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## APPLICATION OF MARKETING RESEARCH IN SMALL ENTERPRISES IN THE REPUBLIC OF MACEDONIA

### Abstract

Marketing is a universal concept of the operation of enterprises regardless of their size. However, small enterprises in terms of their size and market flexibility have a number of characteristics in relation to large enterprises, which are also reflected upon the application of marketing and marketing research. In order to achieve sustainable growth and a competitive position, small enterprises need to be oriented towards the research of the environment in order to identify market positioning approaches and strategies based on consumers needs and requirements.

This paper presents a theoretical and empirical review of the application of marketing research in small enterprises in the Republic of Macedonia. The empirical research has identified main drawbacks in the implementation of this concept that arise from Macedonian context. Identification of the main drawbacks can be a direction for proper application and use of marketing research information in the marketing decision-making process in small enterprises in the country.

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## **Introduction**

The underlying concept of marketing is that company exist to meet consumer needs. The key to success lies in understanding of the needs, desires, attitudes, and motives of consumers as main determinants of their behavior. The growing needs of marketing managers for real information emphasize the importance of marketing research, which includes collecting, processing and analyzing data as a basic information input for decision-making. The main objective of the marketing research is to provide relevant information, increase the success and reduce the risk in the company's operations and make appropriate marketing decisions based on the collected marketing information from the market itself.

Marketing research is an important part of the decision-making process by providing relevant, accurate and timely information. Marketing decisions include issues ranging from fundamental changes to business positioning or tactical decisions. The collection and interpretation of information relevant to the management decision-making process is applied differently in relation to the characteristics of small enterprises according to their limited financial, human and other resources. The assessment of weaknesses in the process of marketing research implementation is at the same time a direction for overcoming these weaknesses and enhancing the possibilities for meaningful and proper application of the marketing research in these enterprises.

## **1. MARKETING RESEARCH-THEORETICAL ASPECTS**

Marketing research is a systematic and objective approach in the development and provision of information for the management decision making. It includes four elements: systematicness, objectivity, being informed, and decision-making. The primary goal of the marketing research is to offer information rather than data. Information as processed data is directly related to the decision making process of marketing management<sup>1</sup>.

<sup>1</sup> Секуловска Нада, Башеска-Ѓорѓиеска Марика, „Маркетинг истражување: информативен инпут за маркетинг менаџментот”, Економски факултет Скопје, 2009, p. 11

Marketing research determines the information necessary to solve a particular problem, determines the method for collecting information, manages and implements the data collection process, analyzes the results and communicates the findings and their implications.

One of the most common approaches in defining a marketing research is that it represents systematic planning, collection, analysis and reporting of data and findings relevant to the specific marketing situation that the firms face<sup>2</sup>. The marketing research connects consumers, users and the public with the marketing researcher through information used to identify and define market opportunities and problems, to create, develop and process marketing actions as well as monitor marketing performance and promote marketing understanding as a process<sup>3</sup>.

Marketing research is a process that uses a scientific methodology and is implemented across multiple phases, starting from the correct definition of the problem that dictates the overall further success of the procedure which is expressed by setting research goals, selection and use of research methods as well as selection of sources of the necessary information based on which an opportunity is created to propose alternative solutions to a particular problem.

There are stances that indicate that marketing research is a key element within the overall area of marketing information such as the consumer, customers and the public, to the marketing researcher through the information used to identify and define marketing problems and opportunities and generate, process and evaluate marketing activities; as well as to improve the understanding of marketing as a process and the ways in which specific marketing activities can be performed more efficiently. Marketing research defines the information required by applying methods for collecting information, managing and implementing the data collection process, analysis and presentation of the results as well as their application<sup>4</sup>.

Overall, marketing managers are faced with the need for constant decision-making to solve certain problems, so the decision-making itself involves choosing an alternative that is assumed to solve the appropriate problem in the best way. The quality of the decision depends mostly on the quality of the information that managers have in deciding or resolving a specific problem. Since the problems of companies are most often related to the market that directly affects the choice of products and services with all their characteristics, in de-

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<sup>2</sup> Ibid

<sup>3</sup> Ibid, p. 10

<sup>4</sup> Shukla Paurav, „Marketing research”, Ventus publishing Aps, 2008, p. 16

fining the price, the distribution and promotion, there is a need for organized implementation of marketing - research<sup>5</sup>.

