety of roles (Stephens *et al.*, 2010).

Stokes (2000a) believes small firm managers vary widely therefore so does the marketing performance of small firms. In addition, the measurement of performance of SMEs appears to be problematic (Nwankwo, S. and Gbadamosi, A. 2011). The performance of SMEs is difficult to assess because of normal fluctuations in activities arising from year to year (Nwankwo, S. and Gbadamosi, A. 2011). Moreover there are claims by academics and managers that marketing activities do improve the business performance of small firms. Leventhal (2005) identifies that measuring marketing efforts solely in terms of financial performance does not indicate whether real progress is being made towards developing a successful market-driven strategy. In addition, he maintains that cutting marketing budget to realise short-term savings and boosting profitability may work against being able to achieve strategic goals and enhancing customer value. In many cases it is only after sales or profits have begun to decline that the owner/manager allocates time to trying to understand the causes of poor performance (Chaston and Mangles, 2002). Dwyer *et al.* (2009) maintains that the competitive advantage of SMEs is achieved from their marketing style which has little or no adherence to models or formal structure. Porter (1998) has suggested that the basis for competitive advantage comes through focusing upon that part of the value chain which the firm has either a distinctive cost or value advantage.

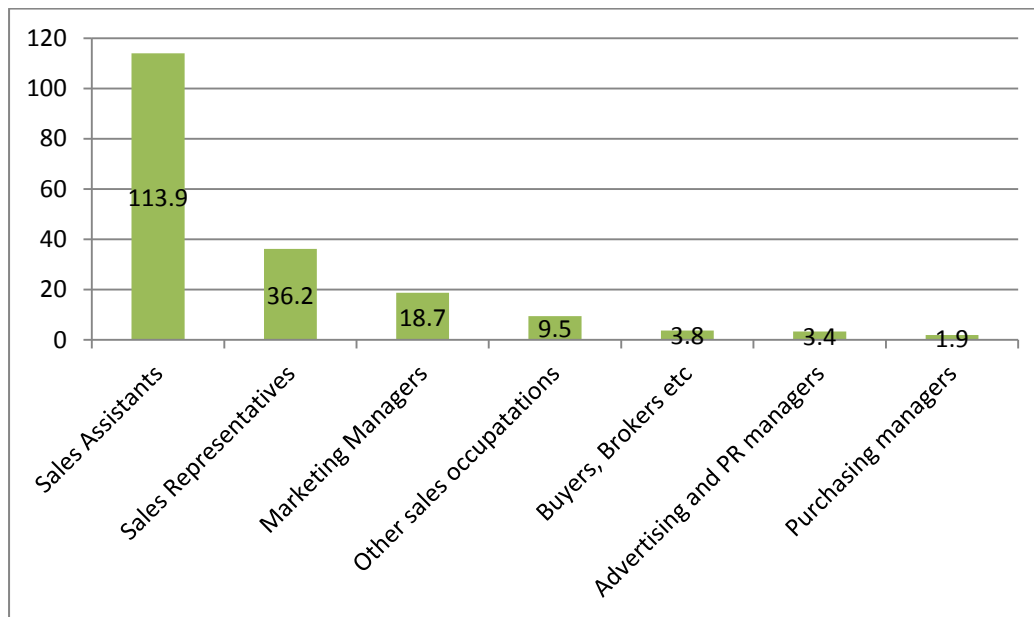
For example relationship marketing which involves a customer centred approach whereby a firm seeks long-term business relations with prospective and existing customers (Buttle, 2010). This strategic approach for SMEs can maintain competitive advantage.

Marketing is an important business function, the relationship between its role within the organisation and its relevance with regard to the business environment in which the company operates is difficult (Moller and Anttila 1997, cited by Nwankwo, S. and Gbadamosi, A. 2011). Thus, relating these marketing activities to business performance remains extremely troublesome.

Langerac (2003) and Kara *et al.* (2005), quoted by Tregear *et al.* (2011), establishes that marketing performance is vital to overall firm performance, including amongst SMEs, being manifested in indicators such as strong brand awareness and high levels of market share. However, Blackson and Cheng (2005), cited by Tregear *et al.* (2011), assumes that achievement of strong marketing performance is problematic for small firms because of their distinctive capabilities compared to larger firms. Taticchi (2010) highlights that performance measurement and management tools could play a vital role in supporting managerial development in small and medium sized enterprises (SMEs). Moreover, some researchers point out that, even if general models were applied correctly, they would prove inadequate for the particular characteristics of SMEs (Taticchi *et al.*, 2008, quoted by Taticchi 2010).

According to Hubber (1991); Moorman and Miner (1997;1998), cited by Hanvanich (2003), marketing knowledge is defined as 'market information' which needs to be processed through knowledge acquisition, information distribution, information interpretation and organisation memory.

**Figure 2: Estimated Number employed in marketing professions**



**Source:** Analysis by Fás (SLMRU) based on CSO data.

In spite of this, the literature indicates that in today's global economy many organisations fail to realise the full potential that can be gained from utilizing marketing effectively to create strategy and maintain competitive advantage. Moreover, as competition and the global economy drive successful businesses towards higher quality, better service and lower cost, there will be a further need for improved levels of skills and knowledge (Martin and Chapman, 2006).

According to Mc Larty (2001;2001), quoted by Martin and Chapman (2006), within the SME sector, research indicated the application of appropriate marketing skills can be advantageous to business performance. However, many owner- managers are currently reluctant to employ marketing graduates, whose valuable skills could aid business growth.

This in turn could aid national growth, especially if the number of medium sized enterprises could be encouraged. Martin and Chapman (2006) argue that graduates are still viewed as an unnecessary luxury, with many of them being cynical about whether graduates meet their needs. Stephens *et al.* (2010) identifies that graduates must be capable of acquiring new skills as required by their employers.

### **2.2.1 Services/Product Continuum**

Voss *et al.* (1995), cited by Williams and Buswell (2003), distinguishes services using the assumption of a manufacturing to service continuum from pure manufacturing to pure service. They suggested that the position along the continuum depends on what degree of customer contact there is throughout the process, pure service having the maximum amount of customer interaction. Kurtz (2010 p.86) agrees the service continuum is a spectrum along which goods and services fall according to their attributes, from pure good to pure service. The spectrum helps marketers to visualise the differences and similarities between goods and services. Day (1994) argued that a firm should have a few distinctive capabilities that are difficult to develop and imitate and with the help of which the firm can create superior customer value and achieve a market position that is unique and difficult to match. Thus, a firm must gain distinctive capabilities in order to maintain competitive advantage (Weerawardena, 2003). These capabilities in turn lead to success factors which contribute to a firm's profitability (Day, 2004). According to Holm (2006) the main purpose

of marketing communications is to affect the consumer's conception of value and of the relation between benefits and costs.

Lambin (2007) suggested that the two most important tools of marketing communications are personal communication performed by sales force, and impersonal communication achieved through media advertising.

## **2.3 Networking**

Gilmore *et al.* (2001) identifies that the characteristics of SME networking are similar to SME marketing characteristics. In addition SME networking tends to be informal, loose, unstructured, spontaneous, and reactive, structured around and confirming to industry norms. Cummins (1999) maintains from the research conducted that networking is often spontaneous in nature, often coming as second nature to the owner manager. Dennis (2000) suggests that all companies form part of a network to a lesser or greater extent. Konstadakopoulos (2004) suggests that Networking is an effective way of tackling some problems that beset small firms purely on account of their size.

Terziovski (2003) notes as firms are experiencing need to be simultaneously efficient, flexible, and adaptive, they have turned increasingly towards networking within the organisation. Cummins *et al.* (1999) identified that the networking activities of the owner/managers will often be planned and deliberate, with a definite aim of, for example securing new business or gathering information. Marketing in practice in small firms seems to depend on personal contact networks and is often driven by the way in which the

owner/manager does business (Gilmore *et al.* 2001; Wright 2001; Brodie *et al.*, 1997; O'Donnell and Cummins 1999, cited by Nwankwo, S. and Gbadamosi, A. 2011).

All companies form relationships with their suppliers, buyers and competitors as a consequence make a decision on whether or not to strengthen or grow the links which lead to a cooperative structure. According to the AMC Study (1994), cited by Terziovski (2003), confirmed the importance of close relationships with suppliers could contribute strongly to a company's performance across a range of areas, including the cost, quality and reliability. The supplier linkages can be a source of valuable market developments, new technologies and competitor movements.

Hill (2001) notes that the data-gathering phases in tandem with a degree of ongoing analysis suggested that personal contact networks and the way in which these were utilised were a key aspect in the way SMEs conduct business. Gilmore *et al.* (2001) suggests that SME owner/managers recognise that building relationships are essential to the company's success and they invest considerable time and effort in maintaining good relations with regular clients. Gilmore *et al.* (2006) suggests owner/managers can use networking activities such as talking to other owner/managers within the distribution channel, attending trade events, to gather information regarding these areas of marketing decision-making and implementing marketing activities. In this way SME owner/managers use networking to help plan, refine and implement their marketing activities so that it is more effective in order to ensure the improvement of the firm's performance in a competitive environment. Moreover, Gilmore *et al.* (2006) suggests that networking is a useful way for SME owner/managers to expand their marketing expertise and knowledge.

Dean *et al.* (1997), cited by Gilmore *et al.* (2001) agree that networking for business activities is about companies coordinating and joining together with a common goal through sharing ideas, knowledge and technology. In addition within SMEs it has been established that marketing is not formally structured but a flexible approach can be adopted that recognises the informality of their marketing and limited resources available to them (Gilmore *et al.*, 2006). Hill (2001) concluded that using personal networks enhances the quality of marketing decisions in SMEs. Cummins (1999) acknowledged that managers needed to strive to improve their competency and skill in this area and there is growing realisation that the time and resources expended in networking activities are worthwhile investments, rather than a waste of the company's, often limited resources.

Thus according to Aldrich (1987); Ostgaard and Birley (1996), cited by Babakus (2006), state that mounting evidence from past research indicates that increasing networking in response to uncertainty is positively associated with business performance. Babakus (2006) identifies that networking is a fundamental prerequisite for effective management and that SMEs need to take decisive steps to forge contacts for vital success. Moreover previous research has identified the development of networks and partnerships as part of five critical success factors for improving performance in SMEs (Soderquist 1996, cited by Terziovski 2003). Deakins (1991), as cited by Tregear *et al.* (2011), highlighted through networking with other firms, individual owner/managers can concentrate on individual resource constraint problems as well as improving their marketing activities.

## **2.4 Resource constraints faced by SMEs**

Tran *et al.* (2011) states the most common problem associated with SMEs are their limited resources. Welch and White (1981) quoted by Tran *et al.*, (2011) refers to this problem as resource poverty which means that SMEs must be mindful of their spending and investments. SMEs usually have limited options in their business and must focus on their core business and expertise. Despite their limited resources SMEs are thought to be flexible and innovative organisations that are able to adjust quickly to new challenges and pressures.

Gilmore *et al.* (2001 p.6) acknowledges that SMEs cannot do conventional marketing because of the limitations of resources which is inherent to all SMEs and also because SME owner/managers behave and think differently from conventional marketing decision-making practices in large companies. Chaston and Mangles (2002) agree that an inherent problem facing SMEs is that of limited human resources and minimal experiences in specific business activities. Therefore SMEs are likely to have insufficient capability to identify and respond to actions in their business environment. SMEs are less able to undertake research, and have smaller margins to manage volatile cash flows due to market turbulence or late payments in comparison to larger organisations. Carson and Cromie (1989), quoted by O' Dwyer *et al.* (2009), indicates that SME marketing is restricted by resource limitations, including finance, personnel, awareness of function, skills and attitudes.(OCED, 2000).



Woodburn (2004) indicates that spending money attracts attention to companies, and so it is the resources that marketing uses that attract companies' attention; particularly its spending on marketing communications. Terziovski (2003) states that being able to leverage limited resources by establishing collaborative relationships with similar organizations has proven to be successful in many parts of the world. Baptista and Swann (1998), cited by Tregear *et al.* (2011), maintains this strategy can also be coupled with strategic partnering to network in needed skills and expertise lacking internally in small firms. According to Tregear *et al.* (2011) the specific features that cause problems in small firms include time and financial constraints, a "survival" mentality, lack of strategic planning and lack of good marketing expertise and judgement.

Gallagher *et al.* (2007) discusses that marketing is different in a smaller firm as it is considered more intuitive, competency based, revolving around networking and operating under financial and human resource/time constraints. Whilst the traditional strengths of SMEs are their ability to serve the niche markets and develops strong relationships with customers. Thus, these limitations serve to stimulate innovation to overcome associated obstacles, therefore resulting innovative marketing.

