MARKETING KNOWLEDGE AND STRATEGY FOR SMEs: CAN THEY LIVE WITHOUT IT?

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Abstract

The literature has for more than two decades warned of operational, organizational, dysfunctional, market and managerial barriers hindering the actioning of marketing activities and plans of small companies. Small firms typically possess certain characteristics, which serve to differentiate them from larger organisations. These characteristics include inherent weaknesses with respect to capitalisation and marketing awareness and practice. Many observed problems stemmed from businesses failing to practice marketing or produce marketing strategy and plans. High failure rates of small firms are largely attributed to weaknesses in financial management and marketing. Many classical management concepts are unsuitable for application in a small firm context, with research suggesting non-implementation of theoretically based marketing practice is the rule rather than the exception in the small firm. This paper reviews issues pertaining to marketing practice of strategy and planning in the small firm, acknowledges inherent weaknesses with regard to marketing in small firms, reviews marketing practice in the context of small firm characteristics, and considers the roles of owner/managers in improving small firm's marketing practice.

Key words: small companies, marketing activities, marketing plans, marketing practice.

Introduction

Today's marketplace is highly competitive with speed and change as general characteristics. Today's customers expect more features and new updates of existing products on a regular basis. Also, the rise of new technologies greatly affects the way of doing business and give rise to new market possibilities. Companies need to have the ability to constantly change and update the way they operate their business. This makes it crucial to be market driven when carrying out a product launch since market knowledge distinguishes the winners from the losers. A market driven approach is needed to gain the market knowledge required for getting the product to market. Market knowledge is extremely important, especially for micro and small enterprises as we see it, since this helps in identifying other actors already on the market that constitutes a threat for their existence. Market knowledge also helps the small enterprises to develop a competitive advantage through increased customer knowledge and demand, and thereby taking a strong position in the market. Research illustrates that SMEs in pursuit of organisational goals do not adopt the marketing concept to the same extent as larger firms, and that marketing practice in SMEs is situation specific, and variable, regarding the levels of sophistication and effectiveness. SME Marketing is based on inherent SME characteristics, such as, size, resource constraints, muted influence of the founding entrepreneur, strong sales focus, strong awareness of some aspects of formal marketing, and personal contact networks.

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SMEs challenges: High importance; High failure rates

Since the 1960s to date, small and medium-sized enterprises (SMEs) have been given due recognitions especially in the developed nations for playing very important roles towards fostering accelerated economic growth, development and stability within several economies. They make-up the largest proportion of businesses all over the world and play tremendous roles in employment generation, provision of goods and services, creating a better standard of living, as well as immensely contributing to the gross domestic products (GDPs) of many countries. Definitions and classifications of SMEs can variate depending on the level of development of an economy. For example, the differences can be observed through a comparison in the definitions of SMEs in Macedonia and EU. Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfil the criteria laid down in the Recommendation which are summarized in the table below (table 1 and 2). In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Table 1. Terms of company's classification in Macedonia

Classification of the trader/ company	Headcount	Turnover (in MKD equivalence)	Balance sheet total	Other criteria
Micro	< 10	< € 50.000	-	- At most 80% of the gross income is derived from a customer by a person associated with this customer. - All rights of participation are owned by at most two individuals.
Small	< 50	< €2,000,000	< € 2,000,000	-
Medium-sized	< 250	< € 10,000,000	< € 11,000,000	-

Source: Company Act, Article 470, Macedonia

Table 2. Terms of company's classification in EU

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million		≤ € 43 million
small	< 50	≤ € 10 million		≤ € 10 million
micro	< 10	≤ € 2 million		≤ € 2 million

Source: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm (24.06.2011)

SMEs roughly accounts for 99 per cent of all firms in Europe and approximately 50% of local and national GDP, 30 % of export and 10 % of foreign direct investment (FDI) worldwide. Some of the main findings about SMEs role in the national economy in the EU are the following (DG for Enterprise and Industry, 2009, p.7):