Marketing survey provides information that managers can use to solve or deal with problems and issues, make plans and set goals for the future, and create a database or marketing information system that can be a resource for a number of analysis or database marketing techniques. The value of any marketing research can be limited by a number of factors. Marketing research involves diagnosing the current situation, setting goals, generating potential alternative strategies, selecting the best strategies and implementation, and it can help provide data that can be used to determine reasonable and feasible quantitative targets such as market development, product development or product modification, and alike.

## **2. SEVERAL CHARACTERISTICS OF MARKETING RESEARCH IN SMALL ENTERPRISES**

Globally, small enterprises are considered a pillar of the economy. According to the OECD<sup>6</sup>, more than 95% of business entities are small and medium-sized enterprises. These enterprises have greatly contributed to innovation and have supported regional development and social cohesion.

In the last two decades, the Western Balkan countries have shown great interest for small businesses because of their key role in the transition process of these countries. The experience of the countries that had undergone a successful transition process (Slovenia, the Czech Republic, Hungary, Poland) shows that they pay special attention to the development of small and medium-sized enterprises in order to change the economic structure and initiate economic development<sup>7</sup>.

To improve the economic situation in many developing economies, a strong focus has been placed on the promotion of small and medium-sized enterprises. Due to their flexibility to adapt to market conditions, small businesses have the capacity to introduce new and better products to the market. There-

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<sup>5</sup> Секуловска Нада, Башеска-Ѓорѓиеска Марика, Петковска-Мирчевска Татјана, „Маркетинг истражување преку Интернет”, Економски факултет, Скопје, 2003, p. 66

<sup>6</sup> [http://www.eib.org/attachments/dalberg\\_sme-briefing-paper.pdf](http://www.eib.org/attachments/dalberg_sme-briefing-paper.pdf), p.7 (on 10.10.2017)

<sup>7</sup> Татјана Петковска Мирчевска, Наташа Даниловска, Катерина Хагинаумова Милајловска, Герман Филков: „The importance of marketing research for the competitiveness of small enterprises in Republic of Macedonia, Economic Development, Journal of The Institute of Economics-Skopje Year.19 No. 3/2017, pp.37-49

fore, it is necessary to create an environment where they can work successfully, innovate and create value as part of a strategy for better economic development.

Due to a series of characteristics of small enterprises, the application of marketing research differs in relation to large companies. When it comes to small businesses, marketing research usually has a sales or marketing function, depending on the adopted concept of operation. Small enterprises use informal and unorganized surveys that are used with secondary data, using observation methods or possibly historical methods of research. Such a research in small enterprises is usually partial. Regarding the period and scope of research as well as the size of the enterprise, market research and Marketing Information System in a small enterprise should be introduced by applying the marketing mode of operation. Small enterprises typically have only one market researcher who performs research activities and coordinates efforts. In practice, a realistic situation is that activity of market research and marketing as a process that is rarely organized using research methods and techniques. In small enterprises, these are usually informal surveys using secondary sources of information.

### **3. THE APPLICATION OF MARKETING RESEARCH IN SMALL ENTERPRISES IN THE REPUBLIC OF MACEDONIA**

In order to determine the situation regarding the application of marketing research in small enterprises in the Republic of Macedonia, a survey of small and micro enterprises throughout the country was conducted. The questionnaire was answered by 32 companies, from 17 cities and all 8 regions in the country. The survey was conducted in the period from August to December 2016<sup>8</sup>.