## 2.5 Innovative Marketing

O' Dwyer *et al.* (2009) indicates that innovative marketing does not just relate to products, new product development, and technological development but it is also visible in other aspects of marketing related activities and it is specific to the context and needs of SMEs. The institutional setting and local context are important determinants in promoting the innovative activities of SMEs (Konstadakopoulos, 2004)

OECD (2001) maintains that it is crucial for SMEs to innovate and this applies to new and traditional sectors alike. Innovation can take many forms in the way the commercialisation of new technologies as well as changes in how firms organise themselves, manage and train their employees and serve new customers in new markets. Gunasekaran *et al.* (2002) acknowledges it is becoming increasingly important for companies to respond both quickly and effectively to the changing patterns of customer demand in this competitive business environment. Griffiths *et al.* (2001), quoted by Gunasekaran *et al.* (2002), establishes this requires new and improved alliances, greater collaboration and innovative ways of doing business by forming new types of relationships. Fielding (2006) suggests that investing in education and training is as important as investing in research innovation and research. He also notes that SMEs should be investing in all these areas but the returns for investment in training are more immediate and more tangible and without education business innovation will stagnate. Education and medium providers must become the medium through which employers needs for a skilled workforce and workers need for convenient and affordable work-related education and training are meet.

Experiential marketing can be defined as any communication that has an emotional richness, and that allows for some connection that isn't there by mere fact of communicating. It involves changing beliefs and behaviours (Smilansky, 2009). This relatively new approach to winning customers is based around the idea that the target audience should be involved in an active experience of brand values.

Rather than put out traditional print or television adverts, and hope they would be passively consumed, they create a brand environment in a public space and involve potential customers by asking them to participate (Anon., 2008). The traditional marketing methods view consumers as rational decision makers who care about functional features and benefit. In contrast, experiential marketing views consumers as rational and emotional human beings who are concerned with achieving pleasurable experiences (Schmitt, 2009)

Tran et al. (2011) discusses the innovative feature SMEs acquire due to fierce competition with large competition or even SMEs that require SMEs to change their service or products to survive within their niche market. Levy and Powell (2004 p.22) suggest while SMEs tend not to spend much in research and development, they can prove more innovative than larger firms. Woodburn (2004) maintains that each sector and each company should apply a different mix appropriate to its marketplace, and may change the mix at different times or to implement different strategies. In other words, there is no clear or even proper division between these kinds of activities and costs.

Anckar and D'Incau (2000), cited by Andrews (2012), defines mobile marketing as any form of marketing communications delivered to a mobile phone and that offers potential opportunities to create value for customers. This method of communications provides opportunities for marketing experiences that create value for consumers in their everyday activities (Andrews, 2012). Thus this method is a form of experiential marketing as the provision of marketing services suggests consuming as experience practice reflecting how such offerings can become part of the consumer's everyday life (Andrews, 2012).

Carson *et al.* (1995), cited by Stokes (2000a), suggests that entrepreneurial marketing in terms of the experience, knowledge, communication abilities and judgement of the owner/manager, key competencies on which marketing effectiveness depends. Hauser and Lenderman (2008) state that it is easier to create inspiring brand experiences with brands that bring out emotional connotations or connections like cars, music, film or fashion. Schmitt(1999) cited by Grudley (2008) identifies that the shift towards experiential marketing is because of developments in technology, which now provide a two way communication mode and also because of the strength of brands today, products are no longer functional, they provide a means to enhance customer experience. Lenderman (2006) suggests that the need to break through the clutter of current advertising and counteract the ineffectiveness of mass marketing has led to the rise of experiential marketing and it's a result of the consumers desire to feel connected with the brand and to endure a memorable experience.

## 2.6 E-Marketing

Gallagher *et al.* (2007) defines E-business as the use of digital interactive technologies and information technology in order to conduct a firm's business. O' Dwyer *et al.* (2010) highlights in today's global environments SMEs are incrementally using information and communication technologies (ICT) - based electronic commerce to gain competitive advantage and to gain access to global markets. E-marketing makes use of these same technologies exclusively as a logical extension to fulfil the traditional market practices of creating, communicating and delivering value to customers. In addition Ngai (2003), quoted by Chong (2010), agrees that e-marketing refers to the utilisation of electronic methods or media to build upon and maintain customer relationships through electronic platforms (e.g. business-to-business (B2B) e-marketplaces) that facilitates the exchange of ideas, products, and services to satisfy both buyers and sellers. Strauss and Frost (2001) support the above statement and highlight that, sales, public relations, direct marketing, and advertising are marketing communications that comprises the crucial components of e-marketing strategy.

Cirillo (2000), cited by Terziuvski (2003), suggests that business-to-business e-commerce is the most important advantage enabled by new technologies. Moreover, Karami *et al.*(2003) suggests that the arrival of e-commerce as a new technological tool in marketing and sales could potentially increase the market share of the small business and expand their sales. Organisations that combine e-commerce practices with traditional business management practices are well positioned to compete successfully, using recognised brands, established supply chains and existing customer relationships. Tetteh and Burn (2001), quoted by Simpson *et al.* (2004), state that electronic business and electronic commerce present many opportunities for business to advance their performance.

Gallagher *et al.* (2007) explains the literature reveals a lack of evidence regarding the role of the internet as regards the organisations marketing activities and business performance. Ching and Ellis (2004); Mc Cue (1999); Avlonitis and Karayanni (2000) cited by Gallagher *et al.* (2007), reports there is lack of actual research on such issues as constraints, successful e-marketing techniques, the role the internet plays as regards marketing activities and indeed the visibility of e-marketing for SMEs. Liang *et al.* (2004), quoted by Chong *et al.* (2010), discusses the rapid growth of internet users has made the internet an increasingly essential and attractive platform for business transactions.

Chong *et al.* (2010) maintains that SMEs are eager to compete in the electronic environment but there is remaining concerns as to how their business can gain from B2B e-marketplace. Simpson *et al.* (2004) identifies that SMEs are slow for adopting E-commerce and the main reason for this are a shortage of appropriate skills and unawareness of the benefits of E-commerce.

## **2.7 Conclusion**

This chapter set the scene for identifying the marketing constraints faced by SMEs and whether or not marketing aids business performance overall. The literature indicated that SMEs did not utilise employing marketing graduates with the acquired skills to sustain the business and create competitive advantage. The author acknowledged that SMEs did not realise the true potential that could be gained from marketing and this was a major fault.

This chapter also identified the continuous problems faced by small firms in the lack of human resources, time and financial constraints. This was echoed throughout the literature.

From the literature it is evident that networking in SMEs plays a key role in opening up opportunities for the small firm in relation to choosing the correct marketing activities and improving overall business performance. From the research it is apparent that SMEs lack marketing expertise due to the owner/managers limited skills which results in lower impact in the market-place due to these characteristics.

## **Chapter Three - Methodology**

### **3.1 Introduction**

This chapter represents the research framework that forms the basis of the study. The research project is aimed at distinguishing the levels of marketing activities within SMEs in Donegal. For the methodology chapter, the importance of literature, the distribution of surveys and the conducting of interviews were all taken into account. In this section, the research design are outlined which is a blueprint and specifies of how the project was conducted. There is never a single, perfect research design that is best for all marketing research projects, or even for a specific type of marketing research task (Malhotra, 2007). Both participants and setting are described and the methods of data collection are outlined. Having studied the literature and considered the objectives that the researcher is investigating the research takes the form of a two step process in order to get the most accurate outcome from the research.

### **3.2 Research Design**

A research design is a framework for conducting the research and outlines the procedures necessary for obtaining the relevant information needed to solve the research problem (Malhotra, 2007). The research approach adopted for this study was descriptive research as this method answered the research objectives. The mixed methods approach was deemed to be most appropriate way for gathering relevant information for the study which consisted of surveys and interviews.



Mixed methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches (Creswell, 2003). The first phase of the research study consisted of a quantitative approach through using surveys, which contained sixteen questions. The survey was divided into three sections; the first consisting of questions regarding the company profile; the second section consisting of questions regarding the company's current marketing techniques; the third section covering questions on the company's thoughts towards new marketing techniques and value. The second phase consisted of depth interviews with owner/managers of SMEs in Donegal. This method was a sequential explanatory design which involved the use of qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study (Creswell, 2003).

### **3.3 Primary Research Objectives**

**Research Question:** To explore the variety of marketing techniques used by SMEs.

**Research Sub-Objectives:**

1. To identify the level of marketing techniques employed by SMEs in comparison to traditional techniques.
2. To explore the perceptions and attitudes towards marketing by SMEs.
3. To determine the perceived value of marketing techniques to SMEs.
4. To identify the importance of marketing as a business function.

### **3.4 Quantitative research**

The method of quantitative research decided for this study was surveys with respondents in the relevant target population. Descriptive research deals with questions of what things are like, not why are they that way (De Vaus, 2002). Descriptive research was chosen in order to answer the research objectives. Surveys were administered through a face to face method and also by email. A survey was chosen as a data collection method because of the following advantages offered by this method (Malhotra, 2007) (i) the survey is simple to administer; (ii) the responses are limited to the number of alternatives stated; (iii) coding and analysis of data is relatively simple. According to Domegan, C. and Fleming, D. (2003, p. 64) 'Quantitative research details the percentage or proportion of a characteristic present. It is heavily reliant on mathematics, statistics and probability theory'.

### **3.5 Qualitative research**

The method of Qualitative research conducted in this research took the form of depth interviews with owner/managers in Donegal. According to Creswell (1994) a qualitative study is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, forms with words, reporting detailed views of informants and conducted in a natural setting. This piece of research aimed to document the SME owner/managers understandings of marketing benefits and marketing knowledge. Also the research aimed to understand the opinions of SME owners/managers as regards marketing activities and its effectiveness. Malhotra (2007) is of the opinion that exploratory research can identify a problem, establish alternative options, develop hypothesis for testing and uncover variables and key relationships, devise a solution to the problem and identify areas for further research.

### **3.6 Data collection Methods**

The data collection was conducted in two stages;

#### **First phase of the Research (Quantitative Research-Surveys)**

**The research objectives for the Surveys were as follows;**

1. To determine the perceived importance of the marketing function in SMEs.
2. To identify who makes the marketing decisions in SMEs.
3. To identify current marketing practices employed by SMEs.
4. To elicit the perceived barriers to effective marketing strategies.
5. To determine awareness of the benefits of new marketing tools.

The decision was made to carry out survey research first to uncover depths of information initially in order to gain insight into the research topic. The structured survey included primarily closed ended questions which required the respondent to choose from a limited number of predefined responses (Krysik and Finn, 2010).

Malhotra (2007 p.178) states that 'a structured survey given to a sample of a population and is designed to elicit specific information from respondents'. The information from the surveys was used in order to develop an accurate theme sheet for the interviews hence why this method was selected to be conducted first.

The surveys were distributed at the "Donegal Enterprise Week" which ran from the 5-9<sup>th</sup> of March 2012. This event was most suitable as it captured the target population which included a large section of Donegal businesses.

A well designed survey is an invaluable tool in gathering the necessary information and enables large scale collection of data with minimal input from the person distributing them (Malhotra, 2007). The quotas were not reached at this event so therefore this was followed up subsequently by the researcher emailing surveys to SMEs in Donegal based on the target population selected.

### **Second Phase of the Research (Qualitative Research- Depth Interviews)**

**The research objectives for the Depth-Interviews were as follows;**

1. To identify the usage levels of marketing in SMEs in Donegal
2. To explore the level of performance gained by employing marketing activities
3. To distinguish who makes marketing decisions and the importance of its functions to the company

The decision was made to carry out depth interviews after the surveys were conducted as the researcher would have a clearer understanding of the research objectives and could build on these when designing interviewing questions. A theme sheet was drafted with open-ended questions, re-occurring phrases and words in order to probe the respondent (Malhotra, 2007). 'Probing is of critical importance in obtaining meaningful responses and uncovering hidden issues' (Malhotra, 2007, p. 159). The survey was based on objectives, in which the researcher identified to have significant relevance in the literature review. Hill (2001) highlighted that using personal networks enhances the quality of marketing decisions in SMEs.

This phase consisted of depth semi-structured interviews with owner/managers of small medium and micro SME's in Donegal. The interviews took place in SME owner/managers premises and some were conducted over the telephone if they were unable to meet face to face. Interviews are a more personal form of research than surveys and require direct interaction between interviewer and respondent (Valente and Sarli, 2011). A Dictaphone was used by the researcher with permission granted by both management and interviewee in order to capture the information precisely and to aid in analysing responses later. An interview seeks to cover both a factual and a meaning level, though it is usually more difficult to interview on a meaning level (Kvale, 1996). All interviews were treated in a professional manner and may be confidential as some owner/managers do not want to disclose some sensitive information. The researcher was the only person to see the transcripts and each respondent signed a consent form in the interview.