- Between 2002 and 2008, SMEs in the EU-27 grew stronglyand turned out to be the job engine for much of the European Economy. The number of SMEs increased by 2.4 million (or 13 %), where as the number of large enterprise increased by only 2 000 (or 5 %);
- Between 2002 and 2008, the number of jobs in SMEs increased by 1.9 % annually, while the number of jobs in large enterprises increased by only 0.8 % annually. In absolute numbers, 9.4 million jobs were created in the SME-sector between 2002 and 2008;
- There are areas where SMEs out perform LSEs: the propensity to invest which is– for the EU non-financial business economy as a whole – highest for micro firms. For micro enterprises, gross investment in tangible goods amounts to 24 % of value added, compared to 19 % for all

firms. While for a large part, this is due to particular service industries (real estate, leasing, etc), the fact remains that the propensity to invest in micro enterprises overall is still higher than could be expected on the basis of their profitability underlining their importance for the EU-economy;

- Over the long run, underlying structural determinants of the earlier growth trend in the number of enterprises in the EU, including the Internet revolution, the growth of the services sector and institutional developments favouring self-employment, are, expected to remain relevant in the coming years. When economic growth seriously picks up again, the number of SMEs is expected to resume its upward development.

Despite the fact that SMEs are the most important factor for growth and sustainability of an economy, and bearing in mind that countries world – wide create a number of policy measures to assure the success of SMEs, the failure rate of SMEs is still extremely high. Research shows 50% of enterprises do not survive the first five years of their life, and the yearly average death rate of companies in the EU-25 is 7% (European Commission, 2007, p.3). Economic literature see business closure as an element compatible with economic development in a global economy, something also recognised in the Charter for small enterprises. A recent OECD study shows that survival rates of companies over a four-year period appear to be even lower in the US than in continental European countries, illustrating that the death of companies can be compatible with economic dynamism. There is reason to believe that increasing global competition is forcing entrepreneurs to react more rapidly and more flexibly, even by closing their business and opening another one. The data confirm a high correlation between entry and exit rates in both the EU and the US, suggesting a continuous process of creative destruction by which low productivity firms exit the market and are replaced by new ones. Overall, among the most important problems of SMEs include the following: taxes and contributions (29%), weak sales (18%) interest rates (18%), regulations (9%), skilled personnel (9%), competition with large businesses (9%), inflation (7%) and others (10%) (Aldag & Stearns, 1987, p.803). According to Abdelsamad & Kindling (1978, p.24): "In a market economy system failures can not be avoided entirely, but the rate of failure can be reduced if some of the causes of failure are recognized and preventive action is taken." A similar reasoning give Larson & Clute (1979, p.36): "Realistic approach would be to identify the symptoms of failure. In fact, if the causes are diagnosed in time, a managerial assistance can be introduced the way of failure can be changed." Some of the main factors of failure of SMEs are shown in Table 3.

Table.3 Factors of failure for SMEs

Types of problems	%
Failure to comply	0,8
Scams	0,5
Inexperience, incompetence	92,1
- Inadequate sales	49,9
- High costs of operation	13,0
- Difficulties in collection of payment	8,3
- Difficulties with inventory	7,7
- Excess of fixed assets	3,2
- Poor location	2,7
- Competitive weaknesses	25,3
- Other	1,1
Disasters	0,8
Unknown causes	5,8

Source: Dun & Bradstreet, Inc., (1977), pp.12-13

From the above, it may be noted that in most cases, inexperience, incompetence leading to inadequate planning, sales and competitive weakness are identified as the most important factors for failure of SMEs. This leads to thinking that small companies in general face a shortage of managerial and marketing knowledge and skills. Such findings are also registered with research in two diametrically opposed economies such as Great Britain and Nigeria (Ugwushi, 2009, p.204). Namely, between ten factors of influence (disasters and accidents, competition, inadequate infrastructure and lack of social support, high taxes, lack of accounting knowledge, managerial incompetence, poor marketing and sales efforts, poor economic conditions, inadequate planning of operations, financial problems) in the UK as the biggest impact factors are cited managerial incompetence (77%), poor marketing efforts (69%) and inadequate planning (88%) and in Nigeria these factors were also selected as highly important for the success/failure in business - managerial incompetence (44%), poor marketing efforts (70%) and inadequate planning (50%). Small business success is dependent not only on the presence of products and markets, but also on the efficacious marketing of those products within those markets (Smith, D., 1990, pp.37–60). Small and Mediumsized Enterprises marketing simply means marketing strategies that benefit small businesses. In this time of global recession, small companies should be exceptionally proactive in keeping sales up. While the underlying principles of marketing are equally applicable to large and small firms alike, a lack of sophisticated marketing is perceived to be problematic for smaller firms (Cromie, S., 1991, p.3). The internet is currently considered to be one of the marketing tools that can be used to enable small firms to effectively compete with larger organisations “on the same ground”. It as a mechanism through which small firms within specific niche markets will be able to access the “critical mass of customers necessary for success”. The online marketing arena has experienced significant growth over the past few years, while traditional marketing has deteriorated mainly due to its higher costs. With this kind of marketing, entrepreneurs are able to control and discover key revenue streams and make the right decisions with advanced reporting technology. Given the constrained resources of the small firm, marketing tools suitable for utilisation by smaller firms must be welcomed if they can be effectively used to enhance marketing practice of these smaller organisations. Small firms typically have different requirements with respect to marketing, with their inherent characteristics impacting upon the willingness/ability of the owner/manager to use conventional and/or contemporary marketing tools. The problems of a definition of firms’ failure and consequential inaccuracy in determining failure rates persists, but there is no doubt that small firms are considerably more vulnerable than larger businesses, largely through undercapitalisation and inadequacies in marketing (Job, D. D., 1983, pp. 69–83). This paper suggests that improving marketing practice in the small firm can be achieved through education of small firm owner/managers, given their omnipresence within the organisation. Marketing education in particular for small firm owner/managers is inherently problematic. These problems should be acknowledged and addressed by marketing educators endeavouring to use marketing education as a means of improving small firm marketing practice.

