

Marketing in SMEs Some ideas and experiences

Small Business Center 26.10.2012 Seppo Rantalainen



SMEs and marketing...

- What?
 - Traditional marketing mix; 7 p's
 - Product/service
 - Price
 - Place
 - Promotion
 - People
 - Process
 - Physical evidence



Some topics ...

- Marketing in Finnish small and medium size firms
 - What does it mean in practice?





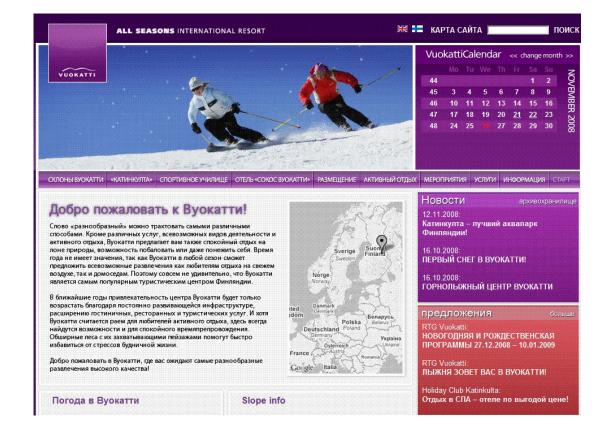
SMEs and marketing in practise

- Limited resources
 - Human effort => most often no experts
 - Budgets => no big money in marketing
 - Market research? => expensive ⇔ missing
 - Main efforts in advertising
 - Visibility
 - Segmentation or lack of it
 - Unclear message
 - Short term planning => not enough for long term success



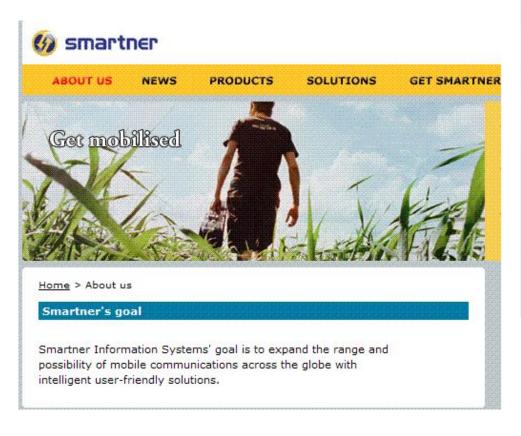
SMEs and marketing in practise ...

- SMEs and brands
 - What is the brand?
 - Where it is?

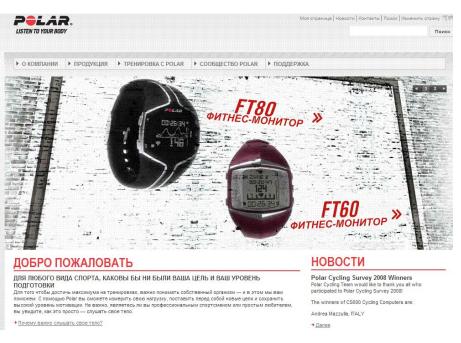


SMEs and marketing in practise ...

SMEs and brands ...globally



Pienyrityskeskus





Brands ... and their value...

A definition of the brand:

According to Davis (2005, p. 7), a <u>brand</u> "is a name, symbol, or logo used to identify and differentiate products in the marketplace." Brands provide information to consumers, and communicate and establish expectations with stakeholders. A

The meaning of the brand: how about SMEs?

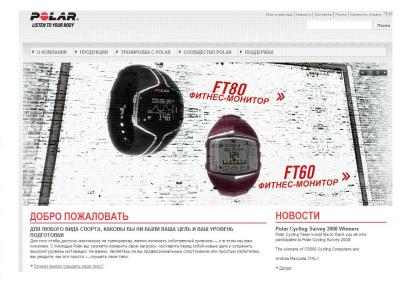
example, Intel reported tangible assets valued at \$48.3 billion in 2005 according to its 2005 10K filing, while the stock market valued Intel at \$113.8 billion on 3 April 2006 – more than twice its book value. What explains the difference? Interbrand's valuation of the Intel brand (\$35.6 billion in 2005) goes a long way towards clarifying this discrepancy.



Brands and their elements...