The depth interview flowed according to the respondents' initial response and their willingness to respond to the questions probed by the highly skilled interviewer (Malhotra, 2007). Focus groups were not deemed appropriate for this type of research as you have to organise eight to ten people to be in the same place at the same time and SME owner/managers are under high level of time constraints (Malhotra, 2007).

### **3.7 Measurement Techniques**

The wording of a survey is of paramount importance and pre-testing is crucial to its success. A pilot test has several functions, principally to increase the reliability; validity and practicability of surveys (Wilson and Lean, 1994). The survey was pilot tested first on the target population in order to ensure respondents understood the questions and to reduce error. Some issues arose so the amendments were made before distributing the surveys.

The type of depth-interview conducted was semi-structured in nature; widely used in flexible and multi-strategy designs. Interviewers have their list of topics and want to get responses to them, but they have considerable freedom in the sequencing of questions, in their exact wording, and in the amount of time given to topics (Robson, 2011). The predominant areas discussed in the survey formed the basis for the theme sheet such as, resource constraints, business performance and the importance of marketing functions. Each depth interview was recorded using a Dictaphone with permission from the respondent, which facilitated the researcher as the interview could be transcribed in order to reduce bias. Two pilot interviews were conducted on Friday the 1<sup>st</sup> of June at 2.00 p.m. and 4 p.m. with SMEs in Donegal. The two SMEs were part of retail and hospitality sectors in Donegal. The pilot test was conducted to eliminate errors in questions and amendments were made after pilot test before primary research was conducted. A depth interview can take on average one hour to complete (Malhotra, 2007). The researcher was satisfied with the responses and the interviews lasted around 30-35 minutes.

## Descriptive Research: Survey

### Question Design:

Surveys were chosen as data collection method one for this research. Question design is very important and the first step is to identify the information needed. Surveys must also have clear objectives that must be answered based on the survey design (Malhotra, 2007).

**Table 1: Survey Design**

<u>Question Number</u>	<u>Objective</u>
Question 1,2,3	Factual Questions/easy to answer
Question 4	Objective two
Question 5,6,7,8,9,10	Objective one, three & four
Question 11	Objective four & five
Question 12	Objective three & five
Question 13	Objective one, four & five
Question 14	Objective three & four
Question 15	Objective five
Question 16	Opened ended question

(See Appendix one for full survey)

## Scaling:

Questions one, two and three are factual, easy to answer questions used to uncover the demographics of SMEs. Question one is a ratio scale as 0 is meaningful, while question two is a nominal dichotomous two answer scale which uncovered the number of employees employed and what the company was offering. Questions three, four, five, six, eight, ten and fifteen are nominal multichotomous scale questions as the respondent has a number of answers to choose from. These questions aimed to uncover the company's current marketing and how the budget was determined. Question seven is a five point likert scale used to determine how meaningful the statements are to respondents. This question is based on a number of objectives and was drawn from the literature. Question nine is an ordinal scale which asks respondents to rank the most important functions in the business. An ordinal scale is a ranking scale in which numbers are assigned to objects to indicate the relative extent to which the objects possess some characteristic (Malhotra, 2007). This was based drawn from the literature it suggests marketing is given a low priority. Stokes and Blackson (2002) highlight that small business owners have a problem with marketing and appear to give marketing a low priority compared to other functions of their business, often regarding marketing as "something larger firms do". Question eleven is a continuous rating scale which aimed to identify the level of effectiveness SMEs feel towards online marketing. Question twelve is a nominal dichotomous scale question with a two answer scale and question twelve (ii) is a seven point likert scale.



A likert scale is a widely used rating scale that requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements about the stimulus objects. Typically each scale option has a five response categories, ranging from 'strongly agree' to 'strongly disagree' (Malhotra, 2007). Question thirteen uses a five point likert scale which aimed to identify if marketing is hard to measure. Based on the literature, the measurement of performance of SMEs appears to be problematic (Nwankwo, S. and Gbadamosi, A. 2011). Question fourteen uses a seven point semantic differential scale with elements designed to identify perceived barriers to marketing in SMEs. Question sixteen is an open ended question in order for respondents to make any additional comments at the end of the questionnaire.

A combination of measurement scales were used to gather different levels of information. Questions one to six are nominal multichotomous scales where the respondent is given a number of answers to select from. These questions aimed to find out the demographics of the SMEs. Questions seven to ten was used to answer objective one, three and four which sought to uncover the current marketing practices employed in SMEs, the perceived importance of the marketing function and the barriers to implementing a marketing strategy. Questions eleven were answering objective four and five which uncovered the awareness of new marketing tools and barriers for implementation of a marketing strategy. Question twelve answered objective three and five while question thirteen answered objective one, four and five. Question fourteen and fifteen answered objective three, four and five again seeking to uncover the importance of the marketing function and the perceived barriers to implementing a strategy. Question sixteen was open ended to give respondents a chance to make any additional comments.

## **Exploratory Research: Semi-Structured In-Depth Interviews**

The author decided to conduct depth interviews with SMEs from each sector of the target population. These population included SMEs from Education and Training, Construction, Hospitality and Retail sectors. Non-probability sampling was used to select interviewees which relied of the judgement of the researcher. Malhotra (2007) states the researcher, exercising judgement or expertise; select the elements to be included in the sample because he/she believes they are representative of the population of interest. A theme sheet was used to probe respondent's answers which can be viewed in Appendix two.

Theme one to five was designed to identify the usage levels of marketing in SMEs (objective one). Theme six to nine was designed to explore the level of performance gained by employing marketing activities (objective two). Themes ten to fourteen were designed to answer objective three which was distinguishing who in the company makes marketing decisions and the importance of the functions of marketing to the company.

## 3.8 Sampling

The aim of most marketing research projects is to obtain information about the characteristics or parameters of the target population (Malhotra, 2007).

### 3.8.1 The Sampling Design Process

The sampling design process includes five steps which are closely interlinked and are relevant to all aspects of the marketing research project, from problem definition to the presentation of results (Malhotra, 2007).

**Step One:** Define the Population- All small companies in Donegal with less than 50 employees

**Step Two:** Determine the sampling Frame - Kompass Ireland Database

**Step Three:** Select Sampling Techniques- Probability- Quota Sampling

**Step Four:** Determine the Sample Size

**Step Five:** Execute the sampling Process

### **3.8.2 Stage One- Descriptive**

#### **Target Population:**

The target population for this study can be defined as male or female owner/managers of small/medium/micro sized enterprises based in Donegal, Ireland in May 2012. The interviews took place in SME owner/managers premises and some were conducted over the telephone if they were unable to meet face to face.

#### **Sampling Frame:**

A sampling frame is a representation of the elements of the target population. It consists of a complete list or set of directions for identifying the target population (Malhotra, 2002) The research required a sampling frame of all small medium enterprises in Donegal. Various databases were considered and contact was made to access the data. The most reliable source was Kompass Ireland who provided the researcher with a list of all sectors in Donegal and the number of companies within each sector. The sampling frame showed the target population as a proportionate representation which was required to answer the research objectives. The frame was cross checked with CSO (Central Statistics Office) to ensure accuracy of the target population.

The total number of companies was 3,007. Kompass Ireland states ‘its Ireland’s largest and definitive source of contact information for targeting Irish businesses and consumers’ (www.dataireland.ie). After analysing the database it was clear there was 4 major sectors in Donegal was retail with the top figure of 571 companies. The database included all aspects of the desired population so therefore the researcher decided to select the top four sectors identified. Judgment sampling was used based on size and sector in this selection. Based on the authors own judgement and expertise the sample was broken down as follows;

**Table 2: Breakdown of Co. Donegal sector targets**

<b>Sector</b>	<b>% of respondents Targeted</b>
Retail	37%
Hospitality	33%
Education & Training	17%
Construction	13%

### **Sampling Method**

Non- Probability sampling was selected, as not every member of the target population has an equal chance of being selected (Malhotra, 2007). According to Zikmund, W.K (1997, p. 424) quota sampling is to ensure that the different elements of the population are represented on ‘pertinent sample characteristics to the exact extent that the investigators desire’. The researcher intended to obtain proportionate representation of the subjects, in terms of sector and size of SME.

### **Sampling Techniques**

Non-probability quota sampling was used for the study. Quota sampling begins with a matrix, or table, describing the characteristics of the target population (Babbie, 2011).

#### **Sample Size:**

Based on the number of companies listed a proportion of each of the sectors in relation to the total were determined. The total sample size was 3,007 companies with fewer than 50 employees. The sample size of 100 for the surveys was decided on by the researcher. D'antri *et al.* (2010) conducted survey research with a sample of a 100 companies which was selected at random from a commercial database listing SMEs within Ireland.

### **3.8.3 Stage Two- Exploratory**

#### **Target Population:**

The target population for this study can be defined as male or female owner/managers of small/medium/micro sized enterprises based in Donegal, Ireland in May 2012.

#### **Sampling Frame:**

The frame was based on Kompass Ireland list of all SMEs in Donegal and was cross checked with the CSO. Yates (1953) cited by Chisnall (2005) points to five criteria that are useful in evaluating sampling frames: adequacy, completeness, no duplication, accuracy and convenience. Chisnall (2005) says no sampling frame is likely to satisfy all those requirements, but it provides a good standard on which to judge a frame and the researcher believes in this case, the frame passes Yates' criteria.

### **Sampling Method:**

Again, non-probability sampling was used, which relies on the judgement of the researcher (Malhotra, 2007). The researcher decided to select two SMEs from each sector of the sampling frame to interview.

### **Sampling Technique**

The researcher decided to use judgement sampling for the basis of the interviews. Judgement sampling is defined as a form of convenience sampling in which the population elements are purposively selected based on the researchers own judgment (Malhotra, 2010).

### **Sample Size**

A total of six depth interviews were conducted as follows; 2 from Retail; 2 from Hospitality, 1 from education and 1 from Construction based on the four sectors defined above. The research aimed to explore the level of marketing techniques adopted by SMEs based on depth interviews with SME owner/managers as an adequate sample size as proven in similar studies which include Gilmore (2001) and Resnick (2011).The researcher decided that at least one from each sector would give an overall perspective on each sector and highlight the varying factors. Construction and education were difficult sectors to conduct interviews with so therefore the researcher could only seek one from each.

### **3.9 Analysis**

The quantitative data was analysed using the online survey software called Zoomerang which presented the findings of the surveys in graph format. The researcher was able to run a cross tab between question to show how two different survey items can inter-relate. The qualitative data was analysed by picking out the common themes, keywords and phrases and formulated in a narrative format. Strauss and Corbin (1990) see it as 'weaving descriptions, speakers' words, field note quotations, and their own interpretations into a rich and believable descriptive narrative'. Kvale (1996) suggests findings should be presented in a narrative structure which entails the social orientation of text to bring out its meaning. Furthermore he noted that knowledge became a reflection of the real world. An example of this style can be seen in by Doherty (2011) and Rushe (2011).

### **3.10 Conclusion**

The methodology helps answer the research objectives. Surveys and depth interviews were deemed to be most suitable to answer research objectives and therefore have been discussed and justified.



## Chapter Four – Findings & Analysis

### 4.1 Introduction

The findings and analysis of the research are discussed in the following chapter and are based on the surveys and depth interviews conducted.

### 4.2 Phase One: Survey

A total of 200 surveys were distributed with 132 respondents leading to a 66 percent positive response rate. The following information summaries the survey;

#### Question One:

**Table 3: How many people does your company currently employ?**

<0	10%
<5	21%
<10	16%
<20	19%
<35	14%
<50	20%

The table above shows the number of people employed in SMEs in Donegal. The author thought it was significant that (21 percent) of SMEs employed less than 5 people and 20 percent of SMEs employed less than 50. Thus, SMEs in Donegal are mainly small or micro based.

### Question Two:

**Table 4: What is your company offering to customers?**

Services	49%
Products	15%
Both	36%

This question shows that (49 percent) of respondents were from the services sector and the products sector was (15 percent). Voss *et al.* (1995), cited by Williams and Buswell (2003), distinguishes services using the assumption of a manufacturing to service continuum from pure manufacturing to pure service. They suggested that the position along the continuum depends on what degree of customer contact there is throughout the process, pure service having the maximum amount of customer interaction.

### Question Three:

**Table 5: Indicate which sector your firm operates?**

Manufacturing	5%
Construction	13%
Wholesale and Retail Sales	38%
Hotels and Restaurants	33%
Transport, Storage and Communications	0%
Financial Services	1%
Education	18%
Healthcare, Pharmaceutical, medical devices	4%
Technology and I.T	5%
Other	15%

Table 5 identifies which sector the respondents came from as quota sampling was used based on sector and size for this research and the author reached these quotas. The four sectors required were retail (37 percent), hospitality (33 percent), education (17 percent) and construction (13 percent).