Marketing characteristics of small firms

Today’s marketplace is characterized by strong competition, speed and change. New technologies affect the way of doing business and rise new market possibilities. These factors force today’s companies to quickly respond to new changes and demand situations within short product life cycles. Fast changing technology and new market situations have forced businesses to be more innovative and apply strategy of change with continuous innovations of their products. To be able to reach out with new products on the market successfully it is of great importance to have a product launch strategy and know the critical success factors of a product launch. An understanding of the critical success factors can work as a guideline for new product launches and how to manage them. For a small new venture to be viable, customers have to desire what it is being offered, in sufficient numbers, and prepared to pay an economical price. This is at the heart of the marketing concept. However, an entrepreneurial approach implies taking advantage of market opportunities in a dynamic, proactive way. Combining the AMA definition of marketing and the definitions of entrepreneurship, S. Kraus et al (2009) propose a new definition of entrepreneurial marketing: “Entrepreneurial marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, proactiveness, and may be performed without resources currently controlled” (S. Kraus et al, 2009, p.9). Entrepreneurial marketing processes (EMP) by Miles and Darroch (2006, p.488) emphasize “opportunity creation and/or discovery, evaluation and exploitation”. Some marketing characteristics of small firms include: the fact that small firms are faced with different market and competitive circumstances; are believed not to (in general) engage in marketing or innovative practices, although their organic organisational structure should facilitate innovation more readily than the more bureaucratic structure of many larger firms (Cannon, T., 1991); have inherent production and pricing flexibility, but generally lack strong brand names and market power; have less goal conflict, various sorts of flexibility, an imbalance between production and marketing, and are ineffectual in the use of marketing techniques (Brannen, W. H., 1983). Small firms typically are flexible and can respond more quickly than large organisations to changing market requirements, this flexibility forming a vital competitive strength (Heathfield, P., 1997, pp.233–235). Additionally, small firms face marketing problems which are a function of the general characteristics of small firms including: a limited customer base; limited marketing activity, expertise and impact; an over dependence on the marketing ability of the owner/manager; reactive rather than planned marketing, (with marketing plans only produced to secure loans); and difficulties in exploiting marketing opportunities. A further difficulty for the smaller firm is that fixed costs usually absorb a higher level of sales revenue, leaving proportionally less for marketing expenditures (Stokes, D., 1994). Evidence suggests that small firm owner/managers rarely rely on formal training to negate a deficiency in marketing expertise (Hankinson, A., 1991). Small firms typically spend modestly on marketing expenditures, and utilise few of the available marketing techniques (Stokes, D., 1995). Many owners/managers rely on previous experience and common sense (Figure 1). Data for the implementation of market research as a key part of the model of market orientation for SMEs in Macedonia show the following (Jovanov M. T. & Conevska B., 2011, pp. 743-746): 27% of small enterprises in the RM do not carrie out market research before beginning the operation, 76% do not conduct market research during the operations, approximately 63% of them had knowledge of competitors, suppliers and distributors, while only 20% had knowledge of consumer needs. Most of them - 87% organized the research within their own organization, despite the fact of lack in qualified staff, and primarily use data from secondary sources - internet, publications, brochures etc. The main reasons for this unenviable situation are: lack of funds - 75%, lack of qualified staff - 75%, and distrust in the data obtained in the survey - 35%.

