

THE SYSTEM OF FORMATION OF MARKETING PLANS IN SME IN SLOVAKIA

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Abstract: The purpose of this article is to present the results of the survey carried out in SME in Slovakia, which was focused on the area of marketing planning. The aim of this article is to examine the formation of marketing plans in SME in Slovakia. The article deals with the problem of formation of marketing plans in SME in Slovakia. Firstly, we discuss theoretical background with focus on marketing plans, then we describe the research methodology and finally we present the results of research that we carried out.

Key Words: marketing plans, formation of marketing plans, SME

JEL Classification: M31

1. INTRODUCTION

The success of the company in the marketplace depends on the fact how the management of company is able to respond to constantly changing market conditions. If the company wants to survive in these conditions, it must necessarily plan. Create favourable conditions to promote the company in the market provides marketing planning. Marketing planning is a process in which a company is looking for consistency between the objectives, market opportunities and available resources. The output of the marketing planning process and likewise the most important result of the implementation of marketing in the company is marketing plan as a written document.

2. THEORETICAL BACKGROUND

The company should deal with creating a marketing plan if it wants to successfully manage its marketing activities. ĎaĎo et al. (1994, p. 27) define the marketing plan as a "document in which is anchored marketing strategy and timetable of activities related to its implementation".

Bradley (2003, p. 72) notes that successful marketing plans are based on facts and not on opinions. According to this author it is necessary to create a schedule, to identify the resources needed to implement the plan and to specify the roles for employees in different parts of the company during preparing a marketing plan.

Blažková (2007, p. 189) believes that the content and structure of marketing plans compiled by SMEs vary according to the specific conditions within each company. Some small companies choose an option when business and marketing plan consists of a single document, other companies create separate documents, which are interconnected.

Horáková (2003, p. 146-149), Blažková (2007, p. 189) and Lesáková (2011, p. 184) elaborated requirements on the marketing plan. The marketing plan should be clear and concise, comprehensible, transparent, addressable, easy to read and it should include key information. It is also important to list feasible activities in the marketing plan.

The marketing plan in the company often fails to meet. Kusá and Pizano (2011, s. 98) indicate failure of the

marketing plan in factors such as the lack of realism, insufficient and inadequate analysis of the situation of the company, inflexible plan and product defects.

Marketing plan in our view is an important document in company which captures the results of the marketing planning process. The significance of the marketing plan is confirmed by its starting position in the system of corporate plans because information from the marketing plan are used for the creation of other plans in company.

Although the content and the structure of marketing plans in companies vary according to various factors, it is essential that marketing plan provide information about timetable of marketing actions that need to be taken. It is inevitable to build on realistic assumption in order to meet the marketing plan and hence it is needed careful analysis of the market environment and also the company itself.

3. RESEARCH METHODOLOGY

We conducted a primary research which consisted of questionnaires distributed electronically. The primary aim of our research was to determine the current situation of marketing planning in SMEs in Slovakia. One of the important areas of our investigation was focused on the system of formation of marketing plan. During developing the questionnaire we used mainly closed and semi-open questions due to statistical evaluation. We tried to formulate questions as clearly as possible based on theoretical knowledge and information from interviews. Respondents were offered wide range of possible responses and the possibility "other", where they could express their opinion or add their insights on the issue. Questionnaire consisted of introductory part, identification questions, issues related to research problems and conclusion.

We created a questionnaire electronically by www.drive.google.com to ensure complete anonymity of respondents and for easy distribution of questionnaires. Respondents were informed by e-mail about the possibility of completing a questionnaire. E-mail included text with information about research and a hyperlink to the questionnaire. Primary research was conducted through questionnaires from 25. November 2012 to 31. January 2013.

Research sample of questionnaire survey was made up of SME employing from 10 to 249 employees. We generated 4 250 SME of the 13 724 SME registered in Slovakia in 2012 using a random number generator because we assumed a low return of questionnaires. Willingness to complete the questionnaire showed 286 companies and our assumption of poor return of questionnaires was confirmed. The rate of return of questionnaires amounted 6.73 % in relation to the addressed companies. After checking the completeness of filled questionnaires, we decided to exclude from research 21 questionnaires because of the low information content of not fully completed questionnaires. Our research sample was then reduced to 265 respondents.

Research sample consists of different companies in terms of industry, an annual turnover and time of operation in the market, asset structure and life cycle stages. The largest representation in the sample had companies employing 10-49 employees (79.6 %), followed by medium-sized enterprises with 50-99 employees (12.5 %) and medium-sized enterprises with 100-249 employees (7.9 %).

