

MARKETING - KEY FACTOR FOR PRODUCTIVITY OF THE ENTERPRISES IN THE MARKET ECONOMY

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ABSTRACT

Marketing is one of the most important sectors on which all companies focus, regardless of their size or the activity they carry out. As a predisposition, marketing plays a major role in the business world and can be considered as a key element of the enterprises in planning for achieving maximum organizational productivity.

The development of the production forces has led to an increase in the level of productivity, while trade liberalization contributes to the increase of the competition on the market. From the marketing point of view, the market is classified as a component of marketing. The relationship between supply and demand is one of the key information essential to all companies and their success in the performance.

Entrants participating in the market have different behaviors depending on their role as purchaser or seller. All of these characteristics influence in determining the direction of movement towards the development of the market, which have a huge impact on the behavior of consumers.

For more specific and more thorough planning, the Marketing Information System is of great importance. The decision-making process in the enterprises is a dynamic process based on the accumulated knowledge, the experience of the entities and the information gathered during the research. Being aware of the needs of the consumers creates space for designing superior products with an affordable price that will have quick realization.

Key words:

Marketing, Consumers, Market Research, Planning, Effectiveness, Productivity, Realization.



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INTRODUCTION

The word “marketing” etymologically comes from the north-French word “market” - to which the suffix “ing” is added. “Market” has a very broad interpretation in the economic literature, because of which the definition of marketing is determined to some extent.

The suffix ING indicates: a) an action or process; b) product or result of an action or process; c) something that is used in an action or process; d) an action or process associated with any specific occurrence; e) something connected or used in the production of an item; f) something that relates to a specific concept, etc.

On the other hand, in every modern country in which it exists, the local self-government is a category of the political system. Local self-government covers the political structure of local units (the municipality, the district, the county), i.e. the way in which local authorities, bodies and other factors participate in decision-making at the local level, as well as the fundamentals of the policy they lead (in the field of urban planning, infrastructure development, education, social protection, etc.).

Local self-government is an important segment of the overall political power in a state. It is complementary with the state power in the management of social affairs, which can be perceived by the fact that they have divided competences in many social areas. It is a subject or a party in the vertical division of power in which the state or central government is superior.

Hence the very wide treatment of marketing in economic theory arises, which in fact also applies to other economic terms. The problem here is not only in the number of definitions, that is, the existence of a specific definition by almost every author, but it is more because there are a number of arguments that still they increasingly complicate the understanding of marketing, often not sufficiently knowing its true content and meaning. In addition, there are unequal definitions from many authors in marketing in a certain period of time, which arise from the development of marketing worldwide and in our country.

In the literature in the area of marketing, there is usually a microeconomic approach in understanding marketing issues. It is understood that such an approach is not accidental and starts from the fact that most of the activities are in the domain of enterprises and they should incorporate the concept of marketing through their own instruments, and afterwards to be organized and applied in practice (Jakovski, 1984: 159). There are different approaches in explaining the essence of marketing, which largely arise from the way that the essence of the marketing concept is explained. Here we will briefly dwell on some of them.

Marketing is often defined as the **function of an enterprise**. Thus, the scope and importance of this function is unequally emphasized. Some authors consider that marketing is a **compulsory function** of the enterprise.

Other authors point out that marketing is not just a mandatory function of the company, but rather a “**directing and overseeing function, that is, a management function.**” With this function of managing the enterprise and market economy, the strategic directions of operation and development are determined in a shorter and longer period. It can be defined as “the realization of the market, like the production of buyers, as the only programming of the production of the enterprise from the consumer’s point of view”.

In addition to this way of defining marketing, that is, its identification as a function of the company, which must be represented, the opinion that marketing as a function encompasses management and directing, some authors consider that marketing appears as a **control function** (Czinkota, 2002:89).

A larger group of authors define marketing as a targeted activity of the enterprise in undertaking such business actions in which the producer-consumer relationship takes on a priority role, not just classical sales (producer-trade).

Such definition of marketing as an activity of the enterprise in bringing the goods and services from the producer to the consumer or user, in a certain plan, expands the distribution as one element of the marketing conception. It is therefore noted that the marketing covers completely all the activities necessary to put certain goods in the hands of the final consumers and the industrial user, excluding only those activities which in some way can alter the form of goods. This will also determine the right place of distribution in the physical transfer of products.