Four basic elements of the brand:

- 1. Differentiation: this construct captures a brand's ability to stand out and create distinct meaning in the marketplace. Based on a composite of three image attributes, differentiation reflects both product and image equities that contribute to a brand's capacity for prominence in its arena, resulting in greater consideration, loyalty and pricing power.
- 2. Relevance: this scalar measures a brand's ability to be meaningful and have personal appropriateness in the lives of consumers. In a sense, it is cost-of-entry to usage of a brand. Relevance is highly related to market penetration and staying power.
- 3. Esteem: this construct measures the extent to which consumers like a brand and hold it in high regard. Esteem captures how well a brand fulfils its implied or overtly stated consumer promise, resulting in repeated usage.
- 4. Knowledge: this scalar evaluates the level that consumers understand and have internalised what a brand stands for. It represents the end result of all the marketing and communications efforts and experiences consumers have had with a brand.







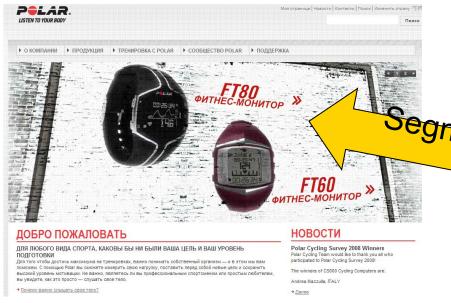
Smes and their products ...

- What smes are selling?
 - differentiation; pricing, quality, customization, flexibility in production, etc
 - Customer needs; quick changes and very quick reaction; proactivity
 - Packages; core product + several services; networking, partnerships





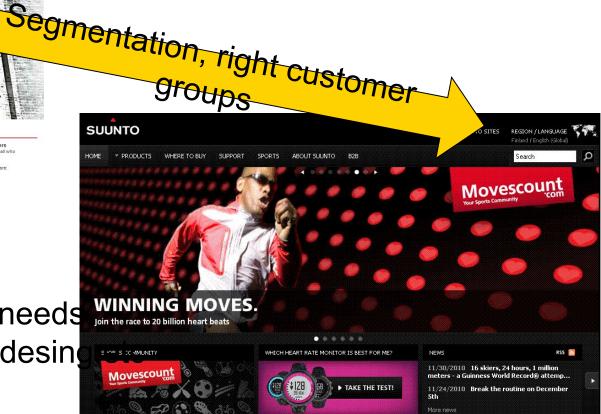
Smes and their products ...



Segmentation of potential Customers

-Different behaviour, same needs

-Different pricing, features, desing





Smes and pricing ...

- Business models
 - The place and role in the valuechain
 - What is the core product or is it service?



Ponsse:

- -Forest machines manufacturing
- -Very essential service and spare parts deliveries
- => expensive machines + effective and real-time service => profitable pricing



Smes and promotion ...

Due to an increasing saturation and fragmentation of markets, marketers are in recent years confronted with a significantly changing marketing communication landscape. Here, brands can no longer be distinguished on their quality and functional benefits alone (Weinberg 1993; Kroeber-Riel 1984) and the effectiveness of classic marketing communications is decreasing steadily as a result of a stiff competition of communications (Wohlfeil and Whelan 2005a,b; Levermann 1998). Indeed, because classic

Advertising

- New medias; FB, Twitter, Event marketing, mailing lists
- How about print media/television
 - Expensive, targeting, focusing on right people
- Promotions
 - Events, sponsoring, social media,
 - Sport, concerts, art exhibition, others



Smes and promotion ...

Small Business Center:

- -In St Petersburg 16 years
- -Small customer base
- -Seeks for growth
- -Mainly with partners
 - FinEc
 - incubator





Smes and promotion ...sales efforts

(Ravald and Grönroos, 1996; Ringberg *et al.*, 2007). For developing brand value in business-to-business markets, this paper proposes that brand relationships should be managed by brand personified, i.e. human representatives of the brand.

Customer retention in business-to-business markets highlights two important elements: branding and relationship marketing together in the form of brand relationship management. Analysis of the brand relationship management process shows that it builds up satisfied customers, driving them towards loyalty by developing one-to-one relationships, and resulting in actual market exchanges. The key to the programme is field management



Sales organisation in Russia Reliable service partners



Promotion ...sales efforts

Мы предлагаем современные

Последние новости

Шепкните

Sales is critical
-Personal interaction
-SMEs – is it possible?
-Big customers
-Slow decision making process



Здесь Вы найдете адреса офисов в



Smes and promotion ...event marketing

Event-marketing is defined as the interactive communication of brand values by staging marketing-events as 3-dimensional brand-related hyperrealities in which consumers are actively involved on a behavioural level and which would result in their emotional attachment to the brand (Wohlfeil and Whelan 2006). However,

Sport, music, art, etc

- partnerships
- SMEs?







