



A Critical Examination into the Importance of Marketing Strategies to Business Success a Case of Small and Medium Enterprises in Malawi

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ABSTRACT

The research paper was critically examining the importance of marketing strategies to business success. The study was carried in Lumbadzi area and it focused more on SMEs doing different businesses.

The researcher examined the following areas: the knowledge the SMEs had on their customer wants and needs, if the SMEs had the knowledge on how to do business, the level of advertisement of the business, how location to place the business is chosen, the position of the business on the market, Systems used by the SMEs, the processes SMEs were able to follow, the flexibility of the SMEs business structures, availability of resources and finally the researcher want to know the SMEs financial, customer, and learning perspective the SMEs had.

From the findings the following was revealed: The SMEs before the start of business they had no knowledge of the wants and needs of their customers and how to do business. The SMEs were not advertising their products, the processes followed when doing business were not good enough to promote quality output. The location where the businesses were placed were not strategically located. The business structures were not flexible enough to accommodate changes on the business environment. The resources are not readily available to support the SMEs businesses and finally the perspective the SMEs have on their customer, financial and learning is not good enough

From above revelations the researcher concluded that that the SMEs business failure to grow was a result of the SMEs failure to work on the above problems and if the SMEs businesses are to grow in

Lumbadzi there is need to work on the mentioned areas.

I. Introduction

The study drew special interest in the area of marketing specifically, the study focused more on impact of strategies on business growth.

SMEs are considered as engine for economic growth all over the world. After the globalization of market, SMEs have got many opportunities to work in integration with large scale organizations. World Bank's definition of SMEs is that micro scale; less than 50 employee, small scale; 50 employees, medium scale; 50-200 employees. Following the first SMEs definition of EU in 1996, the SME definition which is related with personnel numbers is required to revise because of increases in inflation and productivity. As a result of this; On 6 May 2003 the Commission adopted Recommendation 2003/361/EC regarding the SME definition which replaced Recommendation 96/280/EC as from 1 January 2005.

II. Research Aim and Objectives

The study was aimed at examining critically the importance of marketing strategies to business success of small and medium enterprises in Malawi, specifically in Lumbadzi area. The study was aimed at establishing the reason behind failure for business growth in the area.

Objectives

- 1 To establish the current strategies being used by SMEs in Lumbadzi.
- 2 To identify the challenges faced by SMEs when using the current strategies in Lumbadzi
- 3 To identify strategies that can help the SMEs businesses to grow in Lumbadzi



III. Literature Review

In chapter two which is literature review, the researcher looked on materials which other researchers have written on the area under study.

3.1 Theoretical Framework

The study was guided by below research theoretical frameworks: to research on how different parts of the world have used the theories and grow their businesses.

3.1.1 Resource Based View

The Resources Based View (RBV) emanated from Barney (1991) and the basic logic of the resource based view starts with the assumption that a company has a unique resource or a bundle of resources (distinctive competencies). The resource-based view emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. The resource based view framework has a broad selection of strategically relevant resources that can affect the success or failure of a firm (Barney, 1997). According to Spillan and Parnell (2006) organizational resources include the company's systems and processes and encompass its marketing and other functional strategies, its structure, and its culture. Physical resources consist of plants and equipment, geographical locations, access to raw materials, distribution networks, and technology.

Grant (1991) notes that resources are inputs into the production process and they include items of Capital equipment, skills of individual employees, patents, brand names, finance, and so on. However, only few resources are productive thus productive activity requires the cooperation and coordination of teams of resources. Barney (1991) posits that a firm is said to have sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. In the resource-based view of the firm, specific resources and capabilities affect a firm's performance. Effective marketing strategies is one of the core competency of any organization thus, SMEs should adopt effective marketing strategies to enhance their performance and competitive advantage.

3.1.2 The Balanced Scorecard Theory

The Balanced Scorecard Approach emanated from the works of Kaplan and Norton (1990). The balanced scorecard approach

emphasizes on the need to provide management with a set of information that covers all relevant areas of performance in an objective way. The idea of the balanced scorecard is that performance could be measured from four different perspectives. The four areas of performance are defined and labeled into financial perspective, customer perspective internal business and innovation and learning perspectives respectively. The four performance perspectives are not necessarily comprehensive, but should represent the critical success factors necessary for continued organizational success hence they are intended to be a close link between the business unit strategy adopted and the performance measures selected (Otley, 1999).