The activities that are performed in such defined marketing are often treated only from the aspect of the commercial effect, but their scope is much higher, which can be seen in the following classification of the order of those marketing activities:

- Determining the wishes and needs of consumers
- Competition assessment (bid)
- Choosing and designing the product, as well as deciding on the quality and shape of the product

- Determination of the size of the series, optimal cycle of adoption of new products, optimal stock, packaging and mode of transport
- Policy and level of prices and services
- Sales channels, or sales network
- Communicating with consumers and servicing products.

Starting from the fact that the company's business policy includes: "deciding on determining the goals of the operation, decisions on principles and assets, marketing as a specific philosophy" on which the business policy of the company is being built requires production to be produced for the needs of consumer. This means that marketing becomes a significant organizational activity, whose fundamental function consists in examining market phenomena using scientific methods. The results of these examinations serve to conduct business policy and for long-term development planning. It ensures more stable production, a greater degree of social and economic security of the person as a producer and greater satisfaction of modern human needs as a consumer. The business policy of the enterprise, as a decision-making process in the market economy, must be based on market opportunities and the needs of the consumer, and hence the engagement of the enterprise, through its staff, should enable the adjustment of those needs from a new angle.

The analysis of marketing from the microeconomic point of view has recently been encountered by a large number of criticisms that highlight the question of whether the company is sufficiently successful, applying the marketing concept in its work, achieving only its goals by satisfying its customers and by making a profit. Namely, the question arises as to the role of marketing in conditions of a more polluted human environment, a lack of certain raw materials, a rapid increase in the population, inflationary movements, etc.

Such a way of considering marketing largely leads to its re-examination and redefinition and introduction of new aspects that emphasize the social character of marketing. It requires the firms to take into account the following requirements in the harmonization of marketing policy and strategy:

1. Making profit of the enterprise on a longer-term basis
2. Satisfying the needs of consumers and
3. Social interests.

Such an approach undoubtedly extends the understanding of marketing as an element that is closely related only to the interests of the operations of enterprises and thus it provides the necessary social dimension to the concept of marketing (Czinkota, 2002:89). On the other hand, this emphasizes the connection between the conditions for business, economic development and marketing in enterprises as an appropriate system that has common goals and interests.

In recent days, with the advancement of science and marketing theory, there is an opinion that marketing should be discussed as a science discipline in the area of the company's economy, which includes all business activities that link production with consumption.

For marketing, as a science discipline from the company's economics, it is stated that it entails "...an analysis of all the activities that arise in the relationship between production and consumption, in the process of sales and the purchase of various goods and services".

In addition to this understanding of marketing as a science in the field of entrepreneurial economy, there are often dilemmas in determining the closer activity of the engaged staff in marketing services as well as their professional qualities. From that aspect, marketing is also treated as a working style, that is, the skill of the manager, through which his creative marketing activity is expressed, in the area where scientific progress and the knowledge of scientific methods for basic research are very important in the management of the processes in the enterprise.

Essentially, marketing is mainly aimed at satisfying the needs, wishes and demands of the consumers, so it is clear that it is about establishing different relationships within the work of all market participants. Therefore, one should always bear in mind that the emergence of the concept of marketing does not arise from a particular desire of business entities, but from objective conditions of operation, from competition, and from the growing role and meaning of consumers in the process of purchasing (Czinkota, 2002:146).

Set in such objective conditions, both economic and non-economic entities have no different source for establishing other ratios, which means that the realization of the profit primarily depends on the degree of satisfaction of the needs, wishes and demands of the buyers. Indeed, this is the essence of marketing. That is the reason for the increasing role and significance of marketing as well, which is further emphasized, with the following:

1) Marketing, in its essence, is in accordance with the individual needs of the consumers and the organizational approach of the economic and non-economic activities

- 2) It is in accordance with the activities of individuals and entities (economic and non-economic) in achieving individual goals.
- 3) Marketing is actually, as a concept, an executor of individual and organized activities.
- 4) Marketing, in addition, facilitates the changes that occur and the relationships that are established in a certain way, taking into account the events in the environment.

From such a role and importance arises the need for acquiring greater knowledge of marketing, which is emphasized by the following facts:

- a) Marketing activities are applied in a large number of economic and non-economic entities, and involvement in their activities requires previous solid knowledge for certain aspects of marketing.
- b) Marketing activities are incorporated in the business and the economy, regardless of under what name they appear. Hence, in addition to the total knowledge of these areas marketing, knowledge is necessary.
- c) Marketing knowledge greatly enhances the capabilities of consumers, because the marketing philosophy derives exactly from these settings.
- d) Marketing promotions are relatively smaller than the profit that can be achieved by applying this concept in the operation.