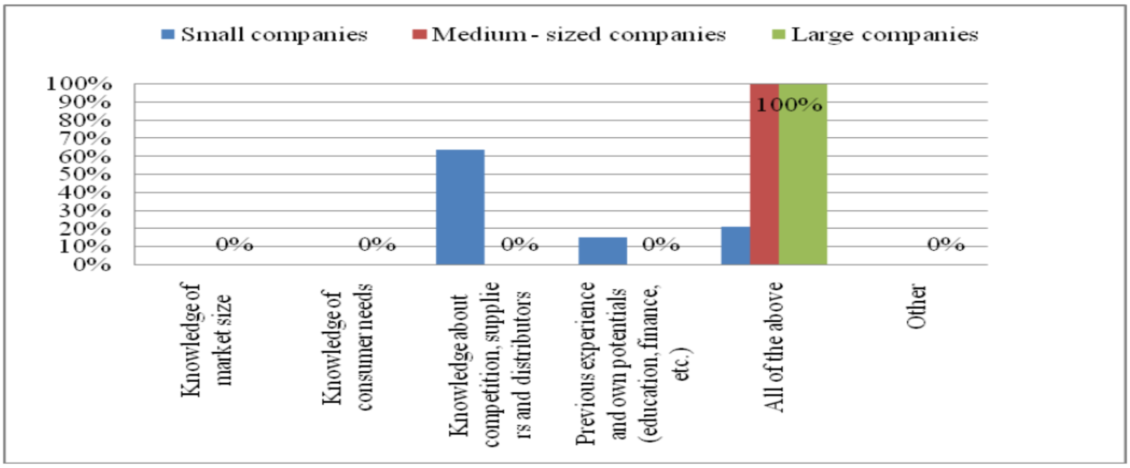

Figure 1 .Type of knowledge that owners/managers had before starting the business