According to Otley (1999), the major strength of the balanced scorecard approach is the emphasis it places on linking performance measures with business unit strategy. According to Kaplan & Norton (1996), the balanced scorecard not only allows the monitoring of present performance, but also tries to capture information about how well the organization is positioned to perform in the future. The balanced scorecard is designed to be at the centre of an organization's control mechanisms to effectively deploy strategy and to link operational practices with strategic intent (Otley, 1999). The idea of the balance scorecard is that you should not evaluate a firm based on one single measure thus in marketing the balanced score card can be used to link the marketing strategies with the overall organizational goals. Additionally, SMEs can use the balanced score card approach to link their marketing strategies with their strategic plans.

3.1.3 Industrial Organization Theory

The industrial organization theory emphasizes the influence of the industry environment upon the firm. The theory views the organization as an external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1981). The main idea behind theory is that a firm must adapt to influences in its industry to survive and prosper (Porter, 1981). According to the theory, strategic managers should seek to understand the nature of the industry and formulate strategies that feed off the industry's characteristics (Porter, 1981). Thus, it is more important for SMEs to choose the correct industry within which to compete.



3.2 Conceptual Frame Work

The study will use the below conceptual framework which states that if owners of the businesses have strategic intelligence, competitive intelligence, artificial intelligence, business intelligence, knowledge management, business process management and be able to overcome business environmental turbulence then they are able to have improved performance.

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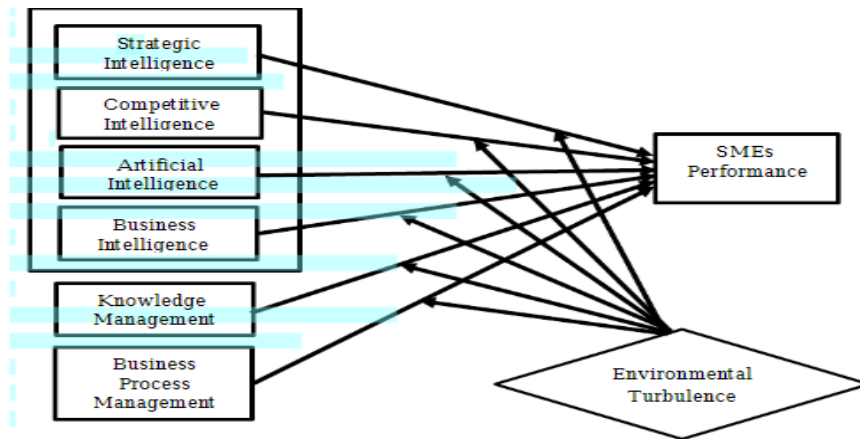


Figure 2.1 Conceptual Framework

IV. Research Methodology

The study was both qualitative and quantitative and descriptive in nature. The population of the study was SMEs in Lumbadzi area. The study used a sample size of hundred, who were identified through simple random sampling under probability sampling technique, where all elements will be given equal chances of being chosen as a representative. Data was collected using primary and secondary means. All ethical issues were observed.

V. Data Analysis and Findings

Marketing strategies

The researcher wanted to know the marketing strategies the SMEs doing business in Lumbadzi area were using and below are the findings.