The author wanted to determine whether the industry the respondents operated in affected the level of marketing techniques used. Woodburn (2004) maintains that each sector and each company should apply a different mix appropriate to its marketplace, and may change the mix at different times or to implement different strategies. In other words, there is no clear or even proper division between these kinds of activities and costs.

**Question Four:**

**Figure 3: Who is responsible for marketing?**

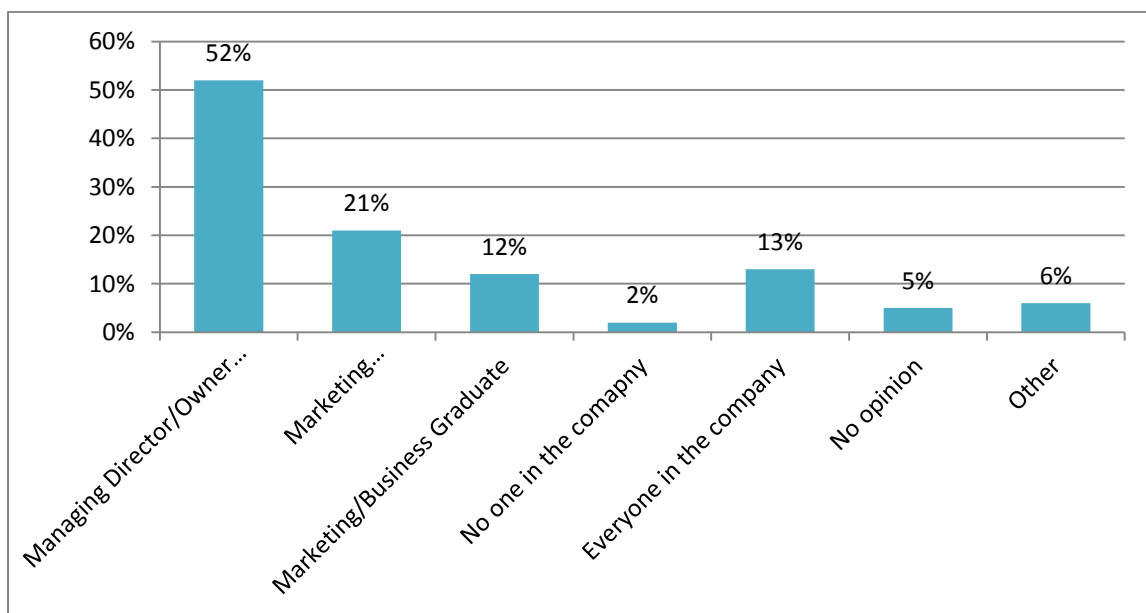


Table 3 shows that (52 percent) of owner managers/managing directors are responsible for marketing in SMEs in Donegal. This is quite a significant number showing that over half of SMEs owner managers/managing directors are responsible for the marketing in their companies. (21 percent) of respondents has a marketing manager/department or assistant that is responsible for marketing. (13 percent) said that everyone is responsible in the company and (12 percent) said the marketing/business graduate is responsible for marketing.

**Question Five:**

**Figure 4: Which of the following does your company have?**

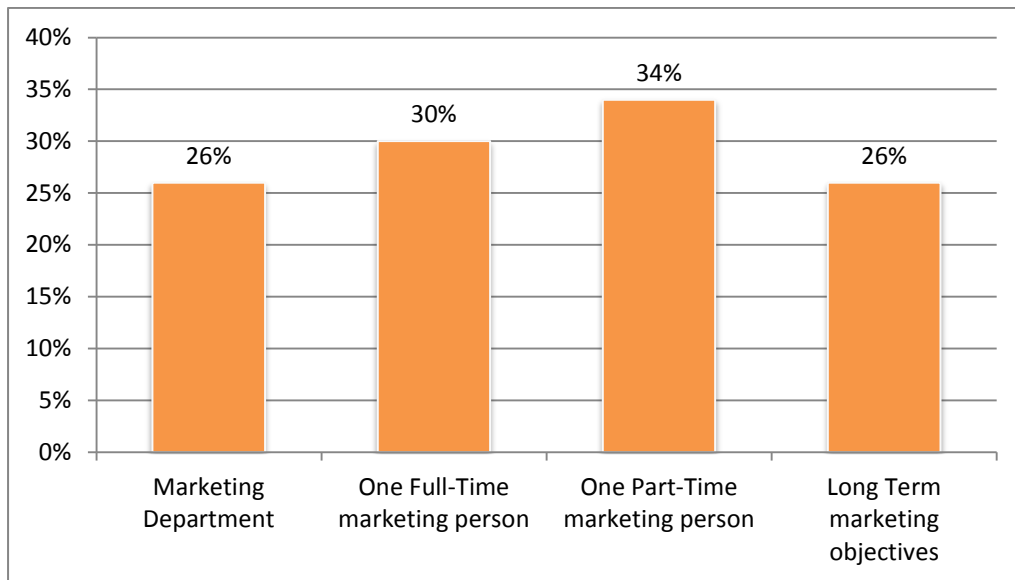


Figure 4 shows that (34 percent) of marketing employees are part time and (30 percent) are full time employees in SMEs in Donegal. The research discovered that SMEs in Donegal have a marketing department and research objectives which were both equal at (26 percent). The respondents may have selected more than one of these options.

## Question Six

**Figure 5: What current marketing communications the company uses?**

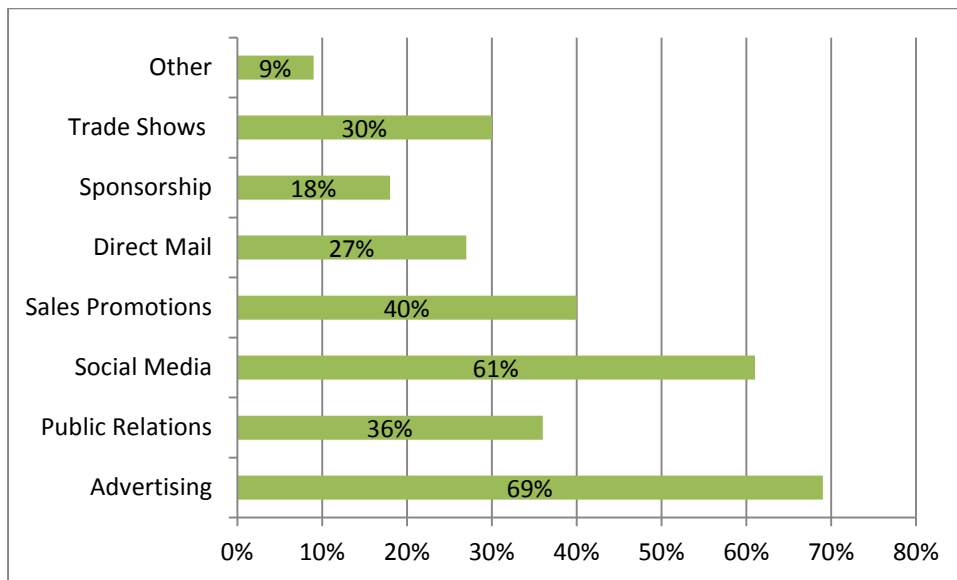


Figure 5 shows the level of marketing the companies are currently doing in their companies.

The highest marketing communication tool was advertising (69 percent) closely followed by social media at (61 percent).

Sales promotion is the third highest method at (40 percent) with public relations high at (36 percent). Direct mail proved to be a low method used by SMEs at (27 percent) possibly due to the cost of distribution. Sponsorship is noted to be the lowest method used by SMEs as a communication method (18 percent) according to this research.

## Question Seven

Figure 6: Indicate how Important/Unimportant these activities are in your company

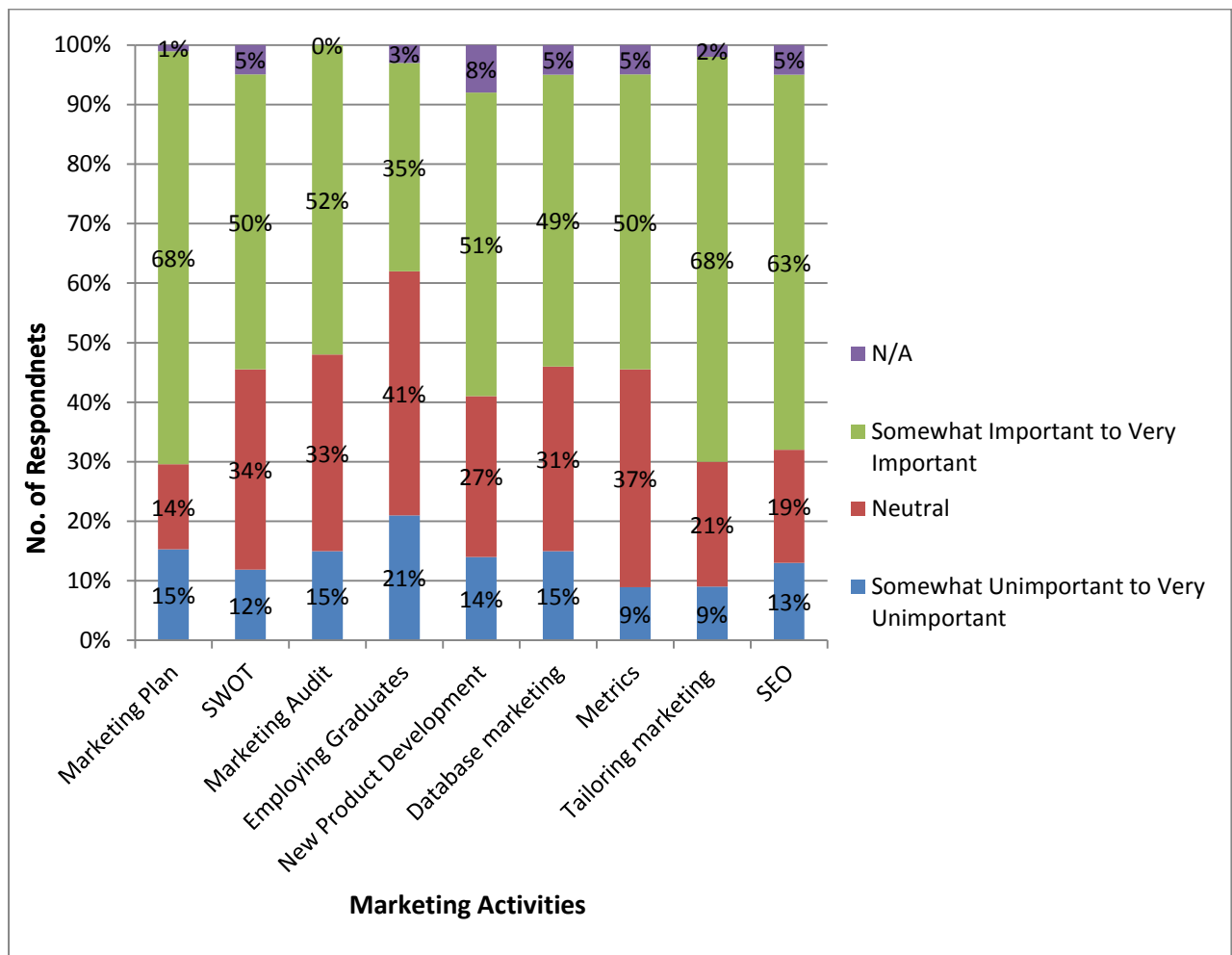
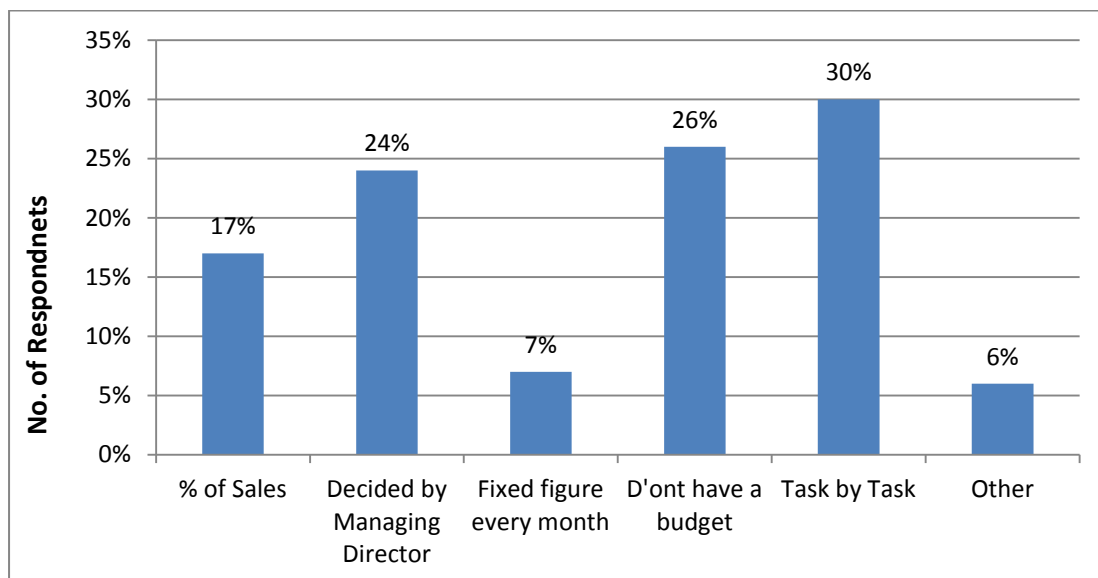


Figure 6 demonstrates the level of importance these marketing activities are to respondents. The respondents showed positive feelings towards these activities. (68 percent) of respondents believe a marketing plan and tailoring their marketing to suit particular segments benefits the company. (50 percent) of respondents believe a swot analysis and measuring marketing using metrics is somewhat important to very important to their company. Search engine optimisation is relatively high with (63 percent) of respondents selecting this activity as somewhat important to very important as web marketing is developing. Finally (52 percent) believes a marketing audit is important with (51 percent) agreeing that new product development is important aspect to their company.

