

NEED FOR A SYSTEMATIC PROCESS OF MARKETING PLANNING IN ROMANIAN SMALL AND MEDIUM ENTERPRISES

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Abstract

The marketing activity of a successful enterprise represents a continuous effort to adapt itself to the dynamic factors of marketing environment, to re-evaluate and capitalise on the opportunities, based on a direct relation with its internal resources. One of major challenges of enterprises, irrespective of their object of activity or size, is the understanding of management methods for various marketing mix components in a consistent plan. This article is meant to analyse and support some grounds emphasising the importance of development and implementation of a support system for unitary evaluation and management of marketing components of an enterprise and its market trends, in view of identifying goals and strategies clearly oriented toward offering higher value to the targeted consumer while insuring competitiveness and economic efficiency. This goal, which consists of shaping a conscious activity direction through adaptation to the continuous market evolution, forces the contemporary enterprise to realise the importance of adopting marketing planning processes. The article approaches marketing planning in the context of particular needs and aspects of Romanian small and medium enterprises.

Keywords: strategic marketing planning, tactical marketing planning, small and medium enterprises, competitive advantage

JEL Classification: M31, L100, O29

1. Introduction

In a previous article¹ we tried to emphasise the strategic marketing tools that are recommendable for Romanian small and medium enterprises (SMEs). In general, the article proposed a consistent framework for the structure of the most important marketing operation tool – the marketing plan. In this article we intend to continue this approach and emphasise the importance of adopting systematic marketing

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planning within small and medium enterprises, taking into account the economic evolution in Romania.

From a marketer's perspective, the marketing activity of an enterprise represents a continuous effort to adapt itself to the numerous dynamic influence factors, to evaluate and capitalise on opportunities and resources. There are constraints that need to be taken into account by every enterprise, irrespective of size, due to the characteristics of the economic environment which has strived to find the balance between the internal forces, in the recent years, at macro- and micro-environment level. The process is on-going, and is felt by both the consumers and the enterprises.

The marketing planning responds to all these challenges faced by the enterprise in its internal and external environment, through the tool called – marketing plan; this tool helps the company to identify the main characteristics of the market and market trends, the characteristics of internal environment and targeted market, their specific needs, while creating conditions for added value in a framework of competitiveness and efficiency.

2. The role of marketing planning in the marketing activities of the enterprise

The enterprise management and strategy have become more and more focused on knowing, satisfying and retaining the consumer, in the context of social, economic and technological development, and the new intangible assets resulted from the evolution of society. This complex evolution process, encouraged by the new information and communication technologies, with impact on the entire social-economic life, has drawn attention on consumer's behaviour changes and the enterprise marketing frame. The number of competent and knowledgeable consumers has grown in many industries [Prandelli et.al., 2010], and so has the exigency toward the companies' offering. The new technologies allow a faster data collection, thus facilitating the segmentation of targeted market. The holistic marketing approach has become a necessity for successful companies; the enterprise's leadership has understood that satisfaction and retention of new consumer requires a higher organisational effort to integrate all organisational functions at a higher level.

Value delivered to consumer does not depend only on organisation and management of internal effort, the organisation needs to become more transparent, more communicative and responsible, it has to understand partnership; partnership management does not refer only to raw material suppliers or service providers, but to all enterprise's categories of stakeholders, the first place being given to the effective or potential consumer. The companies begin to understand that the consumer becomes a critical innovation partner in all organizational initiatives.

For Romanian small and medium enterprises, these evolutions bring bigger and bigger challenges, imposing the need to constantly use formal tools for evaluation and setting future directions. The challenge consists of making re-evaluation and dynamic, systematic adaptation efforts, in the context of limited resources.

Strategic planning is a simplified approach of the process by which strategies are produced [Grunig and Kuhn, 2008, page 8]. Ferrel and Hartline state that, by strategic planning, *a firm establishes an organizational mission and formulates goals, corporate strategy, marketing objectives, marketing strategy, and finally, a marketing plan* [Ferrel and Hartline, 2008, page10]. The marketing vision should always accompany and lead the organisational strategic planning in order to identify, for each level, the customer orientation and his current and future needs. This is possible by including, in the strategic planning, a set of marketing tools and processes - the marketing strategy and marketing plan.

Regardless the size of the enterprise, the enterprise's leadership may have marketing management difficulties. Any manager can realise that marketing management is not a very easy task; he will realise the need to find methods for systematic evaluation and identification of options in view of making a selection, under specific market conditions and implementation costs. This process is called marketing planning. *Marketing planning means co-ordination and focusing of the entire marketing efforts toward reaching the enterprise's goals.*

The marketing plan offers a conscious direction through logical steps that are easy to follow and implement. In case of non-profit enterprises, the marketing plan can ensure increased effectiveness of their efforts and fund-raising management. Although easy to understand, numerous enterprises of various sizes have found out that in fact the marketing plan is one of the most difficult marketing tasks, due to its complexity and need for correlation with other organisational functions.