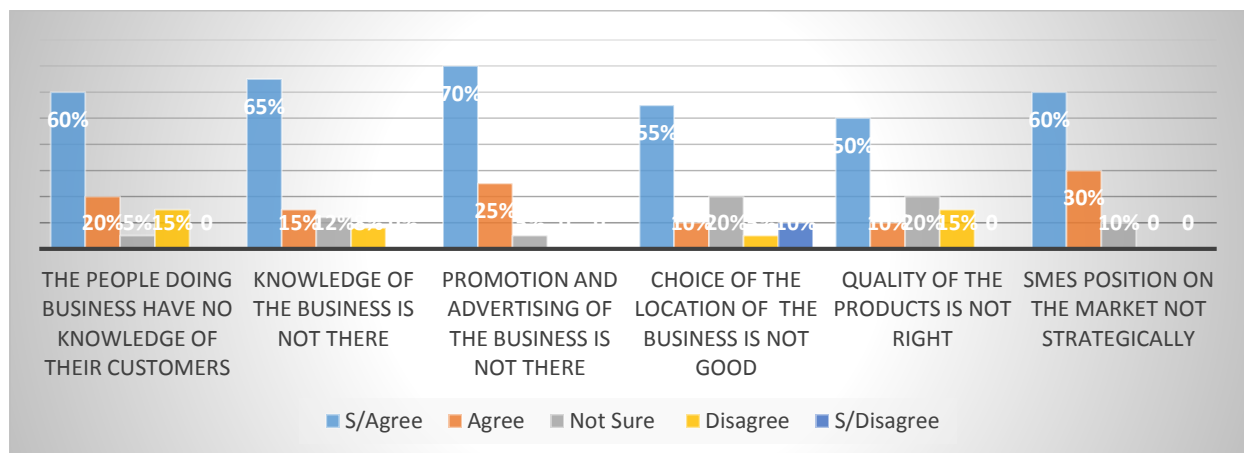


Figure 4.5 Marketing Strategies in Use

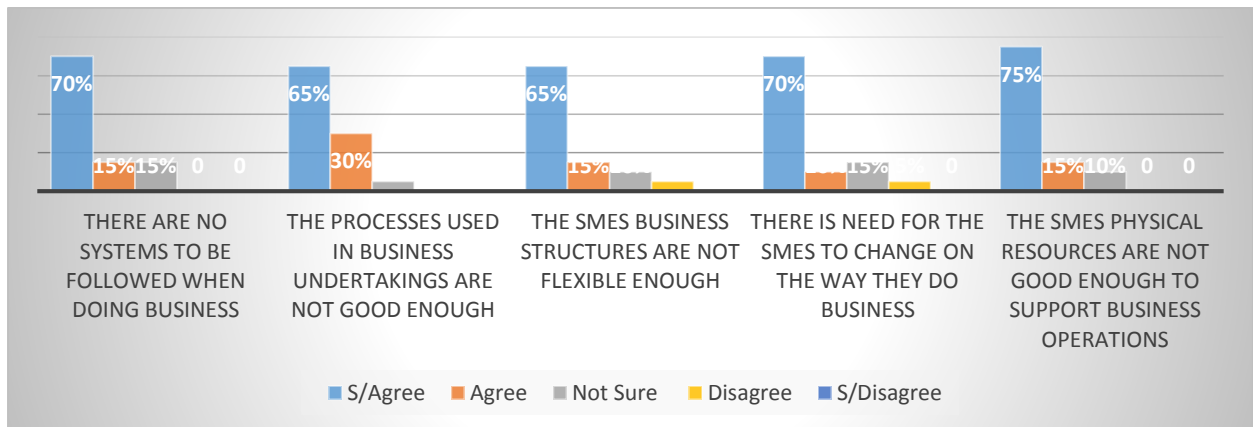


Figure 4.6 Marketing Strategies in Use Continued

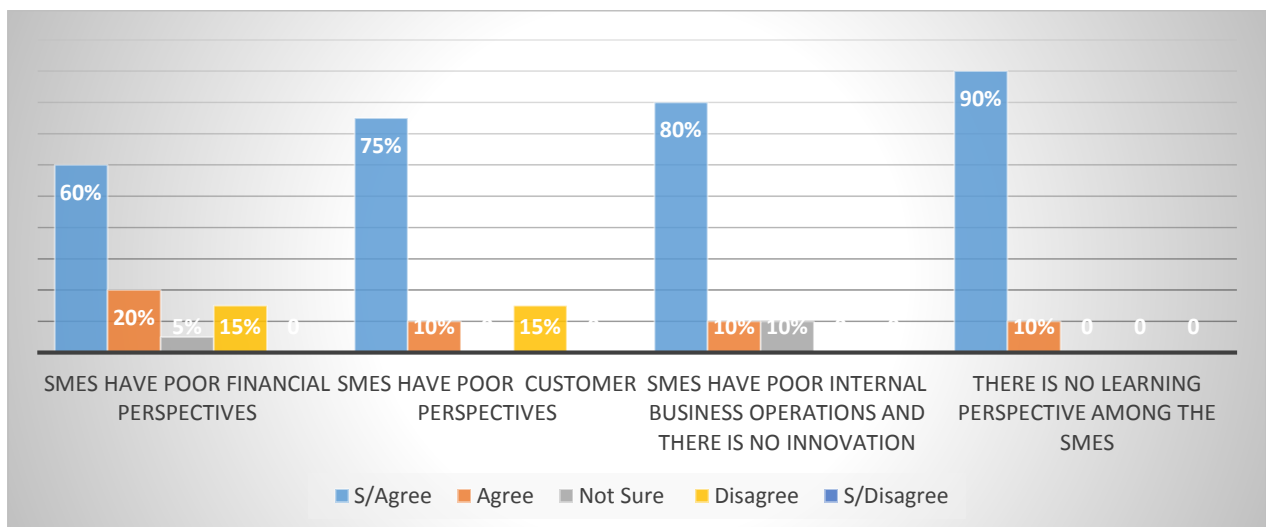


Figure 4.7 Marketing Strategies in Use Continued

The results in figure 4.5 it shows that the SMEs in Lumbadzi area they do not know their customers in respect to their wants and needs. In business one first is to know the wants and needs of the customers and deliver with speed exactly what they want better than the competitors. As business people they are there to provide solutions to the problems their customers are suffering. With the results seen in figure 4.5 the customers are provided with something different and as such they end up not happy and go elsewhere for assistance. This could another area leading to the SMEs business failing to grow.

Looking at the results in figure 4.5 above on knowledge of the business if it there, it was discovered that the SMEs in Lumbadzi do not have knowledge on doing business, they just do the business blindly or just follow on what others do. This could be another problem area contributing the lack of growth of the SMEs in Lumbadzi. As a

business man one needs to have the right skills on how to manage the product so that quality products and services should always be made available to the customers when needed and also be able to manage the customers so that they should be happy with the offerings.

Again looking the findings from figure 4.5 it shows that the SMEs in Lumbadzi area they just do their business without promoting and advertising their products and services. Business cannot do well if the owners are not able to make their products and services known to their prospective customers through adverting and promoting them. This could be another area contributing to the failure of the business growth of the SMEs in Lumbadzi area

The choice of the place to put the business is one of the important areas managers are to think of before the start of business. The place chosen should be strategically in nature, a place where prospective customers can easily see and reach. It



seems the SMEs in Lumbadzi have problems in identifying their business place. They just put their business at any place that they are able to get without considering the important points to consider in marketing and this could be another problem area leading to lack of growth of the SMEs businesses in Lumbadzi area.