Employing marketing graduates was low at (35 percent) which is disappointing to see from the research. The highest unimportant activity was employing a graduate which backs up this point that SMEs don't seem to think employing graduates is important to their companies. Martin and Chapman (2006) argue that graduates are still viewed as an unnecessary luxury, with many of them being cynical about whether graduates meet their needs. Stephens *et al.* (2010) identifies that graduates must be able of acquiring new skills as required by their employers.

### Question Eight

**Figure 7: How does the company set the marketing budget?**



The above findings highlight that almost one third of respondents said that the marketing budget was set using a task by task method. The second highest response was (26 percent) of respondents stated that they don't have a budget in their company. Leventhal (2005) identifies that measuring marketing efforts solely in terms of financial performance does not indicate whether real progress is being made towards developing a successful market-driven strategy. In addition, he maintains that cutting marketing budget to realise short-term

savings and boosting profitability may work against being able to achieve strategic goals and enhancing customer value. Furthermore (24 percent) stated that the managing director sets the budgets which ties in with question four showing that the managing director is responsible for marketing in SMEs and sets the budget. According to the research (17 percent) of respondents maintained that a percentage of sales determined the marketing budget with only (7 percent) saying they had a fixed figure for marketing every month.

**Question Nine:**

**Figure 8: Ranking the importance of each business function**

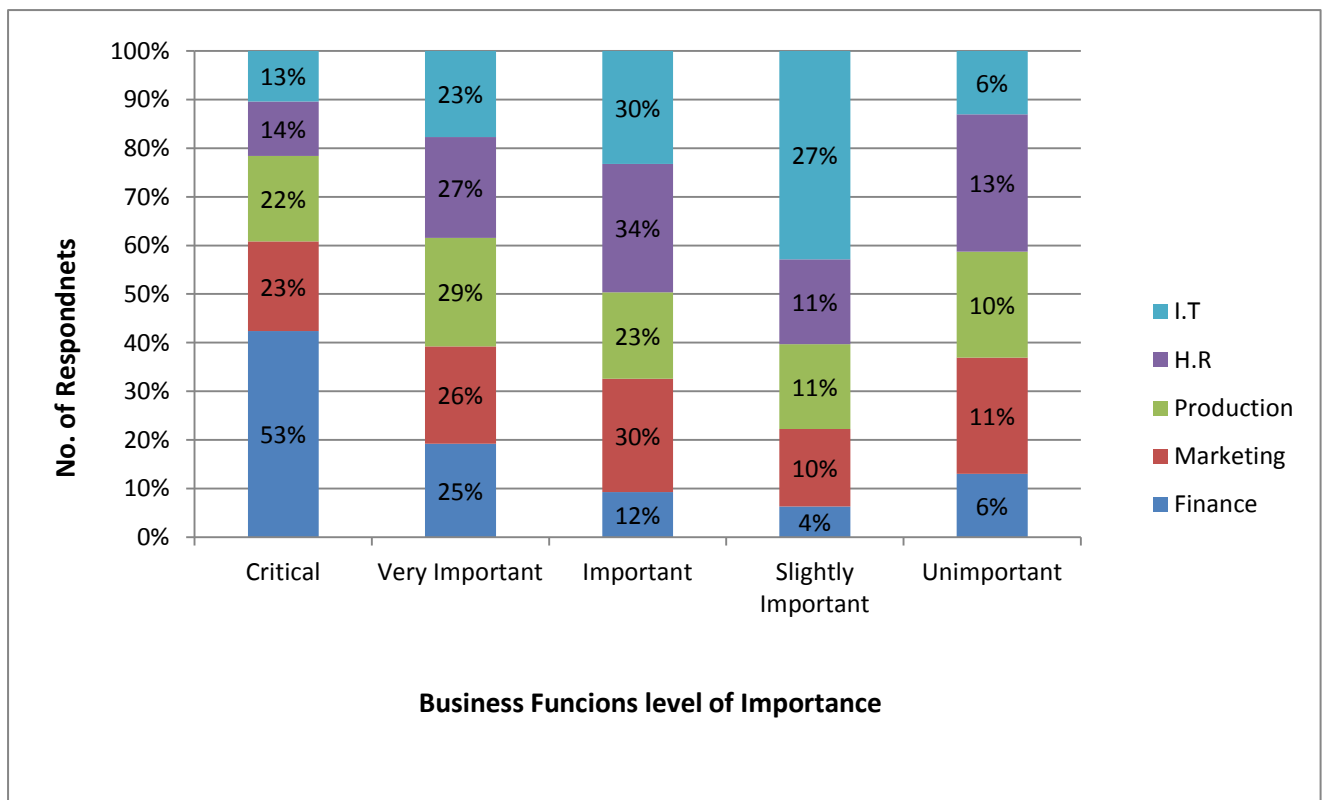


Figure 8 shows the importance of each business function with the finance being ranked critical to SMEs at (53 percent). Marketing ranked (23 percent) critical which was positive with only (10 percent) seeing marketing as slightly important. Human resource was important to SMEs showing a response rate of (34 percent) closely followed by marketing at (30 percent).



Based on the critical aspect marketing was ranked second followed by production, Human resource and I.T which was a positive outcome.

### Question Ten

**Figure 9: What communications tools does your company use?**

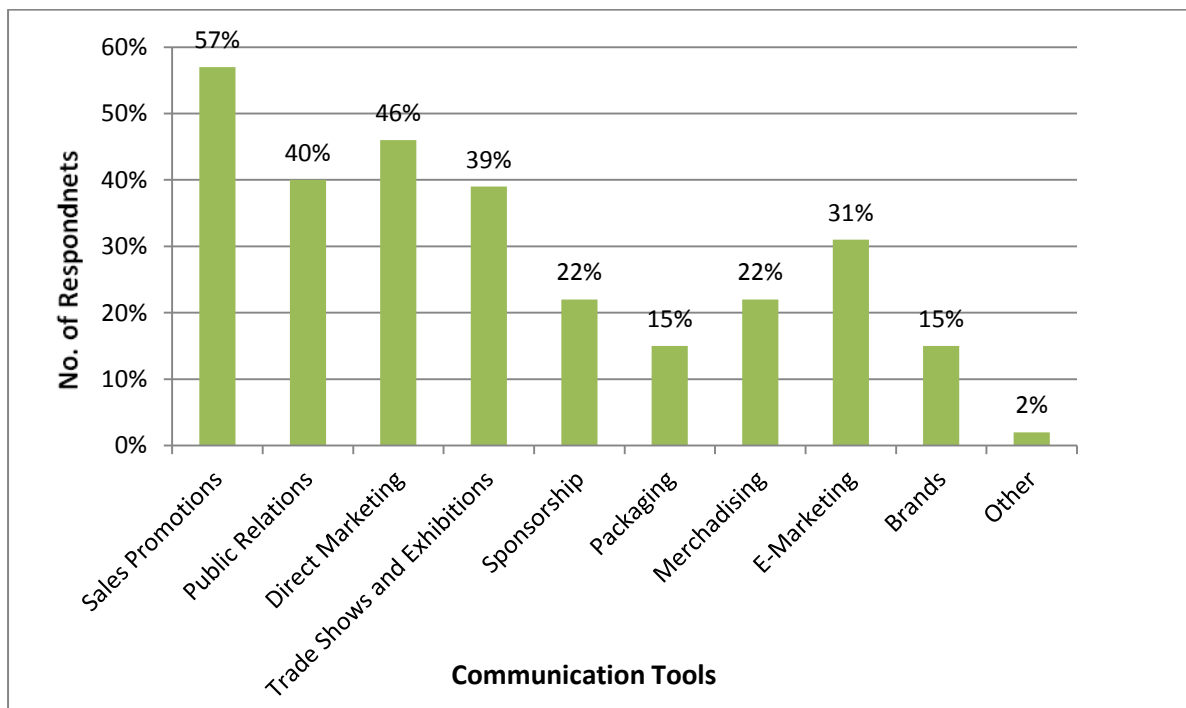
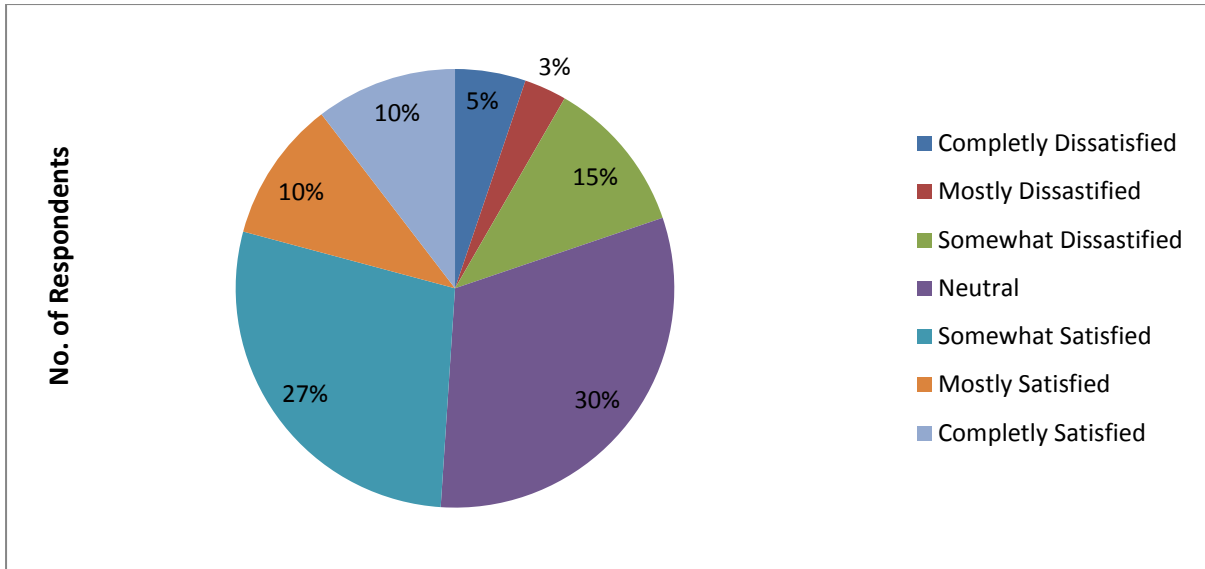


Figure 9 above identifies sales promotions as the highest method of communications (57 percent) with direct marketing (46 percent), public relations (40 percent), trade shows (39 percent) and E-marketing (31 percent) all around the same level. Sponsorship is low at (22 percent) similar to question six and merchandising is also showing (22 percent) response rate. Brands and packaging are equally low at (15 percent) with other only (2 percent).

## Question Eleven

Figure 10: Effectiveness of Online Marketing



The pie chart above clearly demonstrates that (30 percent) of respondents were neutral when it came to rating the effectiveness of online marketing which shows they were undecided on this element. (27 percent) were somewhat satisfied with (10 percent) mostly satisfied with the effectiveness. Only (11 percent) maintained they were somewhat dissatisfied which is relatively low.

## Question Twelve

Figure 11: Has the company got an online sales function?

