

Strategic Marketing Planning Practice in SMEs and A Case Study in Turkey

Yakup Durmaz¹, Ali Açıköz²

¹Faculty of Economics Administrative and Social Sciences
Director of the Institute of Social Sciences
Hasan Kalyoncu University, Turkey
Email: yakup.durmaz[AT]hku.edu.tr

²Hasan Kalyoncu University
Doctorate Student, Turkey

ABSTRACT--- *This study aims to find whether strategic marketing planning is adequate in Small and Medium-sized Enterprises. Without efficient marketing, it is almost impossible for businesses to compete with others or to continue their businesses. This research studies the strategic marketing planning practices in SMEs in the Diyarbakır province of Turkey. The study was conducted on businesses in an organized industry site of Diyarbakır. For data collection, semi-structured interviews were made. The population of the research consists of people in charge of the SMEs. The results show that the SMEs on which the study was conducted were not on an adequate level when it comes to strategic marketing planning. According to the findings, the businesses in the study used dynamic pricing. The reason for this practice can be competition, exchange rates and the fluctuations in interest rates.*

Keywords--- marketing, marketing management, strategic marketing planning

1. INTRODUCTION

Two major factors are affecting the economy today. One of them is technology, and the other one is globalization. Technology does not only affect people materially, but it also affects their mindsets. It also triggers the second effective power, globalization. The “global village” that McLuhan mentions is a reality now [11]. Businesses can survive by adapting themselves to new developments and innovations [8]. New developments undoubtedly affect marketing, which is one of the most important functions of businesses. Marketing has been described differently by different authorities. Some of these definitions are as follows.

Marketing can be defined as all of the activities done by people to finalize or ease the change [10]. Marketing is one of the most critical components of the success of a business and has a significant effect on increasing the prosperity of a country [20]. E. Jerome McCarthy from the University of Michigan describes marketing as: “The level of performance of an organization to achieve its goals of managing the product and service flow from the producer to the customer in order to foresee the needs of a customer or a buyer.” John A. Howard from Columbia University described marketing as follows: “detecting the needs of the customers, conceptualizing these needs in line with the production capacity of the organization, transferring this conceptualization to the possible power laws of the organization, conceptualizing every production from that point on according to the needs of the customers and transferring this conceptualizing to the customer” [21]. Marketing management is designing, planning, conducting, and controlling the programs to make the changes expected from the target customer, either for mutual or individual gains [11]. Strategic marketing is a part of strategic management and one of the development stages of or marketing. It ensures the gathering and evaluation of information on market structure and competitors and that executives make decisions according to these evaluations [14]. The definitions show that strategies have two essential characteristics; the first is that they are made before taking action, and the second is that they are developed consciously and purposefully [15].

Throughout the last decade, the marketing environment has changed dramatically and universally. The most important of these changes is the emergence of concepts like “new consumer” and “new competition” [6]. The fact that strategic marketing has come to the fore as a research field can be seen as the projection of the perspectives, paradigms, theories, concepts, frameworks, principles, methods, models and metrics of the last couple of decades [22].

Since the 70s, the planning function has raised the awareness that the strategic planning approach lacks certain aspects. One unknown factor was adapting to the market, this process caused a static character development, and the environment had increasingly become more dynamic.

The 21st-century concept of marketing has developed further than the concepts of the 20th century and has become a “strategic concept” that regards everything in marketing, necessary. Not only the product and customer but also external factors like competition, technology, government policies, products of rival companies, prices, positioning and branding have also become important [9].

The essence of strategic management is an integrated organizational force that aims to ensure and maintain the competitive advantage of the individual unit of works (Day and Wensley, 1983). A typical strategic marketing plan is a combination of marketing goals, marketing strategies, marketing tactics, marketing budget and marketing action plans (Sirgy, 1996). However, implementing the determined strategies is not an easy task. In the past, many businesses survived without a plan. The reason for their survival was the abundance of resources and opportunities [12]. However, today it is possible for businesses to be successful by knowing their weak and strong points, analyzing them, and deciding on proper procedures. Perception of opportunities and threats, using these opportunities and eliminating the threats are the initial steps for success. As Kotler said, marketing is the art of finding, developing and profiting from opportunities [11]. The literature on strategic marketing planning shows that businesses with marketing planning systems will be more successful than those who have not. In addition, the difference between theory and application shows that there are many obstacles to the application of marketing planning [13]. Certain steps of strategic marketing planning include analysis and research [3]. These processes are shown in Figure 1.