From the findings in figure 4.5 again it is shown that the quality of the products and services sold by the SMEs in Lumbadzi area is not good. Customers look for the best products and service on the market and if what is being offered is something different they also look for the alternative. This could be another area leading to failure in growth of the SMEs businesses in Lumbadzi area. If the SMEs are able to work on the quality of their products and service the more they will be able to grow their business because more and more customers will come for the products and service.

Looking at the results from figure 4.5 one is able to see that the SMEs in Lumbadzi area are not well positioned on the market. One cannot consider them as first choice go and his supplies, such being the case the volume of sales are reduced and result into lack of growth of their business. If the SMEs in Lumbadzi are to grow their businesses there is need to properly position their businesses on the market, make them look attractive by providing better offering and be market leaders and let the rest be followers.

Looking at the results in figure 4.6, it shows that the SMEs in Lumbadzi area they have no system they follow when conducting their business. The SMEs have no formal procedures to follow as such different approaches are followed and no uniformity in the way customers are serviced and result into poor service delivery and this result into customer dissatisfaction. Dissatisfaction we lead into customers looking for alternative hence loss of business. This could be another problem areas leading to poor growth of the SMEs businesses in Lumbadzi.

The results also in figure 4.6 are showing that the processes used by the SMEs in Lumbadzi area to move, offer and produce the goods and services are not good enough. This could be another area preventing the businesses from growing. Using poor processes may results in providing the goods and services very costly to the customers. This may result in offerings that are costly and competitive on the market hence loss of business to the competitors. For the offerings by the SMEs to be competitive there is need for the SMEs to improve on the processes, make them simple and un complex, this will allow speed and quality to be achieved in the

delivery of goods and services to customers and improve the level of customer satisfaction.