Source: Jovanov M. T. & Conevska B., (2011), p. 746

Within the small firm, the boundary between marketing and selling becomes very blurred, as most small firms' marketing takes place during the selling process and for many small firm owner/managers the perception is that selling is marketing (Oakey, R., 1991, pp.343–356). Some marketing activities pose particular problems for the small firm. Research indicates that small firms find conducting market research and measuring promotion efficiency difficult, while in pricing, they solely rely on what are perceived to be industry norms for guidance, irrespective of their own firms' individual circumstances (Jovanov M. T., 2011). Small firms invest proportionately less on sales training than larger firms with exploratory research conducted by Shepherd and Ridnour (1996) indicating that the small firms studied invested approximately one third as much time in sales management training as larger organisations. A major deficiency within small firms' marketing is the inability to forecast future demand for products, resulting in a passive and slow reaction to changes in the marketing environment (Jovanov M. T. & Conevska B., 2011, pp. 743-746). Ineffective or inadequate forecasting mitigates against effective marketing planning as forecasting is the basis of operative managerial planning. This, then, is the reality of small firm's marketing practice – informal, intuitive, and selling focused. Implementation of marketing principles is problematic with evidence of specific weakness with respect to pricing, planning, training and forecasting. Many authors such as Stokes (1994); Gilmore, Carson and Grant (2001) state that evidence of marketing practice, as prescribed in text books, is rarely found in the small firm. Owner/managers need are more of generalists rather than specialists which means that: "Formal marketing may be interesting to the entrepreneur but it is unlikely to relate closely enough to his/her situation specific requirements or to solve company problems" (Carson, D., 1993, p.194). Marketing activity within the small firm is related to the owner/manager's attitude to, experience of, and expertise in marketing. The small firm owner/manager has little time to think strategically about the business (Brown, J., 1995), with resource constraints necessitating intuitive decision-making (Tibbits, G. E., 1981, pp. 173–188). Generally he/she does not believe that formal strategic planning will benefit his/her business (Orpen, C., 1994, 45–55), even though balance of the formal and informal planning often produces good results. Evidence suggests that many successful small businesses do not practice what is conventionally described as strategic management (Pleitner, H. J., 1989,70–75). Formal marketing plans are beneficial, thus they help to identify competitive advantages and secure resources, gain commitment through communication with participants, and set objectives and strategies. This claim is supported by empirical evidence that suggests that there is a relationship between formal strategic planning and small and new enterprise survival and success (Kraus, S. et al, 2008). Formal marketing planning is often rejected by SMEs due to a number of reasons. First, the top-level corporate goals (survival vs. growth) might impact the organizational function of marketing. This argument is supported by the fact that if small and new ventures plan, they tend to focus on financial planning rather than marketing planning, as liquidity constraints might put a firm out of business. For example, Kraus *et al.* (2008) discovered that less than one third of all Austrian start-ups performed formal marketing planning. Second, some criteria for marketing planning such as *customer loyalty* or *return per customer* are difficult to measure and need experienced marketers to perform planning, which may not be available in small firms. Entrepreneurs may tend to underestimate the importance of marketing and the term “marketing” is understood by SME owner-managers mostly in terms of “sales”. This may, particularly in the case of younger small ventures, be the result of the general corporate goal of survival, as initial sales are needed to keep the company afloat. According to Gruber (2004), key challenges for marketing in new ventures result from the fact that these ventures and their products are unknown to their customers, which results in a lack of trust for these parties (Gruber, M., 2004, pp.164-199). A primary task for new ventures should be to build up trust and to win their first customers. Pertaining to the necessity to build up trust, a study by Witt & Rode (2005) on 311 new ventures from Germany shows the importance of a timely corporate brand-building process that includes the corporate culture, behaviour, design and communication, and is addressed not only to external, but also to internal stakeholders. When it comes to marketing behaviour, in the start-up stage, small business activity will focus mostly on the product and its customer acceptance (Jovanov M. T. & Conevska B., 2011, p.746). Marketing in SMEs seems to be more ad hoc like in the initial phases of enterprise existence. Whilst it is recognised that marketing is not an elixir to cure all business problems and that it has limitations, it has its part to play in assisting the large and growing number of small firms by reducing their vulnerability through increasing their marketing capability, and improving their practice of marketing (Brown, J., 1995). For example, a research among SMEs in Macedonia as a transition country shows that the SMEs in Macedonia don’t have enough information about the market they compete on, don’t take the needs and wants of customers seriously enough, they look upon marketing activities as a cost instead as an investment and rarely include them into the business plans. The owners of SMEs don’t have enough knowledge about running a business, and do not understand the marketing process and its meaning for the success of a company in a market economy. All of these facts lead to losing the battle with competition from abroad because of the unclear or incorrectly defined business strategies.

What do small firm owners/managers need?

There are many examples showing why companies shouldn't reduce their marketing and advertising budget but most of these are centered around some of the biggest or evolving brands. Recent surveys show only 32.8% of SMEs spend on marketing, with the remaining focusing on building an over-sized sales force instead (Kinra M., 2011). So why do most SMEs not spend on marketing? Is it the quick results which sales provide that they prefer, or is the investment in marketing seen as not being able to generate quality campaigns with lower budget? Most SMEs go for sales over marketing as that provides them with immediate results and enables them to survive the next day. For most SMEs surviving the next day is the most important thing and therefor sales is an obvious. However, a huge percentage of SMEs also realise that once they reach a stage of growth or expansion it's not the sales but marketing which makes the difference. Only 7% of SMEs across the globe go ahead and employ marketing managers while the remaining percentage manages the teach themselves and only 16% form SME emplyees attend conferences, workshops and events (Kinra M., 2011). Employing resources and further investing in external events to participate is considered the biggest expense for most SMEs and one of the reasons why they refrain from marketing. Some of the critical success factors for small firms are:

- Superior product differentiation (product advantage) (Cooper & Kleinschmidt, 1987; Cooper, 1994; Hart & Tzokas, 2000; Rau, 2005)
- Strong market orientation with a high level of market knowledge (Cooper & Kleinschmidt, 1987; Cooper, 1994; Gruenwald, 1997; Johne, 1999)
- Clear product definition and marketing objectives (Cooper & Kleinschmidt, 1986; Cooper, 1994; Cooper, 2001)
- Synergy between technology, production and business proficiency (Cooper & Kleinschmidt, 1987)
- Customer focused approach meeting customer needs and wants (Cooper, 1994; Hill et al., 2002; Soni & Cohen, 2004)
- Timing considerations such as seasonal variations (Gruenwald, 1997; Soni and Cohen, 2004).