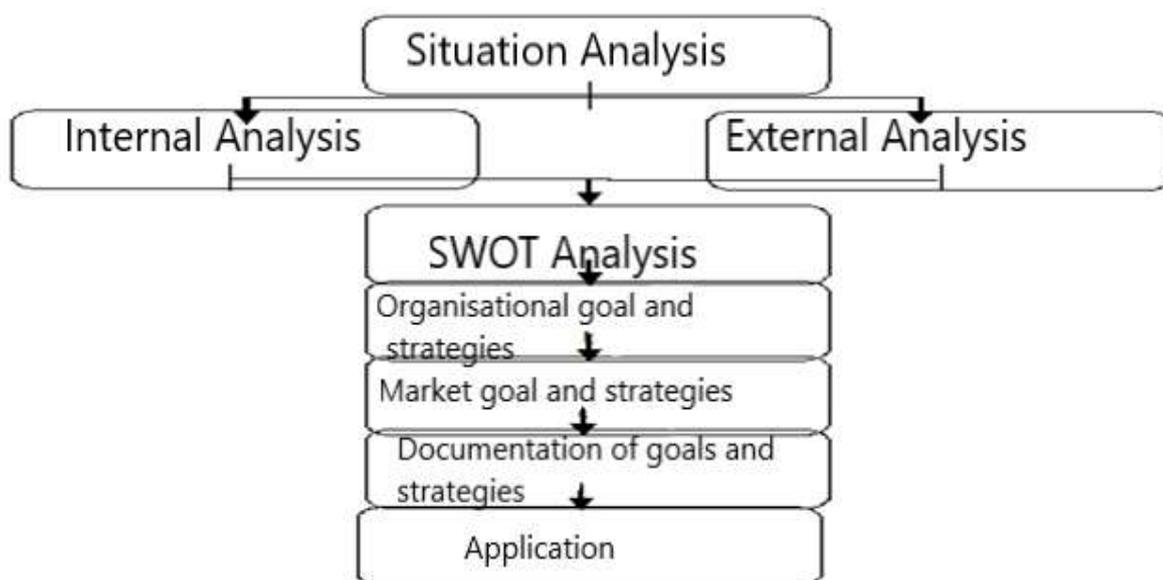


Figure 1. The role of marketing research in strategic marketing planning process
 Source: Tammo H. A.; Bijmolt, Ruud T. Frambach and Theo M. M. Verhallen, 1996: 83-98

Strategic analyses have an increasingly important role in strategic marketing. As Figure 1 suggests, internal and external analysis of strategic marketing planning is prioritized. SWOT analysis, where weak and strong threats are detected, is also important. After these steps, strategy and goals, market strategy and goals should be determined and documented. It is crucial for the plan that these steps are regularly followed.

Marketing planning is a process that uses a certain set of techniques to help the management in the application and help design the envisioned future. This process is a neutral one and the result being bad or good depends on the design and application ability of the management [18].

2. METHODOLOGY

A qualitative research method was used in this research to serve its primary purpose. The research was designed as a case study. A case study is the research of the factors related to one or several situations with a comprehensive approach and the analysis of the interactions between these situations [7].

The first characteristic of a case study is that it has limits, which means that the limits between the case and the context should be clearly defined. The second characteristic is determining the situation or the case. The third characteristic is its comprehensive quality. The fourth characteristic is using data collection techniques like observation, interview and document analysis [7]. This research analyzes the strategic marketing planning applications of SMEs.

2.1 Participant Group

The participant group of this study consists of 8 SMEs in Diyarbakır Organized Industrial Site. The names of the SMEs in the study were kept hidden, instead a code was used to represent each. The SMEs that participated in this study work in different sectors.

2.2 Data Collection Tools

Semi-structured interviews were made to collect data. In semi-structured interviews, the questions and topic titles that the researcher prepared beforehand guides the researcher. Semi-structured interviews help the researcher to proceed with guidance and to interview in detail if necessary. While a document analysis is the analysis of written, visual and audio material on the research topic [7].

The participants were asked 8 questions. The content of the questions is related to strategic marketing planning applications. As semi-structured interviews necessitate in-depth research, the participants were also asked questions besides the preset questions.

2.3 Data Analysis

Qualitative data analysis is a heuristic process. The researcher organizes the collected data, synthesizes them to reveal the patterns and reports the findings. According to Dey, there are three steps in qualitative data analysis: description, classification and association [7].

Descriptive and content analyses were made on the collected data. Descriptive analysis is a qualitative data analysis method that includes the summarization and interpretation of the data collected through various data collection methods according to predetermined themes. Content analysis is a widely used method and is mostly used to analyze visual or written material. In content analysis, which follows a deductive logic, the researcher develops categories about his/her research topic [17]. Matrix was developed through conducting content and descriptive analysis of the collected data.