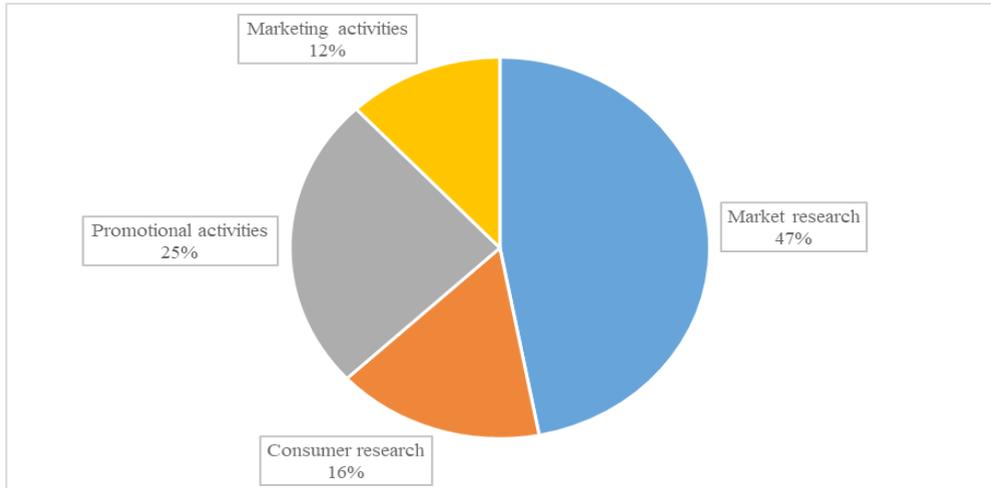
The survey includes questions regarding the characteristics of the marketing research application in terms of the information needed to make marketing decisions.

Regarding market research, marketing and promotional activities, as well as consumer research, almost half of the surveyed small enterprises (47%) responded that they conduct market research, and a quarter of them (25%) carry out promotional activities. About 16% conduct consumer surveys, and only 12% conduct marketing activities. (see Figure 1).

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<sup>8</sup> Results from the conducted research as part of the project “Application of the marketing concept in small enterprises in the Republic of Macedonia”, Institute of Economics, 2015-16

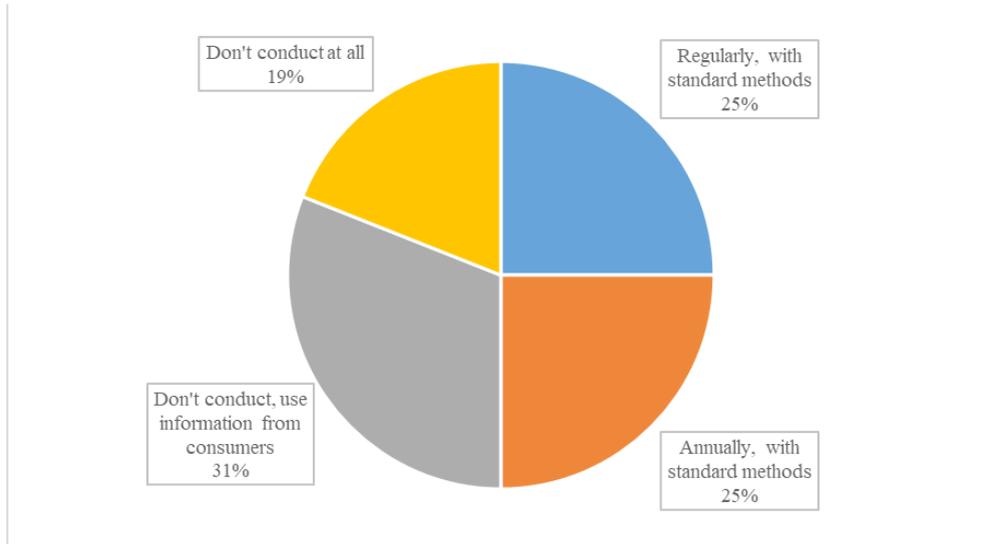
**Figure 1:** In your operations, do you conduct:



Source: Results from conducted survey

When asked about the application of market research, half of the surveyed enterprises do not conduct market research, and about one third, instead of market research, use consumer information. Almost 19% do not conduct such research at all. The remaining half of the firms regularly or occasionally conduct market research (see Figure 2).