Many circumstances mitigate against the application of these factors and the traditional educational techniques and methods for small business owner/manager marketing. Small business owner/managers do not manage their businesses adhering to accepted textbook management principles; have neither the time nor the inclination to contemplate complicated theories or processes (Hogarth-Scott S. et al, 1996, pp.6–18); are inable to reach a sufficiently systematic plateau documented (Brockhaus, R. H., 1983); are ofthen sceptical of the value of existing management training and development programmes. Additionally, owner/managers need to be generalists rather than specialists which means that – “Formal marketing may be interesting to the entrepreneur but it is unlikely to relate closely enough to his/her situation specific requirements or to solve company problems”(Carson, D., 1993, 194). In examining marketing education from the perspective of the small firm, a fundamental question must be what do these owner/managers need from marketing? Conservative and/or entrepreneurial marketing is possible for both small and large firms. Small firms with a conservative approach to marketing might advertise in a local newspaper with commonplace advertising, while a large firm that uses entrepreneurial marketing might launch a sophisticated viral advertising campaign. What small companies should learn is that there is an entrepreneurial approach to every element of the marketing mix (product, price, place, promotion). Within the area of the product a “conservative” approach to marketing might use a creation of basic, product that already exists on the market, but an entrepreneurial approach to marketing would offer new improved product or innovative use of the existing product. In the example of pricing, instead of the use of the method costs “plus” and cross margin, the price could be formulated according to the consumer value where customers decide how much to pay for the product (it is often used in restaurants) and contribution margin. Reagrding the place, entrepreneurial approach would offer a combination of few or new creative ways of distribution, instead of the existing ones. For example, such case was the introduction of the delivery service of restaurants, or on-line studying, couces ans seminars/webinars. In promotion, a “conservative” approach to marketing would be classical communication channels (print, TV, radio) with commonplace text and images in reaction to a competitor’s campaign, with the own campaign being paid fully by the firm. An entrepreneurial approach to marketing would use innovative communication channels (e.g. Internet, mobile marketing or people – word of mouth, i.e. WOM) or use classical channels in an innovative way, with new content, and would be ahead of the competition in doing this. In addition, the communication strategy makes use of resources that are external to the firm, such as word-of-mouth from customers, bearing in mind that development of customer base is not less important. This approach can be more cost-efficient than classical advertising for small companies, hence they often aim at target groups that are often not accessible via TV or print. The communication is distributed not solely by the company, but by the customers themselves, using their private or professional networks. The three best-known forms of entrepreneurial marketing, guerrilla marketing, buzz marketing, and viral marketing are shown in addition (see Table 4).

Table 4. Forms of Entrepreneurial Marketing

Form	Main characteristics	Source
Guerrilla Marketing	Bootstrapping, creative/leveraging use of available resources and a highly targeted mix of innovative and effective communication techniques, networking, using energy and imagination; low cost.	Levinson (1984)
Buzz Marketing	Customer-generated information distribution by verbal means, especially recommendations, through personal networks by creating excitement, infatuation and enthusiasm, often connected to events.	Rosenbloom (2000)
Viral Marketing	Self-replicating promotion spreading and multiplying like a virus over community webs. Similar to buzz marketing, but more Internetoriented.	Jurvetson & Draper (1998); Godin &Gladwell (2001)

Source: Morris et al. (2002), p. 3, adapted.

These techniques stand for a variety of low-cost, high-impact marketing activities that allow small companies and/or individuals to act like big companies. It is about the attempt to achieve wide-ranging results with an untypically low utilization of resources by acting like a guerrilla. Guerrilla marketing is meant to be surprising, efficient, rebellious, infectious, and in the best case even spectacular, thereby bursting through conventional perceptions and leading to a “wow factor”. The aim is for the recipient to be riveted to the message, which will stimulate him/her to distribute it, further. An example is the “Go Heinrich Go!” campaign in Germany that was initiated by the sporting goods producer Nike. The campaign sponsored the participation of the 80-year-old runner Heinrich at the famous Berlin marathon. The aged runner completed the 42 km run, which resulted in an enormous media echo for Heinrich and for Nike, and in a serious defeat of the Berlin marathon’s official main sponsor, ADIDAS, that on the other side has relied on the traditional sports sponsoring (Kraus S., et al, 2009, p.12). Buzz marketing is a new form of word-of-mouth communication which uses the recipient’s Internet, e-mail or cell phone networks to generate a buzz through event or an activity around a product or a brand, thereby leaving the actual advertising to the customers. Buzz is not only initiated by media campaigns; media coverage itself is a part of buzz. In the ideal case, a cleverly designed buzz marketing action is covered by the media and further distributed at no costs for the marketer. Buzz marketing’s target persons are often opinion leaders with central hub positions in their social networks. In addition, buzz marketing is suited mostly for new products or services since it addresses the appeal of novelty the product has for the customer. Viral marketing describes a form of marketing that uses social networks (family, friends, neighbours, colleagues) to draw attention towards brands, products or campaigns by spreading messages. Viral marketers spread their campaign like a virus, seemingly uncontrolled, mostly over the Internet. It is important for the client to have a personal benefit to forward the marketing message, or othervise it may not be succesfull.