3. FINDINGS

The findings of the research conducted through semi-structured interviews have been summarized and analyzed in the table below.

Table 1. SMEs and Information of The Participants

KOBİ Kodu	Sector	Established in	Occupation	Education	Years of experience in SE
SME1	Chemistry	2006	GM	High School	3
SME2	Ready-made clothing	2015	GM	Associate Degree	3
SME3	Packaging	2015	SM	Bachelor's Degree	3
SME4	Aluminum	2014	ME	Bachelor's Degree	4
SME5	Food	2003	M	Associate Degree	5
SME6	Mining	1998	ME	Bachelor's Degree	3
SME7	Packaging	2003	GM	Bachelor's Degree	15
SME8	Textile	1997	BM	Associate Degree	8

SM: Sales Manager, M: Manager, GM: General Manager, BM: Board Member, ME: Marketing Executive

The interview groups from the SMEs include 4 people with a bachelor's degree, 3 with an associate degree and 1 with a high school diploma. The research was carried on SMEs that work in chemistry, packaging, food, aluminum, mining, textile and ready-made clothing.

Table 2. Strategic Marketing Planning Process

SME Code	Situation Analysis	Environmental Analysis (external-internal)	SWOT Analysis	Goal Setting	Budget	Documentation
SME1	-	-	-	+	-	-
SME2	-	-	-	+	-	-
SME3	+	+	+	+	-	-
SME4	-	-	-	-	-	-
SME5	-	-	-	+	-	-
SME6	+	+	-	+	-	-
SME7	-	+	-	+	-	-
SME8	+	+	-	+	-	-

+: Made, -: Not made

The research findings show that only 3 SMEs make situation analysis, the first and the most critical step of strategic marketing planning. The interviews of the participants show that external and internal environmental analysis is made by 4 SMEs, goal setting by 7 SMEs and SWOT analysis by only 1 SME.

It has also been found that none of the SMEs have a budget saved for marketing planning. It has also been determined that SMEs do not write down their plans; they are only spoken.

Table 3. Market Classification

SME Code	Demogr. & Geograph.	Income Lvl.	Psych. Variable	Consumer Behavior	Expected Benefit	Others
SME1	+	-	-	+	+	
SME2	+	-	-	-	-	Seasonal
SME3	+	-	-	-	-	Industrialized Areas
SME4	+	-	-	+	-	
SME5	+	+	-	-	+	
SME6	-	-	-	+	+	
SME7	+	-	-	-	+	Sectoral Classification
SME8	+	-	-	+	+	

+ : Made, -: Not made

Market classification as a term was first used by W. Smith (1956). As an alternative to the increasing competition of mass marketing, Smith suggested a market classification approach and stated that if products are put on a suitable market, it will succeed. American Marketing Association (AMA 2008) defined market classification as “classifying the market into different sub-categories that meet similar needs and act similarly.” AMA stated that market classes should be measurable, accessible, can be differentiated from others, consistent and large enough [16].

Classifying a vast market into businesses, countries or customers that partially need the same products or services is called market classification. Market classification is a 3-step process: research, analysis and evaluation. Firstly, the data related to the market is collected. After analyzing the data, the market is classified, and the target market is determined [1].

It has been found that almost all of the SMEs that participated in the research (7 SMEs) make a geographical classification. 5 SMEs make benefit classification. 4 of the SMEs that make geographical positioning also make expected benefit classification. 4 SMEs make classification while also considering customer behavior. Aside from the preset variables, there were other answers classifications like industrialized areas and sectoral.

Table 4. Target Market Classification

SME Code	Mass Market	Niche Markets	Local Market	Personalized	Others
SME1	-	-	+	-	Construction Sector
SME2	+	-	-	-	
SME3	-	+	-	-	Target market in 250 km ² radius
SME4	-	+	-	-	
SME5	+	-	-	-	Focused on foreign market
SME6	-	-	+	-	
SME7	-	+	+	-	Manufacturing businesses
SME8	+	-	-	-	

+ : Made, - :Not made

When it comes to target market classification, it has been found that 3 SMEs have a mass target market, 2 SMEs have niche target markets, 1 SME has both niche and a local target market. Also, there was an SME that specifically targets the construction sector and another SME that targets manufacturing businesses in a 250 km² radius. Another SME stated that it targets businesses that manufacturers for the local market.