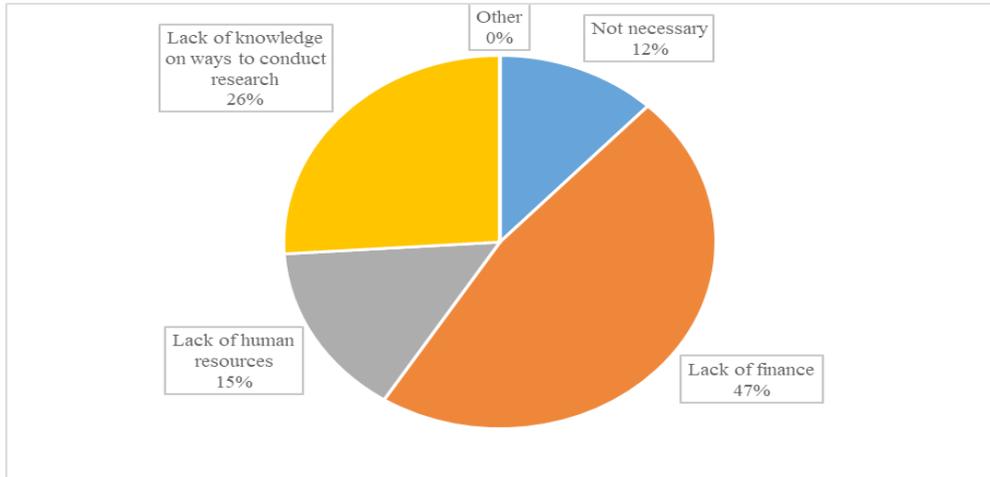
**Figure 2:** If you conduct market research, how often and in what way do you conduct it?



Source: Results from conducted survey

When asked about the reasons that influence investing in market research, the most common reason is the lack of financial resources. The next stated reason is lack of sufficient knowledge about the way it is implemented. About 15% of enterprises do not have the appropriate human resources to carry out marketing research, and a small proportion of 12% consider it unnecessary (see Figure 3).

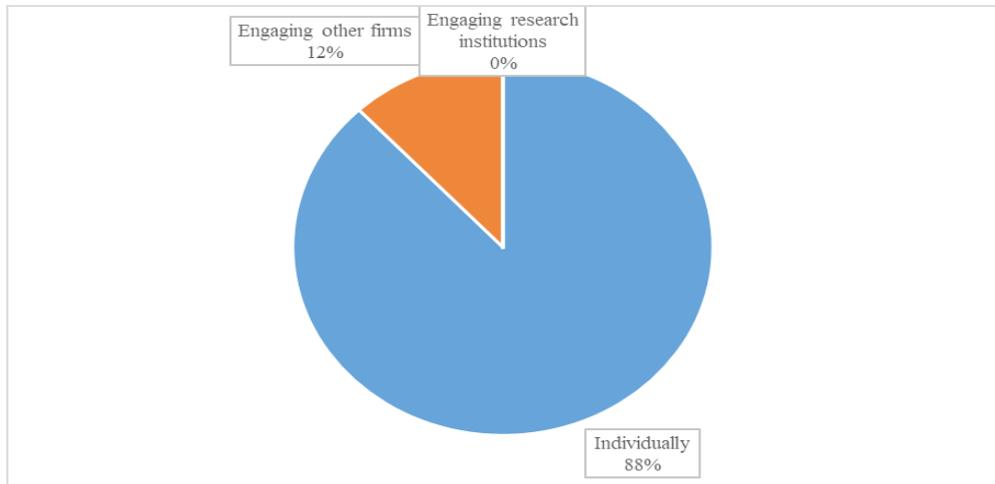
**Figure 3:** If in the last years you haven't invested in market research and marketing, that is due to:



Source: Results from conducted survey

Regarding the ways in which market research is carried out in small enterprises, most of the small enterprises reported that they are doing it independently, that is, by engaging their employees. A small proportion of enterprises engage other companies for this purpose, while none of the enterprises engage research institutes or faculties for conducting market research (see Figure 4).

**Figure 4:** If in the last years you have invested in market research and marketing, in what way have you conducted these activities:

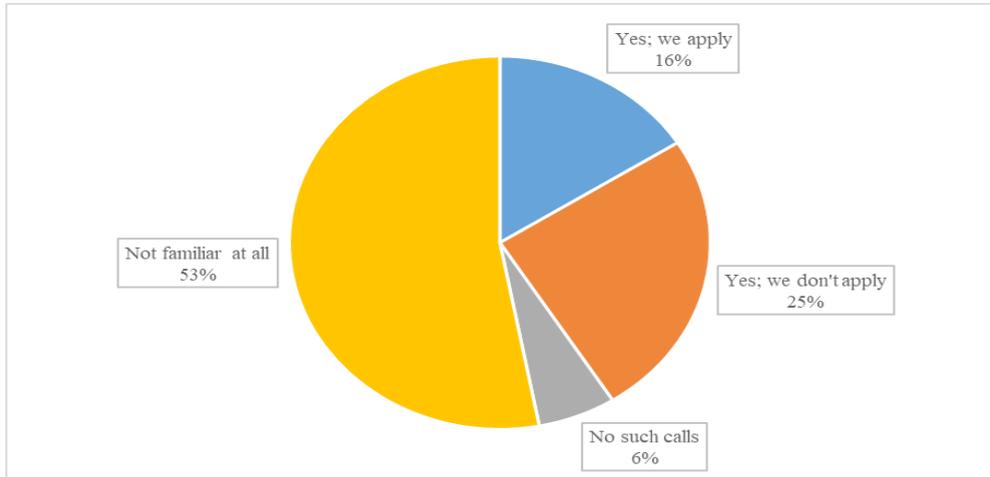


Source: Results from conducted survey

Regarding the scope of investments in market research and marketing, the surveyed enterprises reported that they annually invest 2.7% of their total income for investments in market research and marketing. This percentage lies within the margins from 0.1% to 30%.

The survey also includes questions about the participation of small enterprises at the calls for promotion of marketing and market research. About 41% of enterprises reported that they were informed about the calls by the institutions in the country for promotion of marketing (or promotional activities) and for market research activities. However, only 16% apply to such calls. More than half of the surveyed enterprises are not familiar with such calls (53%) or report that there are no such calls (6%). (see Figure 5)

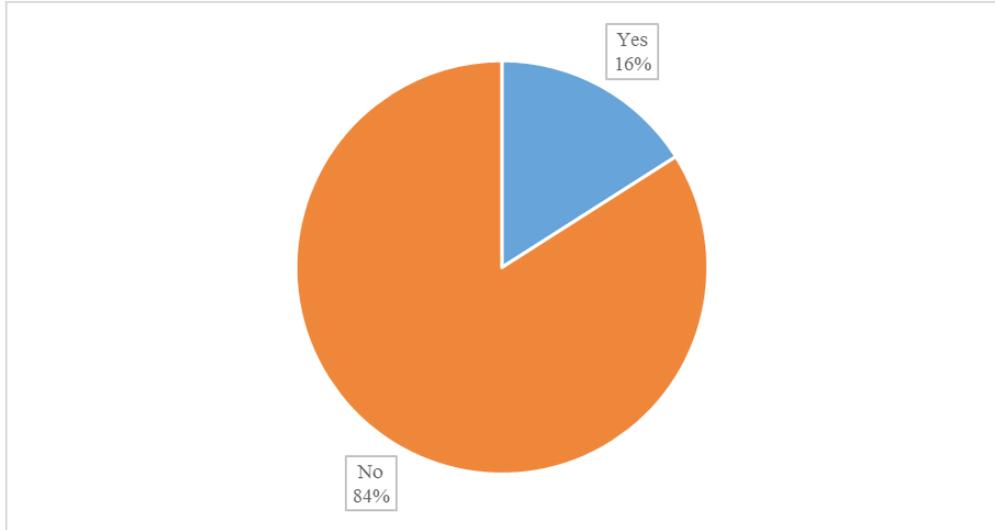
**Figure 5:** Are you familiar and do you apply to the calls announced by institutions in the country that promote marketing (or promotional activities) and for market research activities?



Source: Results from conducted survey

Regarding the possibilities for cooperation with the scientific-research institutions for market research and marketing, only 16% of the enterprises are familiar with the possibilities for cooperation with domestic and foreign scientific and research institutions (faculties and institutes). The remaining 84% are not aware of such opportunities at all. (see Figure 6)