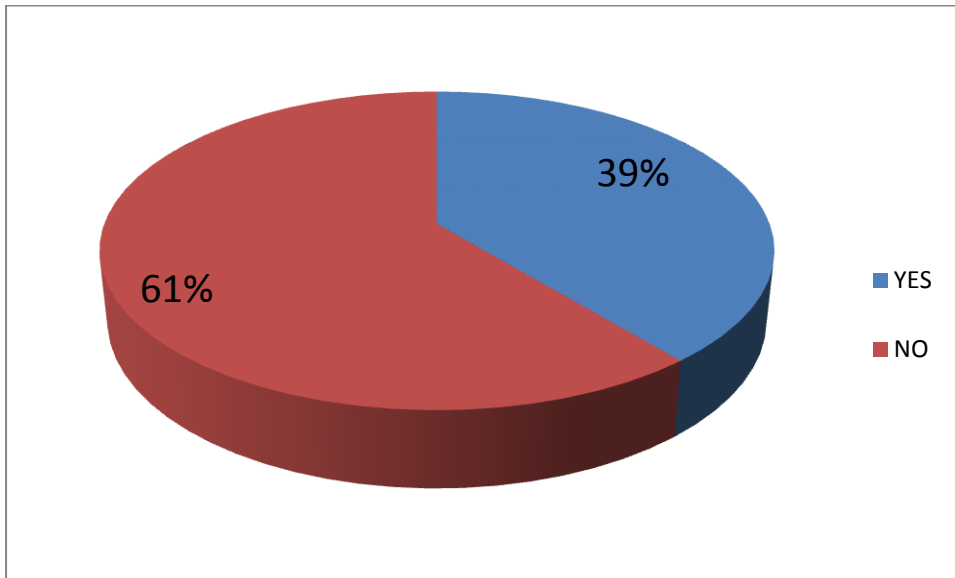


Figure 11 above indicates that (61 percent) of respondents did not have an online sales function with only (39 percent) saying their company did have an online sales function. Ching and Ellis (2004); Mc Cue (1999); Avlonitis and Karayanni (2000) cited by Gallagher *et al.* (2007), reports there is lack of actual research on such issues as constraints, successful e-marketing techniques, the role the internet plays as regards marketing activities and indeed the visibility of e-marketing for SMEs.

### Question Thirteen

**Table 6: If yes, how satisfied is the company with this method of selling?**

Completely Dissatisfied	0%
Mostly Dissatisfied	3%
Somewhat Dissatisfied	7%
Neither Satisfied or Dissatisfied	18%
Somewhat Satisfied	24%
Mostly Satisfied	26%
Completely Satisfied	6%
N/A	16%

Table 7 above shows that (26 percent) of respondents were mostly satisfied with their online sales function. Only (6 percent) said they were completely dissatisfied with this method of selling.

**Question Fourteen:**

**Table 7: The extent to which respondents agree or disagree with the statements**

Social Media is an effective tool	Somewhat to Strongly Disagree	Neutral	Somewhat to Strongly Agree
Lacks of financial resources limits marketing	12%	24%	65%
Lack of knowledge of segments	13%	19%	68%
Marketers aid in selecting Distribution	11%	34%	52%
Packaging & Branding create awareness	8%	37%	54%

From the table above on can clearly see, the respondents showed a positive response to the statements given. (68 percent) and (65 percent) of respondents somewhat to strongly agreed with the first two statements with a further (54 percent) and (52 percent) in agreement with the final two statements. Only (8 percent) of respondent somewhat to strongly disagreed with packaging and branding creates awareness.

**Question Fifteen:**

**Figure 12: Respondents level of agree/disagreement with the following statements**

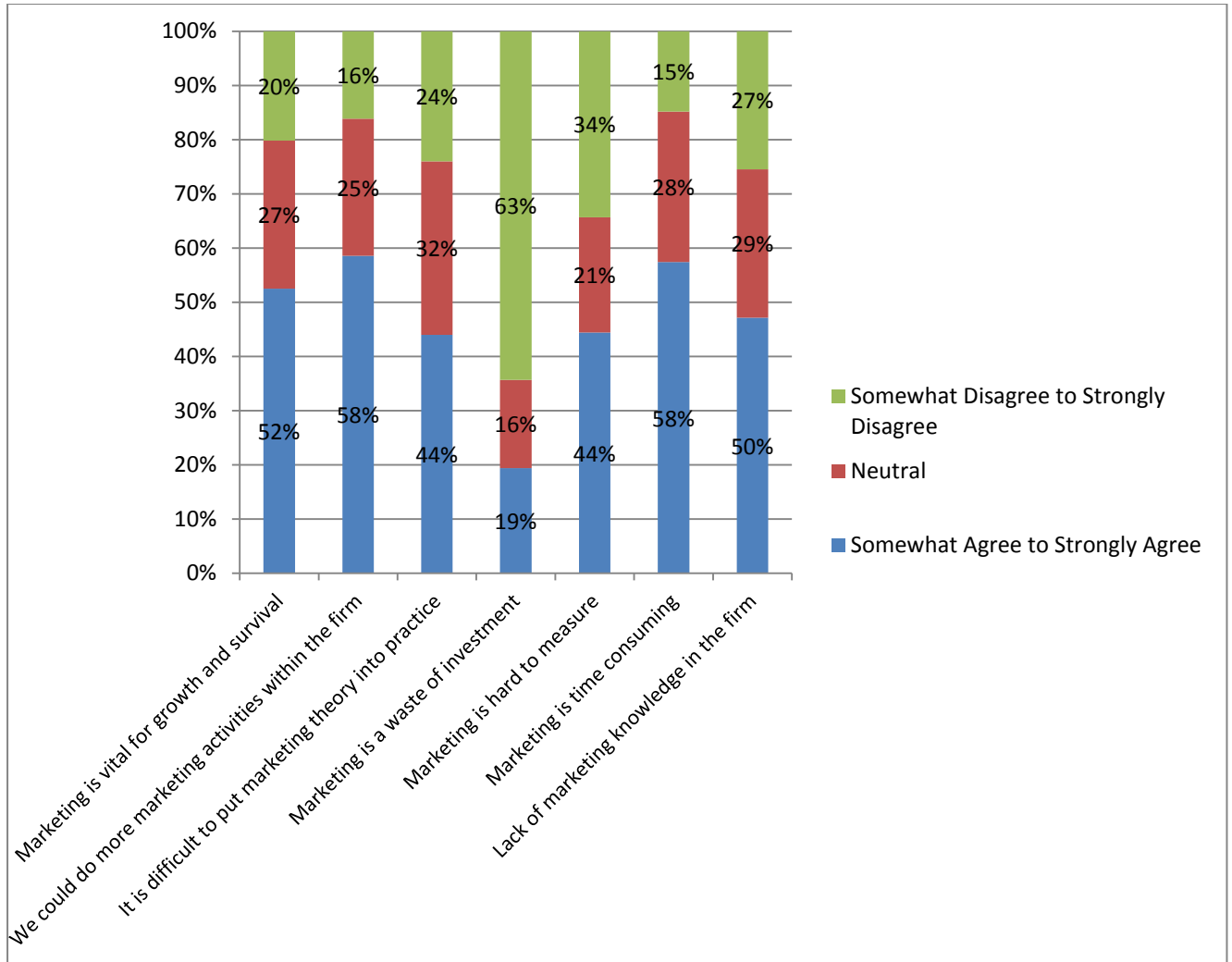
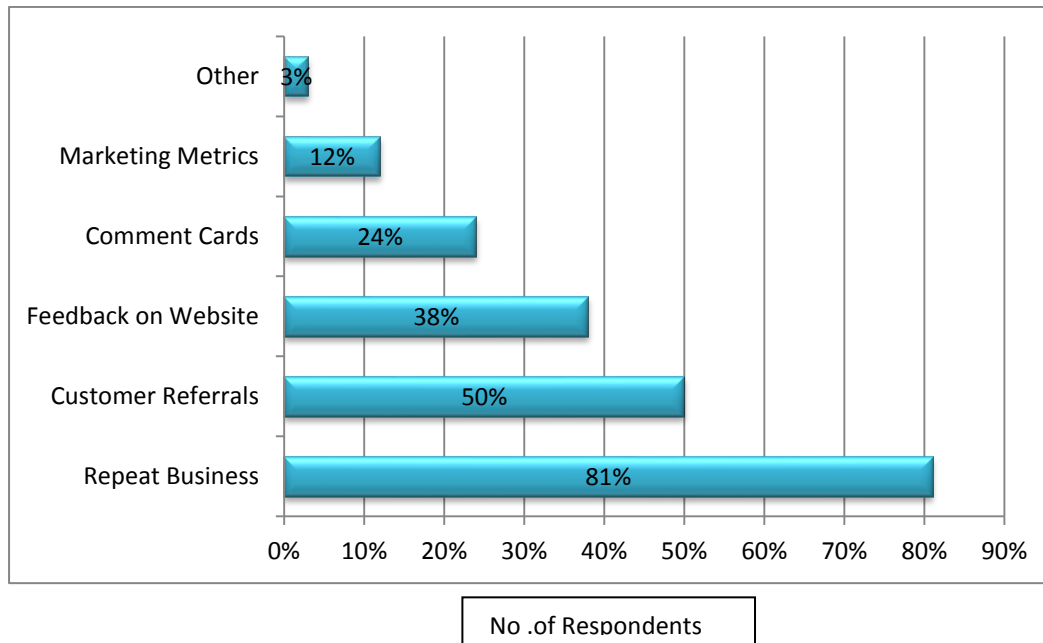


Figure 12 demonstrates that (63 percent) of SME owner/managers in Donegal somewhat disagree to strongly disagree that marketing is a waste of investment. In comparison only (19 percent) of respondents somewhat agreed to strongly agree that marketing was a waste of investment. Welch and White (1981) quoted by Tran *et al*, (2011) refers to this problem as resource poverty which means that SMEs must be mindful of their spending and investments.(58 percent) of respondents somewhat agreed to strongly agree that the company could do more marketing activities and that marketing is time consuming.

## Question Sixteen

**Figure 13: How does the company measure its marketing communications?**



The graph above shows that SMEs in Donegal measure their marketing communication mainly with repeat business at (81 percent). (50 percent) of respondents indicated that customer referrals was their means of measurement and (38 percent) depended on feedback on their website. Comment cards were low means of measurement at (24 percent) and (3 percent) used other methods of measuring marketing. Da Gama (2011) discusses how performance measurement has been a key concern in marketing and it remains a vital issue in many companies. Such interest in this topic is mostly based on the assumption that increased accountability of marketing reinforces corporate performance and adds to marketing credibility, being particularly relevant in economic downturns.

## **Question Seventeen**

### **Please state any additional comments you would like to make?**

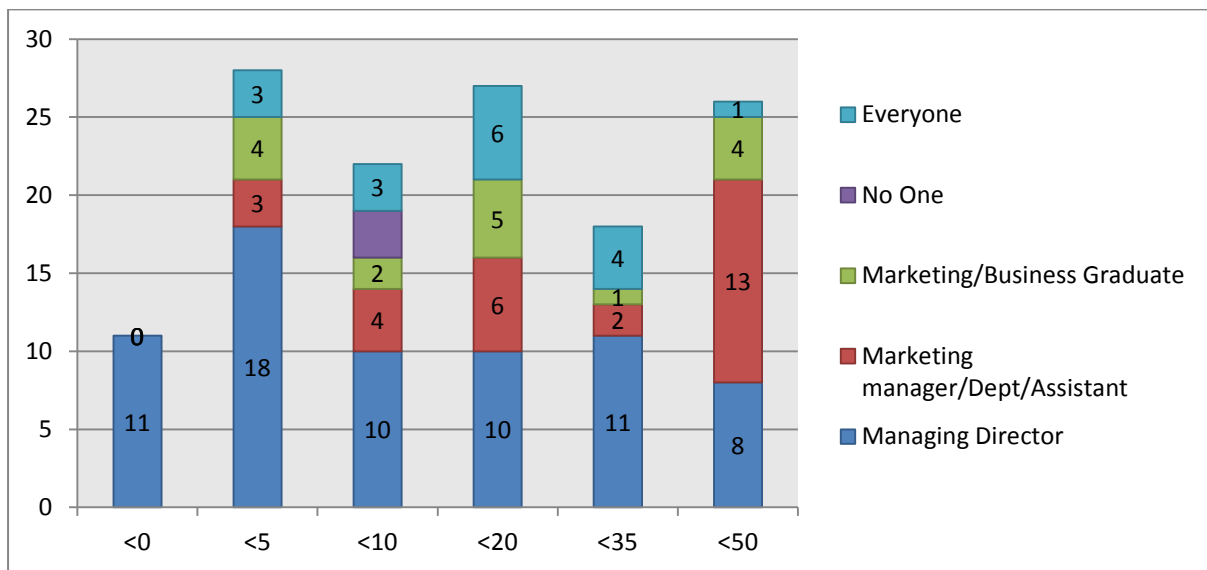
Five of respondents stated they had no personal knowledge of marketing tools and seven respondents suggested marketing as time consuming but it is necessary. Financial restrictions were the main reason for SMEs conducting their own marketing. This echoes throughout the literature as Gilmore *et al.* (2006) suggests that the characteristics of marketing in SMEs are determined by key constraints such as limited resources in the form of lack of finance, lack of time and lack of good clear market information resources.