Table 5. Price Positioning

SME Code	Low price, high number	Acc. To income	Dynamic Pricing	Acc. To the Equivalent Product	Acc. To the Added Value of the Product
SME1	+	-	+	+	-
SME2	+	+	+	+	-
SME3	-	-	+		-
SME4	-	+	+	-	-
SME5	-		+	-	-
SME6	-	-	+	-	-
SME7			+		+
SME8	-	-	+	-	-

+ : Made, - :Not made

The most striking thing about the pricing is that all of the SMEs implement dynamic pricing. They stated that increased competition, exchange rates and fluctuations in the interest rates are the main reasons for implementing dynamic pricing. In addition to dynamic pricing, other pricing methods are also implemented. 1 SME implements pricing according to the added value of the product.

Table 6. Budget for Branding

SME Code	No Budget	% 1 (Ciro)	% 3 (Ciro)	% 5 (Ciro)	% 10 (Ciro)
SME1	+	-	-	-	-
SME2	-	+	-	-	-
SME3	+	-	-	-	-
SME4	+	-	-	-	-
SME5		+	-	-	-
SME6	-	+	-	-	-
SME7	-	+	-	-	-
SME8	-	+	-	-	-

+ : Made, - :Not made

Branding is vital for businesses. A brand is at the center of marketing activities, it has the power to affect customer behavior, and it helps differentiate between services and products. A brand is a combination of logos, figures or names that determines the identity of a service and that makes it different from its competitions [2].

5 of the SMEs stated that they save 1% of the revenue for branding. While 3 SMEs stated that they have no budget for branding.

Table 7. Marketing Mix

KOBİ Kodu	Product	Place	Price	Promotion	Other
SME1	+	+	+	+	People
SME2	+	+	+	+	People, Physical Opportunities
SME3	+	+	+	+	People
SME4	+	+	+	+	People
SME5	+	+	+	+	People
SME6	+	+	+	+	People, Physical Opportunities
SME7	+	+	+	+	
SME8	+	+	+	+	People, Physical Opportunities

+ : Made, - :Not made

To gain an active response, in marketing management, it is essential to organize and the product, price, place, promotion (4p) elements and make them suitable for the business structure [10].

It has been found that even though SMEs make basic level plans, they include marketing mix elements. The people factor and physical opportunities are also found to be important.

Table 8. Distribution Channels

SME Code	Distributor	Franchise	Store	E-commerce	Others
SME1	-	+	-	-	Beginner
SME2	-	+	-	-	
SME3	-	-	-	-	One-to-one Marketing
SME4	-	-	-	-	One-to-one Marketing
SME5	+	-	-	-	
SME6	-	-	-	-	Direct Sale
SME7	-	-	-	-	One-to-one Marketing
SME8	-	+	-	+	One-to-one Marketing

+ : Made, - :Not made

Thinking that the term “distribution” only stands for transferring the products and services to the consumer can cause some misunderstandings. A distribution channel can be defined as a structure that is created by intervening or first-hand parties like internal units, external agencies, wholesalers, retailers, franchisees and distributors to help market the services to the consumers [5].

The findings show that most of the SMEs use the one-to-one sale method. 3 SMEs use franchising channels, 1 SME uses distributor channels, and 1 SME uses an e-commerce channel.

Table 9. Customer Experience

SME Code	Promotion & Information	Tailor-made Products	Customized Services	Peer-to-peer Communication	Others
SME1	-	-	-	+	
SME2	+	-	-	+	
SME3	+	-	-	+	
SME4	-	-	-	+	
SME5	+	-	-	+	
SME6	+	-	-	+	
SME7	-	-	-	+	
SME8	+	-	-	+	

+ : Made, - :Not made

By investigating customer experience, it is aimed to evaluate how SMEs maintain their relationships with the customer and what kind of methods they use to manage customer relationships. It has been found that peer-to-peer communication is used as an efficient method. In addition, 5 SMEs stated that they also use promotional activities and share these with the customers and occasionally inform the customers through email.

4. CONCLUSION

It is an undeniable truth that marketing has gained importance in a highly competitive environment. Therefore, businesses need to create high disciplined marketing plans. Analysis of the market, competitors, competition conditions and the comparison and analysis of the capability of products and services are among the most important steps to take. The SMEs on which this study was carried out make strategic marketing plans on a significantly basic level. This can have different reasons, and they can be the topic of future research. Another finding of this study is that investment in branding is significantly low.

According to the 2017 data of TÜİK, the population of Diyarbakır is 1.699.901; this makes it the 12th most populated city in Turkey. It has a young population. Diyarbakır is a 6. encouraged investment zone ¹, and because it is close to Iran, Iraq, and Syria, it is close to the middle east market. Despite the advantages the city has, the fact that it has no product or services representing Turkey can be another research topic.