We investigated through survey whether companies create marketing plan and in what form it is created. More than half of surveyed companies (52.8 %) do not create a marketing plan at all. The remaining 47.2 % of respondents formed the marketing plan in various forms. Marketing plan in informal form consists 23.8 % of respondents. Marketing plan as a part of a business plan create 18.1 % of respondents and marketing plan as a separate document in written form create 5.3 % of the companies. We can conclude, that half of the companies which make marketing planning, create marketing plan as a written document (62 companies) and the remaining respondents (63 companies) create marketing plan in an informal form. Research has also shown that from all companies surveyed roughly half of the respondents conducted marketing planning and the second half of the respondents do not form a marketing plan. The part of the questionnaire, which was focused on the detection of developing a marketing plan in companies filled companies which identified that create a marketing plan in the form of a written document.

4. RESEARCH RESULTS

We were interested in how companies create their marketing plan, if they create marketing plan systematically, what is the time period of creating the marketing plan and what is the purpose of making marketing plan. The system of creating a marketing plan as a written document in companies we investigated through seven questions. We detected whether is the marketing plan essential in formulating a business plan; for what purpose companies compile a marketing plan; how often companies create a marketing plan; if companies have a marketing plan in the current period; in which time period companies create a marketing plan; who requires the creation of a marketing plan and who prepares a marketing plan in company.

As mentioned above, the part of the questionnaire, which focuses on the system of formation of marketing plan as a written document, filled in only the companies that make up written marketing plan. In our sample, there are 14 companies that prepare a separate document marketing plan and 48 companies, in which is the marketing plan part of the business plan. We found that in the vast majority of

companies (81.7%) is marketing plan essential in formulating a business plan. In other companies marketing plan does not constitute a basis for formulating business plan. 12% of surveyed enterprises did not specify what plan is essential in their business. Two companies said that the basis for formulating a business plan in the company is business plan, in one company it is EBITDA and in another it is sales plan.

We paid attention to the purpose of formation of marketing plan in the questionnaire (Figure 1). A significant majority of companies (92 %) create a marketing plan in order to better achieve the objectives. For the purpose of planning the launching a new product in the market create marketing plan 29 % of the companies. Marketing plan helps to 22.6 % of respondents to eliminate business risk. Another 12.9 % of respondents create marketing plan for the purpose of planning a new entry in the market. For the purpose of the loan application in the bank compiled marketing plan 9.7 % of respondents and for the purpose to gain subsidies from the European Union prepares marketing plan 4.8 % of respondents.



Figure 1 Purpose of creation of marketing plan

Source: Own research

We were also interested in the fact how often companies create a marketing plan. We wanted to determine whether companies prepare marketing plan regularly or for purpose only. We found that the vast majority of respondents (86.9 %) prepare marketing plan regularly in the annual period. Marketing plan compiles irregularly (sometimes) 4.9 % of respondents. Ad hoc for purpose of loans or subsidies create marketing plan 3.3 % of respondents. This fact confirmed the next question in the survey, in which 93.5 % of companies affirmed that they have established marketing plan at this time. Only four surveyed companies do not have established marketing plan in this year.

In following questions in the questionnaire, we discussed the person in the company who requires the creation of a marketing plan and the person who prepares a marketing plan. In more than half of the companies management of the company requires the creation of a marketing plan (54.8 %) and the owner of the company (53.2 %). Functional departments require the creation of a

marketing plan in 14.5 % of cases, in one case, the respondent stated that the creation of a marketing plan in company requires importer. For the preparation of marketing plan is responsible management of company in the vast majority of respondents (62.9 %). Head of the marketing department is responsible for preparing marketing plan in one-third of companies (33.3 %), owner of company is responsible for preparing marketing plan in 18 % of companies. Marketing plan is prepared by marketing staff in the companies that do not have marketing department in 16.1 % of cases. Employee of marketing department is responsible for preparing a marketing plan in 6 of surveyed companies (9.7 %). In one company is responsible for preparing a marketing plan sales department.

Subsequently, we investigated, in which time period companies prepares their marketing plan. Nearly three-quarters of companies (72.6 %) compiled marketing plan within one year. Within two years create marketing plan 12.3 % of companies, other 9.7 % of companies compiled it in three years horizon. A shorter time period to six months for preparation of marketing plan chose 4.8 % of companies.

Any company do not have marketing plan for a longer period of time, that means for more than three years. One respondent stated that the company compiled strategic marketing plan in longer term and it is updated annually.

5. CONCLUSION

In this article we presented the results of our research which was focused on the formation of a marketing plan in SME in Slovakia. During the examining the formation of a marketing plan we came to the following conclusions. For the majority of companies the marketing plan is the basis for creating other plans in the company. Companies create marketing plan in order to better achieving the objectives. Predominant part of respondents compile a marketing plan on an annual basis and it is also established in the current period. Preparation of marketing plan requires management and owner in the most of companies surveyed. Similarly, management is responsible for preparing the marketing plan in most companies. The majority of companies compile marketing plan for a period of one year.

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