THE ROLE OF RESEARCH AND MONITORING OF THE MARKET

Each company considers its product to be better, more useful than others on the market, which sometimes leads to making subjective decisions that will unfortunately be seen even on the market itself (when it is already too late), and will reflect on the final financial result. Often times the intuition and conviction lead us to a wrong path, and it is far more important to look at the market than to have a good intuition.

Market research is the basic form of activity that helps the enterprise to acquire information about consumers, competition and distribution channels, which serve as a basis for perceiving the needs and possibilities of market sales, for identifying work problems and controlling the work. The main goal is to reduce uncertainty and unpredictability in workflow decision-making.

Market research is a standardized procedure based on the principles of a scientific method that collects, analyzes and interprets data in order to obtain information needed to decide and solve problems in the area of market activity.

- ❖ **Standardized procedure** means collecting data in a uniform way and by means of the same research tool
- ❖ **Scientific method** - means the application of constituent procedures that analyze the empirical findings, in an unbiased endeavor to confirm or reject the previous beliefs.
- ❖ **The objective of the examination** is to obtain information on the basis of which the work is decided. The information is obtained from the collected and analyzed data.

Data is a word, fact or number that marks an event, and the information is obtained by linking the data into one sentence or statement.

The **information** is the result of a specific dataprocessing and analysis procedure presented in a form suitable for decision-making.

Market research in the narrow sense is carried out due to a specific situation or a particular problem. It is based on the principles of the scientific method, *defining the problem, setting the hypotheses and goals, developing methods and techniques, and finally writing a report.*

Market monitoring - can be considered as a permanent, continuous collection of data used to perceive one's own position and general developments on the market. In developed countries, continuous data collection takes place through the MIS (Marketing Information System) where the research is an integral part. The activities of continuous monitoring are intertwined with one-time researches.

A **one-time research** is conducted once and is usually aimed at solving one problem.

Continuous researches are usually carried out at certain time intervals using the same pattern where several products or phenomena are followed.

Differences between research and monitoring are small and often these two terms are associated (battery or candle). These two concepts need not be separated in any way because the implementation of one and the other provides a wealth of information (Ristevska, 2001).

THE ROLE AND THE MEANING OF MARKET RESEARCH IN BUSINESS DEVELOPMENT

Market research helps marketers in the market operation based on the concept of marketing. It is a business philosophy that emphasizes consumer orientation, long-term profit generation, and suggests the need to link marketing functions to other functions of the enterprise. The marketing concept is the focal point of market activity.

Three basic conditions for achieving the concept of marketing are:

1. **Orientation towards the consumer** - refers to the orientation of the production, the sales and the order towards the consumer and for him. It is important to satisfy the wishes of the consumers and their needs. This is to reach the level of the consumer and with full communication the real effects will be achieved. After all, the consumer is the one who decides what to buy. We are here to take care of his wishes and needs, because if we do not want it the competition will for sure.
2. **Long-term income generation** - long-term income generation takes care of meeting the needs of consumers by selling the product at affordable prices, striving to increase the number of consumers and to reduce production and sales costs. It can not be achieved long-term income generation with high prices in the short term. The most important thing today is to find a way to reduce the costs of production and sales.
3. **Integrated Marketing** - Integrated marketing means the joint, coordinated efforts of all parts of the enterprise in the realization of the concept of marketing. This means that if the enterprise wants to succeed then all its parts will have to be co-ordinated and interconnected.

THE VALUE OF THE MARKET RESEARCH FOR STRATEGIC DECISION

Market research is the basis for implementing the concept of marketing. A satisfied consumer is the main and basic goal of the conception. The basic value of market research in business decision making is that reducing the uncertainty of actions collects information that facilitates business decision-making in strategy and tactics of marketing in achieving the set goals (Ristevska, 2001).