5. REFERENCES

- [1] Akoğul, S., and E. Tuna. (2017). “Kümeleme Ve Çok Boyutlu Ölçekleme Analizleri İle Endüstriyel Pazar Bölümlendirmesi Ve Etkili Ürünlerin Belirlenmesi”, *Çukurova Üniversitesi Sosyal Bilimler Enstitüsü Dergisi* 25(1): 29–42.
- [2] Alan, H., and O. Yeloğlu. (2013). “Markalaşma ve Yenilikçilik” , *İktisadi Yenilik Dergisi* 1(1): 13–25.
- [3] Bijmolt, T. H. A., and R.T. Frambach. (1996). “Strategic Marketing Research”, *Journal of Marketing Management* 12: 83–98.
- [4] Day, George S, and Robin Wensley. (1983). “Marketing Theory with Strategic”, *Journal of Marketing* 47(4): 79–89.
- [5] Eroğlu, H., H. Kanbir, and N. Eker. (2008). “Endüstriyel İşletmelerin Dağıtım Kanalı Seçimini Etkileyen Faktörlerin Belirlenmesine Yönelik Bir Çalışma”, *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 13(1): 95–110.
- [6] Gilligan, C., and R. M.S. Wilson. (2009). “*Strategic Marketing Planning*”, London and New York: Routledge.
- [7] Gürbüz, Sait, and Faruk Şahin. (2017). “*Sosyal Bilimlerde Araştırma Yöntemleri*”, Ankara: Seçkin.
- [8] Kaygusuz, Sait, and Şükrü Dokur. (2009). “*İşletmelerde Stratejik Planlama ve Bütçeleme*”, Bursa: Dora.
- [9] Keegan, Warren J. (2004). “Strategic Marketing Planning: A Twenty-First Century Perspective”, *International Marketing Review* 21(1): 13–16.
- [10] Kotler, P. (1975). “*Pazarlama Yönetimi*”, Ankara: Ayyıldız Matbaası.
- [11] Kotler, P. (2003). “*Kotler ve Pazarlama*”, İstanbul: Sistem Yayıncılık.
- [12] Lackman, C. (2013). “Competitive Intelligence and Forecasting Systems : Strategic Marketing Planning Tool for SME’ s”, *Atlantic Marketing Journal* 2(2): 98–111.
- [13] McDonald, M. (1996). “Strategic Marketing Planning: Theory , Practice and Research Agendas Marketing”, *Journal of Marketing Management* (12): 5–27.
- [14] Milichovsky, F., and I. Simberova. (2015). “Marketing Effectiveness : Metrics for Effective Strategic Marketing”,

¹ Turkey has 6 encouraged investment zones. Cities in 1st encouraged investment zone are relatively developed cities while cities in 6th encouraged investment zone are cities in which the government encourages people to invest the most.

Inzinerine Ekonomika-Engineering Economics 26(2): 211–19.

- [15] Mintzberg, H. (2001). “The Strategy Concept I: Five Ps For Strategy”, *California Management Review*: 11–24.
- [16] Nacar, R., and U. Nimet. (2014). “Küresel Tüketici Kültürü Kavramıyla Birlikte Değişen Pazar Bölümlendirme Yaklaşımları: Uluslararası Pazarlama Literatürüne Bakış” *Yalova Sosyal Bilimler Dergisi* (8).
- [17] Özdemir, M. (2010). “Nitel Veri Analizi: Sosyal Bilimlerde Yöntembilim Sorunsalı Üzerine Bir Çalışma”, *Eskişehir Osmangazi Üniversitesi Sosyal Bilimler Dergisi* 11(1): 323–43.
- [18] Pulendran, S., and R. Speed. (1996). “Planning and Doing: The Relationship between Marketing Planning Styles and Market Orientation”, *Journal of Marketing Management* 12(1–3): 53–68.
- [19] Sirgy, M. J. (1996). “Strategic Marketing Planning Guided by the Quality-of-Life (QOL) Concept”, *ournal of Business Ethics* 15: 241–59.
- [20] Tokol, T. (1998). “Pazarlama Yönetimi. Bursa”, Vipaş.
- [21] Trout, J., and A Ries. (2003). “Pazarlama Savaşı”, İstanbul: Optimist.
- [22] Varadarajan, R. (2010). “Strategic Marketing and Marketing Strategy: Domain, Definition, Fundamental Issues and Foundational Premises”, *Journal of the Academy of Marketing Science* 38(2): 119–40.