From the findings again one is able to see that the business structures adopted by the SMEs in Lumbadzi are not good enough to allow flexibility, speed and quick business decision making by the managers. This observation is not good for the business, for the business to be competitive there is need to use good business structure which will allow: speed in decision making, wiling participation by employees and satisfaction. This could be another problem area that needs to be addressed if the SMEs businesses in Lumbadzi are to grow.

It is observed from the findings that the SMEs doing business in Lumbadzi are so rigged in their business strategies they don't adjust according to the changing needs of the business environment. This could be another reason of the lack of growth of the SMEs businesses in Lumbadzi. For business to be successful there is need for the business owners to be continuously monitoring on changes happening on the business environment and adjust according in so doing the businesses will be made to be competitive.

From the findings it is also seen that the SMEs doing businesses in Lumbadzi area are lacking resources to support the business undertakings. The SMEs have limited resources to use in their business undertaking. This could again be another problem area contributing to lack of growth of the SMEs businesses in Lumbadzi. If the SMEs are to be competitive there is need for the SMEs to be helped with ways on how they can be accessing the resources easily

In figure 4.7 the results are showing that the SMEs in Lumbadzi their financial perspectives is very poor and this could be one of the reasons why the businesses are not growing. Finances are very import for the wellbeing of any business, when the money is not there it is very difficult for any business to grow. The SMEs to grow their businesses they should make sure that they are able to make more money and properly manage the money.

From the findings in figure 4.7, it is seen that the SMEs in Lumbadzi have a very poor perception on their customers. Customers are to be treated with the greatest care and make sure always are made satisfied with the provisions offered. The business environment is so competitive, if customers are not properly looked after they will look for alternative. This could again be another area contributing poor business growth of SMEs in Lumbadzi. First the SMEs should understand the



needs and wants of these customers and respond accordingly and in so doing the customers will become more satisfied. The SMEs should look at the customers as kings, without them they will be no business

The SMEs in Lumbadzi have very poor internal business operations and are not innovative. With the level of competition currently on the market there is need for the SMEs in Lumbadzi work on their internal operation and make the operations smooth and bring innovation into the operations. In so doing the businesses will be more competitive because quality products and services attractive in the eyes of customers will be offered and the more they will be demanded and hence more sales which will lead to business growth.

From the findings it is also discovered that the SMEs learning perspective is very poor and this could be one of the reasons the SMEs businesses in Lumbadzi are not growing. In business there is need to continuous learning on new ways, system and procedures on doing business successfully. If the SMEs businesses in Lumbadzi are to grow also there is need to improve in this area.

6.0 Conclusions

From the research findings the research has drawn the following conclusions: The level of education of the SMEs doing business in Lumbadzi area is very low. Many of them have primary school leaving certificates. With the low level of education it is very difficult for the SMEs to make decisions that are competitive enough in business and be able to understand business operations well. Hence no business growth.

The SMEs doing business in Lumbadzi area most of them have been in business for short period of time. They have no experience in business operations, they do not know the needs and wants of their customers, they offer products and service which customers do not require. The SMEs they do not advertise and promote their products and services. Hence the products and services they offer are not known to the public.

The SMEs in Lumbadzi area have poor selection of the places to put their business. Locations have an important bearing to the success of the business. Hence it is important to choose well where to place the business. The quality of the goods and services offered by SMEs is also not good enough to attract customers. The SMEs businesses are not properly positioned on the market, one cannot think of them as first choice when making buying decisions.

The SMEs do not have a proper system they follow when selling their products and services

to the customer. How the products are produced or sourced and who is involved in the process they do not know. Thus against the modern system of doing business. One is to know all the processes involved to have the product and the services delivered to the customer and be able to manage the processes.

The SMEs business structures in use are not good enough; they lack flexibility, and encourage participation of the members of the business. With the poor structure it is difficult for the SMEs businesses to adjust with speed to changes on the business environment and again the SMEs businesses are poorly resourced.

The SMEs have poor financial and customer perspective. These are important areas in business one has to know the financial management part of the business this is the part if managed well the businesses are able to grow. Again the SMEs are to know their customers well in respect to their needs and want and be able to supply that. The SMEs have poor internal business operations and there is no innovation in their business undertaking. Finally there is poor learning perspective. All the areas given above areas are the ones contributing to poor growth.

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