In the existing organisations, the marketing function plays a central role in connecting the organisation to the market reality, providing future development directions and market vision, which is needed for the entire organisational process. The strategic planning of an organisation offers clear targets for the organisation as a whole. The second place in the ranking, below the organisational strategic plan, is held by the business plan. The strategic plan sets up projections for a five to ten year period, while the business plan details the strategic plan for two-three year span. The business plan includes specific plans for all the business functions - human resources, finance, the operations departments and marketing. The structure of a planning system varies depending on size and vision of the management team.

Therefore, the coverage of the marketing plan is smaller than that of a business plan, which can include a production plan, finance plan, human resources plan, etc.. At organisation level, the marketing plan identifies the methods for achievement of organisational strategic goals through marketing strategies and tactics, the focus being set on targeted market – consumer.

3. Understanding the difference between strategic marketing plan and tactical marketing plan

The relation between strategic marketing and organisational planning is the link between part and whole, having impact on all aspects influenced by the dynamic

adaptation to the target market and business environment evolution. The marketing strategy is focused on the positive differentiation from competitors, through higher value delivery to its customers.

Strategic de marketing consists of selection and satisfaction of a targeted market through value delivery under the market conditions. Thus, the strategic plan includes analysis of marketing opportunities, market targeting methods, value proposition, being mainly concerned with competitive advantage. Tactical marketing plan includes concrete elements based on which the strategic goals can be reached. The marketing tactics used within the tactical marketing plan refer to marketing mix elements such as: characteristics of product, included services, communication through price, sizing and motivation of distribution channels, promotion.

The difference between strategic marketing plan and tactical marketing plan is defined by the academic specialised literature. Within the small and medium organisations, this difference is rather influenced by the managers' vision. Taking into account the time frame and the characteristics of activities presented by Graeme Drummond, John Ensor and Ruth Ashford in their books, the difference between strategic marketing and tactical marketing is the following:

- *Strategic marketing* - takes a longer-term time frame and broadly defines the organisation's marketing activities. The process seeks to develop effective responses to a changing business environment by analysing markets, segmentation and evaluating competitors' offerings. Strategy focuses on defining market segments and positioning products in order to establish a competitive stance. Marketing strategy tends to embrace all of the mix, or significant components of the mix (e.g. distribution strategy, communications strategy, etc.).

- *Tactical marketing* - takes a shorter-term time frame and concerns day-to-day marketing activities. It translates strategy into specific actions and represents the ongoing operational dimension of marketing strategy. Tactical marketing tends to deal with individual components of the marketing mix elements (e.g. sales promotion, advertising, etc.) [Drummond et. al., 2008, page 246].

As mentioned before, in practice it is difficult to separate the strategic marketing plan from the tactical marketing, as they make a whole. Planning needs to become a continuous process in order to easily respond to the fast changing market. The current market conditions have determined an increased realism through higher substantiation of the plan components and focus on consumer and competition.

Various specialists advise implementation of the marketing strategic planning in large organisation, due to complexity and high number of activities. In case of small and medium enterprises, marketing planning and its application are hampered by obstacles such as the low number of activities, financial constraints, lack of marketing experience and lack of staff mobilisation/ motivation to implement the plan [Huang and Brown, 1999, page 73–85]. However, in our vision, marketing planning is an activity that becomes a necessity for small and medium size companies, in the current social and economic context, considering the evolution of communications and information technologies. Certainly, there will be voices stating that it is a mistake to

include the small enterprises on this list. However, even in case of “one man show” or a small number of staff, strategic planning and particularly tactical planning represent a necessary effort, having in view that the implication of that person in various daily activities may determine him to deviate or lose direction.

4. Advantages of marketing planning in Romanian small and medium enterprises (SMEs)

A global view on the marketing planning will make us approach the process from two points of view: the marketing planning as a phase prior to the business start, and the continuation and adaptation of marketing planning after the effective start of marketing activity of the company. Planning of a new business should start with a strategic plan, determination and analysis of targeted markets, hence the need for a marketing vision.

Strategic marketing planning and marketing plan may be useful to small and medium companies due to the following reasons:

- Writing the business defining elements or the attempt to write them in brief is a step forward in understanding the existing situation and viability of strategies/ goals.
- This is a systematic and integrative process of assessing marketing opportunities and resources;
- Identification and concentration on the competitive advantages that the company can capitalise within the market, when faced with direct competitors;
- The possibility to draft marketing programmes and therefore follow up their implementation
- marketing plan helps to organise market activities, products/ services of organisation, and facilitate adaptation to the changing targeted market.
- marketing plan can be seen as a radiography of past activities, current situation and future aspirations; thus it can contribute to a better understanding of feasibility of goals.
- At any moment, a new employee or stakeholder will be able to understand the history, current situation and proposed strategies; thus, the marketing plan is more than a planning process, it becomes a communication and motivation tool.
- The discipline required by the elaboration of the plan may help achieve the goals by correlating the strategic options, the situation of business environment and organisation during the implementation process.