One respondent stated that 'managers need to be convinced that marketing is an important element not a game'. Another respondent discussed how marketing strategies in hospitality has taken a new direction in recent years and all marketing activities must be carried out within an affordable and realistic budget. Another respondent stated that marketers must be very familiar with their product and excellent communication skills are essential for success. As regards networking several respondents emphasised how vital it is to know who is who in business and to utilise every opportunity to network with other business people. Six respondents also maintained the importance of knowing the consumers changing trends and how important creativity is to quality marketing.



A series of cross tab was carried out on the quantitative findings in order to test for any significant relationships between variables.

**Figure 14: Cross Tabulation between numbers of employees in comparison to who makes the marketing decisions in a company.**



The cross tab was run to identify if industry size had an effect on who carried out marketing within the firm. The managing director is clearly the main person who carries out marketing in SMEs in Donegal regardless of size but the researcher noted that 13 percent of respondents had a marketing manager/Department/Assistant in SMEs with employees greater than 50.

## **4.3 Analysis of Survey**

The surveys gathered valuable information and the author decided to analysis the finding under the main objectives. A well designed survey is an invaluable tool in gathering the necessary information and enables large scale collection of data with minimal input from the person distributing them (Malhotra, 2007)

### **4.3.1 To determine the perceived importance of the marketing function in SMEs**

Stokes and Blackson (2002) highlight that small business owners have a problem with marketing and appear to give marketing a low priority compared to other functions of their business, often regarding marketing as “something larger firms do”. In contrast to past literature, positive feelings indicated that respondents believe marketing is becoming more paramount to SMEs in Donegal. The findings showed that (30 percent) of marketing employees in Donegal are full-time and (34 percent) are part-time. Question nine answered this objective with respondents asked to rank the importance of business functions. Finance was ranked highest with (53 percent) of respondents maintaining this is critical to SMEs. This was followed by marketing which ranked (23 percent) critical to SMEs in Donegal. There was a significant difference between these two figures but marketing was rated second out of the list of business functions.

A number of different marketing statements were given to respondents and the author noted in both question seven and question fourteen the respondents agreed positively with the statements given. (54 percent) of respondents agreed that packaging and branding helps create awareness of their product, while (68 percent) believe a marketing plan benefits the company. This leads the author to believe that marketing plays a dominant role in SMEs in Donegal.

#### **4.3.2 To identify who makes the marketing decisions in SMEs**

Question four was designed to answer this objective with a high response showing that (52 percent) of managers/managing directors responsible for marketing in SMEs. The author notes that managers/managing directors play an imperative role in SMEs in Donegal with the figures proving this. This is echoed throughout the literature and interviews conducted. Only (21 percent) of SMEs suggested they had a marketing department/manager in the company.

Stephens *et al.* (2010) argues due to insufficient resources faced by SMEs to merit employing an individual marketing manager, they instead recruit graduates who have gained specialised academic knowledge and are able to fulfil a variety of roles. In contrast, the findings highlighted that only (12 percent) of SMEs said they had employed a marketing/business graduate.

### **4.3.3 To identify current marketing practices employed by SMEs**

The author noted that advertising at (68 percent) was the highest method of communication utilised by SMEs in Donegal. This method must prove most effective for SMEs. The second highest method was social media with (61 percent) of responses. Social media is an expanding method of marketing communications. The respondents showed positive levels of agreements with statements given such as (68 percent) agreeing to tailor their marketing to suit different segments. An additional comment at the end of the survey was made as follows 'it's important to know your customer's changing trends and how important creativity is to marketing'. OECD (2001) maintains that it is crucial for SMEs to innovate and this applies to new and traditional sectors alike. Innovation can take many forms in the way the commercialisation of new technologies as well as changes in how firms organise themselves, manage and train their employees and serve new customers in new markets.

Search engine optimisation was also high at (63 percent) thus linking with social media. The level of agreement about employing marketing graduates was low at (35 percent) which means that SMEs cannot see the benefit of employing graduates. This relates to past literature which indicated that SMEs did not utilise employing marketing graduates with the acquired skills to sustain the business and create competitive advantage.

#### **4.3.4 To elicit the perceived barriers to effective marketing strategies**

The author highlighted from the findings that the budget for marketing was set on a task by task basis for (30 percent) of SMEs. (26 percent) of respondents maintained their companies do not have a budget. This was also echoed from conducting interviews as it was evident that most SMEs are struggling on a day to day basis. Financial restriction was the main reason for SMEs conducting their own marketing. This was notably a key disguising factor in implementing a strategy as many SMEs just didn't have the finance for marketing and depended on "free" marketing techniques. Some of the statements given to respondents reiterated this point as (58 percent) of respondents somewhat agreed to strongly disagreed that that marketing was a waste of investment and their company could do more marketing activities. From the additional comments a respondent stated 'marketing is time consuming but necessary'

(44 percent) of respondents maintain that marketing is hard to measure. This is a high figure which shows that SMEs cannot see the benefit to be gained from marketing as they feel it is hard to measure. Furthermore, respondents were asked how it measures its marketing and 81 per cent based measurement on repeat business. (50 percent) indicated they measured marketing by customer referrals and (28 percent) used feedback on website.

#### **4.3.5 To determine awareness of the benefits of new marketing tools**

Online marketing was evaluated in this survey with (30 percent) of respondents neutral when rating the effectiveness of online marketing. This proves it's still an evolving area with owner/manager still unsure of the benefits to be reaped. Only (27 percent) agreed they were somewhat satisfied with online marketing. Furthermore, 61 percent of SMEs in Donegal do not have an online sales function. 26 (percent) were mostly satisfied with this method of selling. The author was lead to believe that owner/managers were still unsure of the benefits of online marketing.

#### **4.4 Overall conclusion from the survey**

The main findings showed that marketing plays a vital role in SMEs in Donegal. (52 percent) of managers/managing directors were responsible for marketing thus showing the critical role they play in SMEs. Employing marketing graduates was very low at (12 percent) which was notably disappointing findings. Advertising was ranked the highest method of communication used by SMEs with budgets being based on a task by task basis. Financial restrictions were the manager's main concern with many of them finding marketing hard to measure (44 percent). Online marketing is still evolving as (61 percent) did not have an online sales function and many managers unsure of the benefits of this method.

## 4.5 Phase Two: Depth Interviews

The author analyses the main findings of the depth interviews under the objectives as follows;

### 4.5.1 To identify the usage levels of marketing in SMEs in Donegal

All six respondents stated that they used all traditional forms of marketing with advertising being the main method followed by social media. This coincides with the survey results as (table 5) shows the highest marketing communication tool was advertising (69 percent) closely followed by social media at (61 percent). This supports literature findings (Strauss and Frost, 2001) highlight that, sales, public relations, direct marketing, and advertising are marketing communications that comprises the crucial components of e-marketing strategy. One respondent stated: *'It is a very competitive market and although advertising prices have come down the return versus spend on marketing is not what it once was'*.

All respondents suggested that they used as many free innovative methods as they could as finances are restricted. One respondent discussed the innovative idea of taking customers on walking tours which is a free method of marketing to encourage repeat business. O' Dwyer *et al.* (2009) indicates that innovative marketing does not just relate to products, new product development, and technological development but it is also visible in other aspects of marketing related activities and it is specific to the context and needs of SMEs. OECD (2001) maintains that it is crucial for SMEs to innovate and this applies to new and

traditional sectors alike. Innovation can take many forms in the way the commercialisation of new technologies as well as changes in how firms organise themselves, manage and train their employees and serve new customers in new markets.

Five respondents agreed that their marketing methods used were satisfactory but one respondent discussed that most methods have lost effectiveness as customers are bombarded with messages and offers every day. Moreover past literature suggests that the need to break through the clutter of current advertising and counteract the ineffectiveness of mass marketing has led to the rise of experiential marketing and it's a results of the consumers desire to feel connected with the brand and to endure a memorable experience (Lenderman, 2006).

Three respondents had a marketing plan which helped them stay focused and achieve realistic targets with budgets done yearly and quarterly. In comparison to this, three respondents stated they do not have a marketing plan due to lack of finance. The surveys showed that (68) percent of respondents felt a marketing plan benefited their company. The majority of managers were in agreement that marketing is never a waste of time if done effectively.



#### **4.5.2 To explore the level of performance gained by employing marketing activities**

One respondent discussed how marketing utilises business performance as it can be seen through sales growth, customer and staff feedback and vital through customer loyalty which is needed to make a business grow. One respondent maintained if marketing is not done on a consistent basis then business performance declines. Furthermore, in many cases it is only after sales or profits have begun to decline that the owner/manager allocates time to trying to understand the causes of poor performance ( Chaston and Mangles, 2002).

Four respondents explained that marketing was measured in their companies through customer loyalty, referrals, market source for online bookings and various online methods. The survey findings revealed (81 percent) of marketing was measured by repeat business and (50 percent) was measured by referrals. The past literature indicated that measuring marketing performance in SMEs is problematic (Nwankwo, S. and Gbadamosi, A. 2011). In addition, Leventhal (2005) identifies that measuring marketing efforts solely in terms of financial performance does not indicate whether real progress is being made towards developing a successful market-driven strategy.

Most of the respondents were in agreement that marketing is hard to measure with no definite results. One respondent discussed that: *'marketing is open to human error and depends on the campaign for example a radio campaign can be very hard to measure and often to convert to sales directly and brand awareness is very difficult to measure'*. In contrast, one respondent stated: *'marketing is not hard to measure as the growth the store achieves is measures on a weekly basis compared to last year's growth. It is not time consuming as it is a necessity as a measurement scale'*. Three respondents discussed how

they don't have a marketing budget due to financial restrictions and if a campaign needs to be run to increase awareness it will be run.

Three respondents stated the budget is determined either on a yearly basis or task by task basis. This also confirmed survey results (figure 3) as (30 percent) of SMEs determined their marketing budget based on a task by task bases due to financial constraints, while (26 percent) did not have a budget.

The owners/directors of the company decided the budget based on the marketing plan and forecasted sales. Financial constraints seemed to echo throughout the interviews and literature which showed that companies could not employ a full-time marketing person to enhance business performance.

### **4.5.3 To distinguish who makes marketing decisions and the importance of its functions to the company**

Three respondents said they do not have a marketing department with one respondent stating he factored marketing activities into his job. From the interviews it was evident that SMEs often have one person who takes responsibility for this role as well as multi-tasking into other roles, which is necessary in the current economic climate. Five respondents stated they make final marketing decisions with only one respondent stating that marketing manager makes decisions. This corresponds with the surveys as findings showed (52 percent) of managers/managing directors were responsible for marketing. Three respondents stated that they found marketing daunting and challenging as there are tighter margins and more competition. Three respondents said they enjoy the experience and meeting people.

Finance was rated the main business function and was given priority over other functions by all six respondents. One respondent suggested: *'that sales are the oxygen to any business'* and marketing was based on the level of finance available. Lack of finance was seen as the main barrier to effective marketing which coincides with past literature and surveys.

Networking proved to be a vital activity by all respondents as knowledge can be shared which means businesses can help each other to gain sales. Konstadakopoulos (2004) suggests that Networking is an effective way of tackling some problems that beset small firms purely on account of their size.

## **Chapter Five – Conclusion & Recommendations**

### **5.1 Introduction**

The overall aim of this study was to examine the levels of marketing techniques adopted by SMEs in Donegal. The literature reviewed secondary research surrounding areas such as marketing performance, networking, resource constraints, innovative marketing and e-marketing. The primary research involved both surveys and interviews, with an additional review of findings by an expert to ensure validity. Chapter five aims to give an overall conclusion as a whole and distinguish how objectives were achieved.

### **5.2 Conclusion**

This research has been successful in answering objectives to explore the variety of marketing techniques used by SMEs. The author gained a full understanding of use of marketing and the level of importance to SMEs in Donegal. The main findings showed that (52 percent) of managers/managing directors are responsible for marketing and final decisions in SMEs in Donegal therefore playing a dominant role in their companies. Another issue echoed throughout the literature and coincides with the findings is the limited resources SMEs face to carry out marketing and also to employ a full-time marketing person. (65 percent) of respondents from the surveys agreed that lack of financial resources limits their marketing spend. In addition, the interviews revealed that managers use as many free methods of marketing possible due to finance restrictions.

Findings from both qualitative and quantitative methods revealed finance to be the most important business function. One manager stated 'sales are the oxygen of any business'.

Disappointing findings showed the level of marketing graduates employed were very low at (12 percent). This is evident in the literature as Mc Larty (2001;2001), quoted by Martin and Chapman (2006), maintains within the SME sector, research indicated the application of appropriate marketing skills can be advantageous to business performance. However, many owner- managers are currently reluctant to employ marketing graduates, whose valuable skills could aid business growth.