Conclusion

The marketing function in SMEs is hindered by constraints such as poor cash flow, lack of marketing expertise, business size, tactical customerrelated problems, and strategic customer-related problems. Small business needs marketing in a format that is compatible with small firm characteristics and is acceptable to the small firm owner/manager. For most small firms, existing marketing theories offer little of practical use in day-to-day marketing activities. Many firms are unnecessarily vulnerable through inadequacies in their marketing practice. Educators and owner/managers view this situation from very different, and often incompatible perspectives. Educators need to establish what it is that small firm owner/managers need from marketing in general, and from marketing education in particular, and how this can best be delivered. Enterpreneurial marketing is innovative, risky, and proactive, focuses on opportunities and can be performed without resources currently controlled and it can be implemented irrespective of firm size, afther a standard set of measures is defined. These measures that would include best practices (bencmarking) as well as appropriate theory can be distributed to small companies' managers/employees through cources, workshops (less time consuming) or managers can select these on their own, but with the risk of making a wrong choice and spend more time while doing it. Another way to practice small business marketing is through the use of SME marketing toolkit, which offers comprehensive yet easy-to-use guides to help SMEs develop implement and manage their marketing efforts: Market Assessment, Marketing Plan, Branding, Public Relations, Advertising, Marketing Collaterals, Digital Marketing, Promotions, Leads and Sales. Marketing is essential part of the existence phase of a firms' life cycle, which is especially important for small firms, thus they have a vast mortality rate which can be avoided merely with companies' growth and further development. It is acknowledged that SMEs (small to medium-sized enterprises) cannot do conventional marketing because of the limitations of resources which are inherent to all SMEs and also because SME owner/managers behave and think differently from conventional marketing decision-making practices in large companies. Good marketing supports sales and expansion, and contributes significantly to the growth of market share in competitive markets. Knowledge of the customer and its behavior needs to be considered in relation with the product for determining the competitive advantage and what position to take in the market. Micro enterprises should focus on being close to the customer in every sense since this is where most of their strength and possibilities exists. An in-depth understanding of customer needs and wants, the nature of the market and the competitive environment are vital for success, still they are often missing (Cooper R.G.,1994, pp.60-76). A market driven approach is more important for micro enterprises than for larger companies since they are more dependent on the market situation due to often limitations in size and resources. A well-planned and well-implemented marketing strategy helps SMEs to present strong value propositions that build customer loyalty. Most SMEs understand the importance of marketing and how it can add more value, but some of the above issues have stopped SMEs looking into marketing over sales. The results of the study generate a general picture of a invidious position of the SMEs, especially in the area of insufficient information, poor marketing activities mostly consisting of sales, neglecting the other elements of the marketing mix. Many authors have asserted that a market - oriented approach to business will result in better corporate performance and many studies have found a positive association between market orientation and performance. The importance of market knowledge gathered through marketing activities camn be seen from the rising industry of market research, with exception in 2009 in line with expectations given the economic downturn (ESOMAR, 2010), especially in the manufacturing sector where the Fast Moving Consumer Goods, pharmaceutical and health-care sectors account for the lion's share of sales in research services (ESOMAR, 2008). Consumer researches generated 83% of the research industry turnover (ESOMAR, 2008). Most dynamical markets which invest in market research (in billions) on a year basis are Europe ($13,299) and North America ($9,188), with rise in the Middle East and the Pacific ($0,442) (ESOMAR, 2010). It can be concluded that the owners of the businesses need to acquire more knowledge and skills about the business they are in and understand and accept the usefulness of the marketing activities (adapted for SMEs).

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