The elaboration of a marketing plan requires the enterprise’s continuous effort to know the evolution of variable factors and systematic adjustment. Nevertheless, we consider that the benefits are higher than the efforts; changing the marketing planning into a systematic process is a first step toward rejection of drift in case of

any organisation. Marketing planning can emphasise elements that could be easily missed by a non-systematic activity; in addition, the organisation has the possibility to evaluate and correct potential factors of an undesirable evolution. The use of a specialised software may be an advantage toward building and systematically following the marketing plan.

Two types of strategic tools can be identified within the small and medium enterprises: the tools that are being implemented – realized strategy, and the tools that are planned for the next phase – intended strategy. There are companies that don't have any of the two categories. In their case, the activity is co-ordinated step by step through various separate decisions that are taken when needed.

The lack of strategic or tactical marketing planning within an organisation is a situation as dangerous as an existing planning that is not understood or trusted by the company management or staff. Even in case of large enterprises, sometimes the managers appreciate the existing marketing planning but only in theory, while in practice the marketing activities fail from various reasons. The most unsuccessful cases are related to human resources, implication and professional skills. It is possible to have correct marketing plans, while their implementation is lamentable. On the other hand, if the marketing plan comprises errors due to documentation, elaboration or sudden change of market conditions, any discrepancy can be adjusted through knowledge, implication and continuous reviewing.

For many Romanian SMEs, marketing may seem sometimes a rather general process related to many issues such as customer attraction, sales generation and profit. It is to emphasise that every marketing strategy is built on clear identification of the market, knowledge, offering, communication and value delivery to the target consumer. As the remarkable author Malcom McDonald asserts, the main confusions regarding the marketing are the following:

1. *Confusion with product management.* The belief that all a company has to do to succeed is to produce a good product also still abounds, and not Concorde, Sinclair's C5, the EMI Scanner, nor the many thousands of brilliant products that have seen their owners or inventors go bankrupt during the past thirty years will convince such people otherwise.
2. *Confusion with sales.* One managing director aggressively announced to everyone at the beginning of a seminar in Sydney, Australia: 'There's no time for marketing in my company until sales improve!' Confusion with sales is still one of the biggest barriers to be overcome.
3. *Confusion with advertising.* This is another popular misconception, and the annals of business are replete with examples – such as British Airways, which won awards for brilliant advertising campaigns, while failing to deliver what the advertising promised. Throwing advertising expenditure at the public is still a very popular way of tackling deep rooted marketing problems.
4. *Confusion with customer service.* The 'Have a nice day' syndrome is still having its heyday in many countries of the world, originally popularized, of course, by Peters and Waterman in *In Search of Excellence* (Warner Books, 1982). Many

organizations now know, of course, that training staff to be nice to customers does not help a lot if the basic offer is fundamentally wrong. [McDonald, 2007, page 11].

The lack of company's orientation, marketing vision and consistent framework for anticipation of its future activities is due not only to a lack of planning, but also to misunderstanding the role of marketing, as we showed above. We don't refer here to errors occurred following the application of marketing principles, but to lack of concern for understanding and adopting these principles. This can generate errors in conscious approach of the market, which may create two cases: misunderstanding the sale goals, cash flow decrease and low profits, or fluctuating sales, which may decrease gradually due to the lack of strategic vision. An effective marketing strategy and a real understanding of the marketplace are imperative for growing and developing a successful business.

In case of Romanian enterprises, the elaboration of a strategy or marketing plan is often a phase imposed by various organisation as a preliminary step for obtaining funds. Nevertheless, the existence of these tools does not determine changes of managerial behaviour, such as consulting, following, adapting these tool to market evolution and the new opportunities or needs of the company. Thus, the dynamic organisational tools lose their value in time, as they are not fructified.

The development and application of marketing plans and strategies within Romanian small and medium enterprises face implementation difficulties. Here are the most common difficulties met by the two authors while developing and following up the implementation of numerous marketing tools within Romanian enterprises:

- *Short term plans*, with no medium or long term guidelines.
- *Limited resources* (human, financial, informational) related to current activities, development, and implementation and updating of plans.
- *Lack of a defined structure* for business and budget
- *Entrepreneur's experience* in managing the specific marketing strategy tools and processes, from setting realistic targets to achievement and evaluation methods.
- There is *no organisational culture* orientated toward understanding and implementation of management and marketing tools.
- *The effort made for elaboration of marketing plan may be wasted* because of poor implementation and re-evaluation.

The lack of the marketing plan in an enterprise does not mean that there is no marketing in that organisation. As we said before, marketing does exist due to the entrepreneur's spirit oriented to capitalisation of specific market conditions and it is called entrepreneurial marketing. This kind of marketing is punctual, as the entrepreneur has the "secret" of marketing development and enterprise's marketing effort.

5. Conclusion

The marketing strategy and plan don't have to be obstacles for creative marketing initiatives. They are a framework that facilitates future evolution of the enterprise, the process being systematically supplied through adaptation to available resources and dynamic of the market. It is this innovative and creative nature of marketing activities that represents the secret success of any marketing plan or strategy, regardless the size of the enterprise.

In a strong competitive, highly complex environment, where thousands of internal and external factors interact, reducing or increasing the enterprise's marketing activity, and thus its income and profit, the marketing planning development and implementation should become a concern for numerous Romanian small and medium enterprises.

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