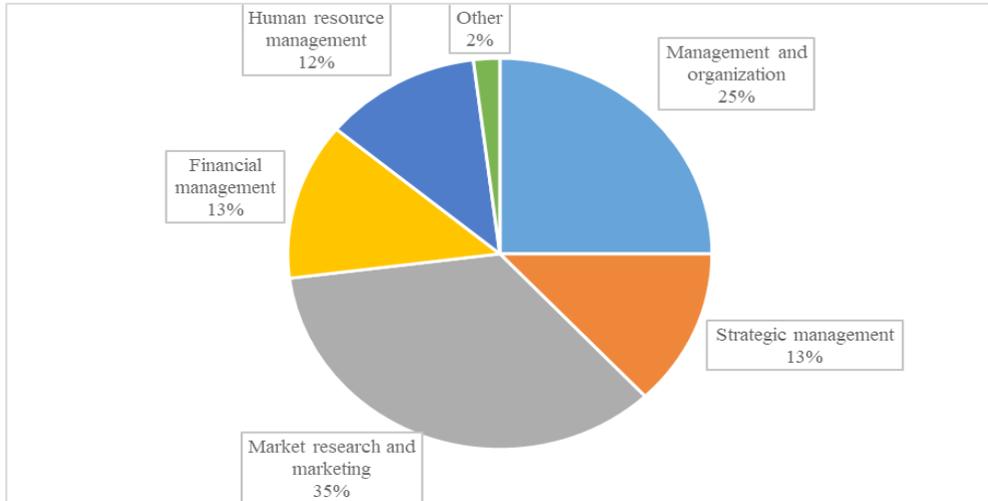
**Figure 6:** Are you familiar with the possibilities for cooperation with domestic and foreign scientific and research institutions (faculties and institutes) on application of marketing and market research?



Source: Results from conducted survey

For the areas in which companies need training, most of the enterprises (35%) believe they need training in market research and marketing. One quarter of respondents need training in the field of management and organization. Some 13% of enterprises think they need training in financial and strategic management, and 12% in the field of human resource management (see Figure 7).

**Figure 7:** In which of the following areas do you need training?



Source: Results from conducted survey

Analyzing the results of the conducted survey, it can be concluded that enterprises mostly lack market researchers, and half of those enterprises that conduct market research do so using standard methods.

The main reasons for inadequate market research refer to lack of financial resources or insufficient knowledge of this issue. Also, enterprises that conduct market research do it mainly independently. They are not familiar with the possibilities for cooperation with the scientific and research institutions regarding the application of marketing and market research; and the areas in which enterprises need training the most are market research and marketing.

## **Conclusion**

In times of globalization, strong competition and dynamics of the world economy, the necessity of timely and up-to-date information is particularly pronounced. Small enterprises are particularly sensitive to turbulent changes in the business environment. From the aspect of the implementation of the marketing concept, both globally and regionally, these enterprises face smaller or greater exposure to market oscillations under the influence of various factors. These changes generate the need to treat marketing as a dynamic, rather than

a static category, with the ultimate goal of persuading consumers to focus on the market offer that will refer to the placement of more competitive products/services.

There are many definitions of marketing research that, although originating from different authors, in some way identically explain its notion and meaning. Basically, marketing research is a process of planning, gathering, analyzing and reporting on the data that is necessary for the situation that enterprises face and also providing relevant and accurate information that enables managers to make correct and better decisions.

Marketing research can greatly protect the most vulnerable enterprises, that is, small businesses. Information, which would be obtained as a final output of marketing research, would prevent small businesses from making wrong and unargued business decisions that would have consequences for their further development and market survival. Unfortunately, most small enterprises do not use the marketing research, mainly because of the necessary financial resources to implement this complex process. Some of them are not familiar with the benefits of marketing research or have other reasons for not using it, such as the lack of appropriate knowledge about how to conduct marketing research in practice.

The survey conducted on a sample of small enterprises refers to the current situation regarding the application of the marketing research in the Republic of Macedonia. Based on the elaboration of theoretical knowledge and practical experience for applying the marketing concept to small enterprises, as well as from the analysis of the results of the conducted survey in the Republic of Macedonia, it can be concluded that there is no dilemma that applying the marketing concept is a necessary and essential part of the small business development policy. The dilemma that arises refers to the way in which marketing research is applied in practice, which often depends on the characteristics and size of the enterprises, as well as the resources available for this purpose. The experience in this area and the results of the conducted research in the Republic of Macedonia show that when it comes to the application of marketing research in small enterprises there is a latent attitude and absence of conceptual, substantive and methodological approach in its implementation. The improvement of the current situation should be sought in acquiring knowledge and experience for more consistent application of the marketing research in small enterprises in the Republic of Macedonia.

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