During recessionary times, as marketing budgets get tighter, managers need to believe that marketing does work and can aid business performance. (63 percent) of respondents from the surveys somewhat disagreed to strongly disagreed that marketing is a waste of investment. In addition findings from interviews conclude that managers agreed that 'marketing is never a waste of investment if done effectively' thus, proving marketing is important to SMEs in Donegal.

### **5.3 Recommendations**

The following are recommendations purposed by the author;

There is clear evidence from this research to show the lack of marketing graduates being employed by SMEs. This issue needs to be tackled by introducing work placement schemes and more links need to be formed between local colleges and local SMEs in Donegal. An incentive could be given to encourage SMEs to employ graduates over a time frame in order to reap the full benefits of marketing.

Lack of finance/resource is apparent throughout the literature and findings which is an ongoing barrier for SMEs lack of marketing. SMEs should be provided with more funding and grants especially the smaller SMEs. The encouragement of business start-ups needs to be encouraged more by government as SMEs are described as the fuel of the economy.

The perceptions and attitudes of owner managers were overall positive but some did find marketing challenging and daunting. The author feels more information needs to be available to SMEs to encourage them to use marketing to aid business performance.

Finance was the main business function followed by marketing with many managers using free methods of marketing. Online marketing was underutilised from the findings with (61 percent) of survey respondents not having an online sales function. More needs to be done to encourage the use of online marketing as it is constantly evolving with many managers unsure of the benefits.

## **5.4 Expert Opinion**

Mark Fielding, Chief Executive of Irish Small and Medium Enterprise Association (ISME) read over my dissertation in order to triangulate the findings to ensure validity. He has been involved in the SME sector throughout his working life and has worked in the UK, France and Ireland. He assisted in the start up of more than 300 companies prior to taking up his current role of CEO at ISME. He was very impressed with the findings saying 'they provided an interesting read'. He stated that 'Lack of finance is the main problem faced by SMEs and therefore they could not afford marketing'.

## **5.5 Limitations**

The research was restricted to County Donegal due to financial and time restrictions of the researcher. The travelling involved to conduct interviews was not feasible for the researcher.

## **5.6 Reflection**

The researcher felt that the sample was developed accurately and was pleased with selecting the top four sectors to show the differing managers opinions of marketing that exists within each sector. This method allowed a more even spread of responses.

The process proved very rewarding and developed the researcher's confidence in going forward in the future.

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[www.dataireland.ie](http://www.dataireland.ie)

# Appendix One: Marketing Information Survey

## Marketing Information Survey

This survey has been created as part of my thesis for the MSc in Marketing Practice in Letterkenny Institute of Technology and takes approximately five minutes to complete.

**(All completed surveys treated in the strictest of confidence)**

**Please read the survey carefully and tick where appropriate.**

### Section 1: Company Profile

**1. How many people does your company currently employ?**

0  <5  <10  <20  <35  <50

**2. What is your company offering to customers?**

Services  Products  Both



**3. In the list below please indicate which industry your company operates?**

- |                                             |                          |
|---------------------------------------------|--------------------------|
| Manufacturing                               | <input type="checkbox"/> |
| Construction                                | <input type="checkbox"/> |
| Wholesale and retail sales                  | <input type="checkbox"/> |
| Hotels and restaurants                      | <input type="checkbox"/> |
| Transport, storage and communications       | <input type="checkbox"/> |
| Financial services                          | <input type="checkbox"/> |
| Education                                   | <input type="checkbox"/> |
| Healthcare, pharmaceutical, medical devices | <input type="checkbox"/> |
| Technology and I.T                          | <input type="checkbox"/> |
| Other (Please specify) _____                |                          |

**4. Who is responsible for carrying out marketing activities within the firm?**

- |                                   |                          |
|-----------------------------------|--------------------------|
| Managing director/Owner manager   | <input type="checkbox"/> |
| Marketing Manager/Dept/ Assistant | <input type="checkbox"/> |
| Marketing/Business graduate       | <input type="checkbox"/> |
| No one in the company             | <input type="checkbox"/> |
| Everyone in the company           | <input type="checkbox"/> |
| No opinion                        | <input type="checkbox"/> |
| Other (please state) _____        |                          |

**Section 2: Company's Current Marketing**

**5. Which of the following does your company have? (Tick all appropriate)**

Marketing department

One Full-time marketing person

One Part-time marketing person

Long term Marketing objectives

**If none of these functions exist why?** \_\_\_\_\_

**6. Please indicate what current marketing communications tools your company currently uses?**

Advertising (Print, Radio)

Public Relations (Press releases)

Social Media (Facebook, Twitter)

Sales promotions

Direct mail

Sponsorship

Trade shows

Other (please state) \_\_\_\_\_

**7. Please indicate how important/unimportant you feel these activities are to your company:**

	Very Unimportant	Unimportant	Neither important or unimportant	Important	Very Important
A marketing plan	[ ]	[ ]	[ ]	[ ]	[ ]
Conducting a SWOT analysis	[ ]	[ ]	[ ]	[ ]	[ ]
Undertaking a marketing audit	[ ]	[ ]	[ ]	[ ]	[ ]
Employing marketing graduates	[ ]	[ ]	[ ]	[ ]	[ ]
New product Development process	[ ]	[ ]	[ ]	[ ]	[ ]
Database marketing to aid decision making	[ ]	[ ]	[ ]	[ ]	[ ]
Marketing Metrics	[ ]	[ ]	[ ]	[ ]	[ ]
Tailoring your marketing activities to suit different segments	[ ]	[ ]	[ ]	[ ]	[ ]
Search engine optimisation (SEO)	[ ]	[ ]	[ ]	[ ]	[ ]

**8. How does your firm set the marketing budget for the year?**

- Percentage of sales
- An amount decided by the managing director
- Fixed figure every month
- Don't have a budget
- Task by task basis
- Other \_\_\_\_\_

**Section 3: Company's thoughts towards marketing techniques:**

**9. Please rank from 1 to 5 the importance of the following functions to your company:**

1= **Most** Important

5= **Least** Important

- Finance
- Marketing
- Production
- Human Resources
- IT

**10. What communication tools does your company use?**

- Personal selling
- Sales promotions
- Public Relations
- Direct Marketing
- Trade shows and Exhibitions
- Sponsorship
- Packaging
- Merchandising (point of sale)
- E-marketing (Internet promotions)
- Brands

**11. How would you rate the effectiveness of your online marketing?**

**Dissatisfied**

**Satisfied**

**1                    2                    3                    4                    5                    6                    7**

**12. (a) Has your company got an online sales function on the website?**

**Yes                          No**

**(b) If yes how satisfied is the company with this method of selling?**

**Dissatisfied**

**Satisfied**

**1                    2                    3                    4                    5                    6**

**Q13. Please indicate the extent to which you agree or disagree with the following statement:**

	<b>Strongly disagree</b>	<b>Somewhat disagree</b>	<b>Neither dis/agree</b>	<b>Somewhat agree</b>	<b>Strongly agree</b>
Social Media is an effective marketing tool	[ ]	[ ]	[ ]	[ ]	[ ]
Lack of financial resources limits our investment in marketing	[ ]	[ ]	[ ]	[ ]	[ ]
There is lack of knowledge on segmentation process	[ ]	[ ]	[ ]	[ ]	[ ]
Marketers aid in selecting the most efficient distribution channels	[ ]	[ ]	[ ]	[ ]	[ ]
Product packaging and branding creates awareness of the product/service	[ ]	[ ]	[ ]	[ ]	[ ]
Marketing activities are given a low priority over other business functions	[ ]	[ ]	[ ]	[ ]	[ ]
It is difficult to evaluate the effectiveness of marketing activities	[ ]	[ ]	[ ]	[ ]	[ ]

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

**1= You strongly disagree**

**7= You strongly agree**

Circle one of the middle if your feelings are less strong towards the statements provided:

	<b>Strongly Disagree</b>				<b>Strongly Agree</b>		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Marketing is a vital function for growth and survival	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
We could do more marketing activities within the firm	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
It is difficult to put marketing theory into practice	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Marketing is a waste of investment	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Marketing is hard to measure	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Marketing is time consuming	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
There is a lack of marketing knowledge in the company	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

**15. How does your company measure its marketing communications?**

Repeat business

Customer Referrals

Feedback on website

Comment cards

Marketing Metrics

**16. Please state any additional comments you would like to make?**

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**Thank you for your time!**



## Appendix Two: Interview Theme Sheet

### Theme Sheet Interviews

Name of interviewee: _____	Location of interview: _____	No. of Employees _____
Name of researcher: _____	Time and date: ____:____ am/pm ____/____/____	

<b>Q1. What methods of marketing do the company currently use?</b>	
<b>Q2. Are these methods satisfactory?</b>	

<p><b>Q3. Does the company feel marketing is vital in order to survive in this economic climate?</b></p>	
<p><b>Q4. Does the company have a marketing plan? (B) Please indicate the benefit from these activities?</b></p>	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Objectives</li> <li>• Mission Statement</li> <li>•</li> </ul>

<p><b>Q5. Is the company aware of the most common benefits of marketing?</b></p>	<ul style="list-style-type: none"> <li>• Increase in sales</li> <li>• Awareness</li> <li>• Customer loyalty</li> </ul>
----------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------

<p><b>Q6. In your opinion, does marketing utilise business performance?</b></p>	<ul style="list-style-type: none"> <li>• Increase in sales</li> <li>• Awareness</li> <li>• Customer Loyalty</li> </ul>
---------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------

<p><b>Q7. Is marketing measured in the company?</b></p>	<ul style="list-style-type: none"> <li>• Customer referrals</li> <li>• Marketing metrics</li> <li>• Customer feedback</li> </ul>
---------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------

<p><b>Q8. In your opinion, would you say marketing is hard to measure or time consuming for your company?</b></p>	
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<p><b>Q9. How is the budget determined for marketing in the company? (B) Who decides this figure?</b></p>	<ul style="list-style-type: none"> <li>• Percentage of sales</li> <li>• Task by Task basis</li> <li>• D'ont have a budget</li> <li>• Fixed figure every month</li> </ul>
-----------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p><b>Q10. Does the company currently have a marketing department?</b></p>	<ul style="list-style-type: none"> <li>• Assistant</li> <li>• Marketing manager</li> <li>• Marketing/Business Graduate</li> </ul>
----------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------

<p><b>Q11. Who makes the final marketing decisions?</b></p>	<ul style="list-style-type: none"> <li>• Assistant</li> <li>• Marketing manager</li> <li>• Marketing/Business Graduate</li> </ul>
-------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------

<p><b>Q12. Do managers ever view marketing as a daunting or challenging task? If so why?</b></p>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• maybe</li> </ul>
--------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------

<p><b>Q13. Is any business function given priority over another? If so, why do you think?</b></p>	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Production</li> <li>• Marketing</li> <li>• Sales</li> <li>• Human Resources</li> <li>• IT</li> </ul>
---------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p><b>Q14. What are the main barriers if any for conducting marketing?</b></p>	<ul style="list-style-type: none"> <li>• Time constraints</li> <li>• Lack of Resources</li> <li>• Finance</li> <li>• Hard to measure</li> </ul>
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<p><b>Q15. Does networking play an important part in your company?</b></p>	<ul style="list-style-type: none"> <li>• Increased sales</li> <li>• Knowledge sharing</li> </ul>
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## **Appendix Three: Letter of Consent from DCEB**

### Letter granting permission to carry out research at the Donegal Enterprise Week

You replied on 05/03/2012

Hi Martina,

I've spoken with our CEO and he said that it would be ok provided it's not done on an intrusive basis.

Kind Regards,

Celine

Celine Carroll: Donegal County Enterprise Board

Enterprise Fund Business Centre: Ballyraine: Letterkenny: Co Donegal

Tel: 0749160735: Fax 0749160783: Web : [www.donegalenterprise.ie](http://www.donegalenterprise.ie)

## Appendix Four: Interview Consent Form

Research Author: Martina Mc Vey  
Letterkenny Institute of Technology  
Business Office  
Port Road,  
Letterkenny,  
Co.Donegal

Thesis Title:

**Marketing techniques and SMEs: evidence from Donegal**

1. I agree to be interviewed for the purposes of the thesis named above.
2. The purpose and nature of the interview has been explained to me, and I have read the assignment and/or information sheet as provided by the student.
3. I agree that the interview may be electronically recorded.
4. Choose a), b) **or** c):  
A. I agree that my name may be used for the purposes of the assignment only and not for publication.

OR

B. I understand that the student may wish to pursue publication at a later date and my name may be used.

OR

C. I do not wish my name to be used or cited, or my identity otherwise disclosed, in the assignment.

Name of interviewee \_\_\_\_\_

Signature of interviewee \_\_\_\_\_

Date \_\_\_\_\_