Smes and promotion ...event marketing

(Drengner 2003; Petty et al. 1983). Interestingly, previous research has already proven that consumers tend to be highly involved in event-marketing strategies because of their voluntary participation in them (Drengner 2003; Nufer 2002). Thus, an understanding of consumers'

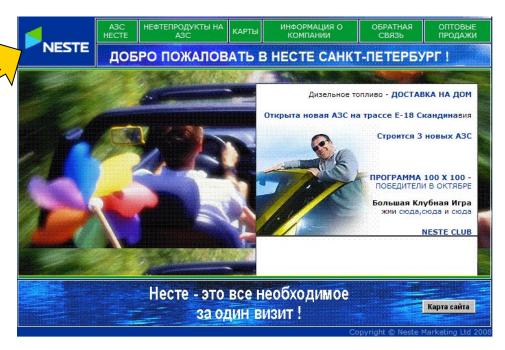
1. Experience orientation

2. Interactivity

3. Self-initiation

4. Dramaturgy







firms

Incubator for technology

SMEs and place ...

- Where and when SMEs can sell?
 - The place => distribution
 - In St Petersburg?
 - In the city really expensive
 - Web shops always open
 - How about services?





SMEs and people ...

- SMEs the most critical resource
 - Expensive, difficult to find and recruite; why?



News

1.11.2010 Communicea develops communication processes for Lemminkäinen

Communicea tutki: Liikkeenjohto ei ole täysin tyytyväinen organisaationsa viestintään 1.9.2010

16.8.2010 Riina Marttinen joins Communicea

Communicea awarded with "The Strongest in Finland 2010" certificate

24.3.2010 Development project of Kiinteistöpalvelut ry's extranet completed

Efficiency, consistency, continuity

Even the most reputable and successful companies suffer from communications inefficiencies, inconsistent communications quality and a shortage of resources. They are not able to prioritize efforts to improve and develop their communications because they have to spend time taking care of daily routines.

Communication consultancy Communicea can help your company tackle its communication challenges. This is achieved by utilizing communication processes. We'll document your core communication activities as processes and create tools and templates to support them.

The core communication processes identified and defined by Communicea will facilitate planning and executing of communication. Companies can also outsource part of or their whole communication function to Communicea.

The core communication processes that Communicea identifies and documents for your company will make your communication more efficient and organized. Defining and implementing communication processes not only increase efficiency, promote consistency and improve quality, but also brings many other benefits.









SMEs and people ...

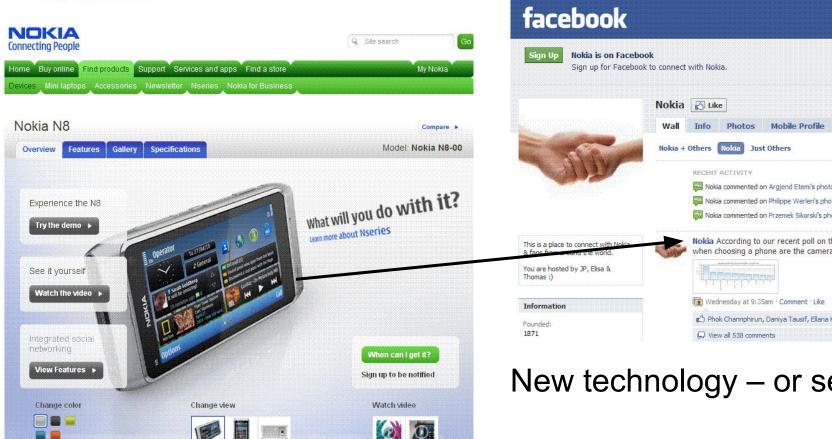
For service organisations, brand is considered a relationship builder (e.g., Blackett & Harrison, 2001; Ryder, 2004; Webster, 2000). It creates an intimate bond with customers based on its value proposition or a brand promise (Barnes, 2003; Muniz & O'Guinn, 2001). The promise needs to be fulfilled at each service encounter to secure the longevity of customer-brand relationships (Berry, Conant, & Parasuraman, 1991; McQuisto, 2004; Zeithaml, Berry, & Parasuraman, 1993).

SMEs

- How to build the relationships?



SMEs and processes ... interaction with consumers



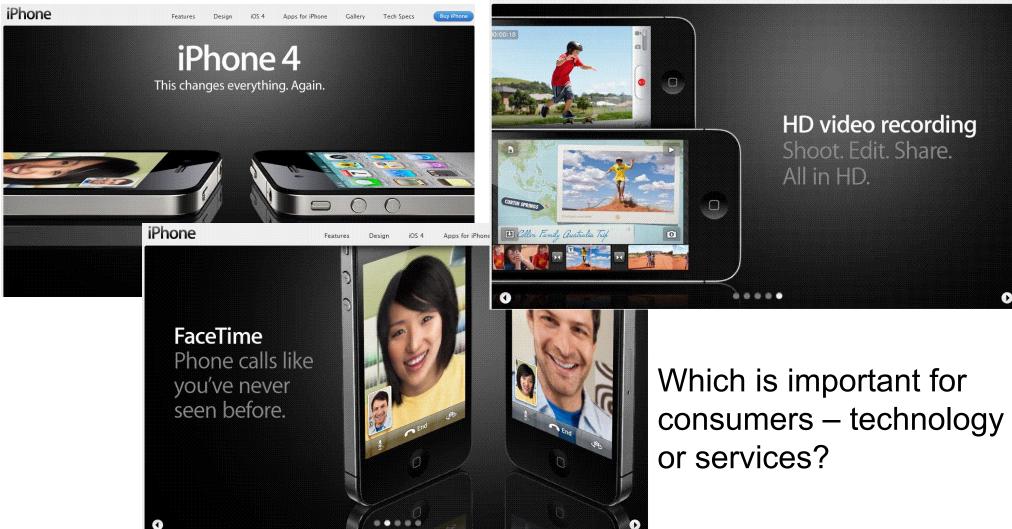


seppo.rantalainen@auktori.co

New technology – or services?



SMEs and processes ... interaction with consumers



iPhone



SMEs and processes ... interaction with consumers

Environment<u>al</u> Issues - SMEs?

ZARA

NEW PRODUCTS
WOMAN
MAN
CASUAL
KIDS
FRAGRANCES
STORES

NEWSLETTER COMPANY

- CORPORATE
 CUSTOMER SERVICE
- OFFICES

LANGUAGE LEGAL NOTICE CONTACT



goes on to identify that, when forming a decision about buying a product or service from a particular company or organisation, 83% of the general public feel it is 'very' or 'fairly important' that a company shows a high degree of social responsibility.

ENVIRONMENTAL POLICY

Zara, through its business model, contributes towards the sustainable development of society and the sphere in which it operates. Environmental commitment is part of the corporate responsibility of the Inditex group and is published on the group's web page: www.inditex.com. The following are some of the objectives and actions included in the framework of the group's environmental commitment that have a direct bearing on shops and customers:

IN OUR SHOPS

- We save energy.
- The eco-efficient shop.
- We produce less waste, and we recycle.
- Our commitment extends to all our staff.
- An environmentally aware team.

We save energy. The eco-efficient shop.

We are implementing an "ecc-efficient" management model in our shops in order to reduce energy consumption by 20%, introducing sustainability and efficiency criteria. This management model sets out measures to be applied to all processes, including the design of the shop itself, the lighting, heating and cooling systems and the possibility of recycling furniture and decoration.

We produce less waste, and we recycle.

Recycling hangers and alarms, which are picked up from our shops and processed into other plastic elements, is an example of our waste management policy. Millions of hangers and alarms are processed each year, and both the cardboard and plastic used for packaging is also recycled. Our commitment extends to all our staff. An environmentally aware team. In-company awareness campaigns and specific multimedia-based training programmes to educate our staff in sustainable practices, such as limiting energy consumption, using sustainable transport and modifying behavioural patterns.



International Journal of Market Research Vol. 49 Issue 1

Energy: igniting brands to drive enterprise value

John Gerzema Young & Rubicam Brands Ed Lebar BrandAsset® Valuator, Worldwide Michael Sussman Y&R, North America Jason Gaikowski Young & Rubicam Brands

Putting your marketing where your values are

By SUE ADKINS

Market Leader Winter 2006

Exploring the Influences of Internal Branding on Employees' Brand Promise Delivery: Implications for Strengthening Customer–Brand Relationships

> Khanyapuss Punjaisri Nottingham Trent University

Alan Wilson Strathclyde University

Heiner Evanschitzky Strathclyde University

Journal of Relationship Marketing, Vol. 7(4), 2008 © 2008 by The Haworth Press. All rights reserved, doi: 10.1080/15332660802508430

References

A relational insight of brand personification in business-tobusiness markets

Suraksha Gupta

Lecturer in Marketing and Enterprise, Middlesex University Business School, Middlesex University UK

T. C. Melewar

Professor of Marketing and Strategy, School of Management and Law, Zurich University of Abblied Sciences. Switzerland

Michael Bourlakis

Senior Lecturer, Brunel Business School, Brunel University, UK

© 2010 The Braybrooke Press Ltd. Journal of General Management Vol. 35 No. 4 Summer 2010

65-76