In order to better understand the application of market research in the overall strategy, it is divided into four parts, and in all of these the research helps to formulate the strategy:

Discovery of market opportunities

Before defining the marketing strategy, the enterprise must decide *where it goes and how to get there?* Market research can help it by examining existing opportunities and identifying possible areas of action that would be attractive to the enterprise. The assessment of the market potentials and the predictions of future steps will help determine the size of the market segments and objectives to which the activities of the enterprise are directed. The issues in which the market research can respond in this area are numerous: “What are the trends in society and in other countries? How will these movements reflect on the market for our product? What changes can be expected in consumer behavior? Will they reflect the change in purchasing power, improving education, changing taste...? What are the chances of opening new markets? “

Discovery of market segments and selection of the ultimate group

Choosing the ultimate group is a very important step in the development of the marketing strategy. Only when the manufacturer receives information about the various segments of the market, than he can decide which of them will be the ultimate goal of the market.

Planning and conducting marketing

Based on the information gathered in the previous stages, marketing planning and implementation is facilitated. However, it is sometimes necessary to conduct market research for each item separately.

- **Examination of needs for the product** - it is implemented due to modification of the given product or expansion of the product range for comparison with the competition, and checking the packaging. The questions may refer to the quality of our product compared to others, its design, specifics properties of the product, its color, the color of the packaging...
- **Examination of the area of the promotion** - refers to the content of messages, the manner of communication, the choice of the media... The survey can lead to studies of consumer motivation to create a message, which is one of the most important parts of the propaganda. Here are the questions considered: how to highlight, what is the specificity of the product, what is the amount of the promotion costs...

- **Examination of needs (prices) and selection of distribution channels** - helps in discovering customer's preferences and thus discovering new distribution channels. In the field of examination of distribution channels are also researches for the needs of the location of retail stores, the locations of the warehouses, the distribution centers ...
- **Forecast of the quantity of the product** - it is one of the most important areas in the market research. There are several questions asked: sales conditions, types of intermediaries, need for additional incentives for intermediaries, product transport, quantity of inventory, existence of efficient distribution channels, sales forecast ...
- **Examination of price fixing** - most of the companies compare their prices to the price of competition. Several questions arise: What price should be determined for the new product - lower or higher? Price variations in one line of the product? Will the retail price of the product be reduced if the cost of the product is reduced?

Analysis and evaluation of the achieved results

Market research can be carried out in order to obtain feedback that is used to control and evaluate the conducted marketing. The comparison of the results with the marketing objectives starts from the assumption that at the beginning goals are set. Typically these goals are set in some measurable values such as quantity of sales, market share and profits such as profitability and productivity (Jakovski, 1984: 159).

Often, marketing has descriptive goals - knowledge of the brand on the market, attitudes and opinions. The following questions are asked: Carrying out sales, share of our products in the whole market, selling by territory, covering individual markets according to needs, acceptance of the product as well conditions and possibilities of placing on the market in other countries?

THE NEED FOR THE EXAMINATION OF THE MARKET IN DECISION MAKING

In a situation where there are several directions of action there is a dilemma to conduct research? The final decision depends on several factors:

- 1. Available time** - shortening time is often an obstacle to market research. Decisions are then made without new additional information or on the basis of prior general market knowledge.
- 2. Data availability** - if the company has a good overview of the occurrence of the market, which means, a good information system and a developed analysis of the operation, it will not have to conduct additional market research.

3. Characteristics of the decisions - if there is one more important for a less important tactical decision, the market research will not be necessary and vice versa. The decision characteristic is closely related to the research costs, and the inevitable question arises: Which research should be used dependently of the costs?

4. The values of the information that the research gives in comparison to the costs it requires - it is important to answer the question: “what will this research bring us, whether the results of the research will affect the improvement of the work?, will it prevent the loss to which would otherwise have come...

DECISION MAKING IN DIFFERENT CONDITIONS

Decision making differs according to the conditions in which it takes place and we therefore distinguish three types of conditions:

1. Decision making in conditions of security - refers to such business decisions in which the results of individual decisions are known. If the number of opportunities is large, the optimum decision is made by a mathematical lineup.

2. Decision making in conditions of insecurity - this is more difficult because we do not know for sure what kind of results each of the selected (given) decisions will give us. The outcome of the final decision will be affected by a random participant.

3. Decision making in conditions of conflict - we also do not know about the chosen action, but here we compete against one or more opponents or competitors. The outcome of the selected action depends on the other participants on the market. It solves with the procedure of setting up the theory of the game.

Before deciding anything to conduct an examination procedure, the business management service usually encounters the following questions:

- Should an examination be carried out, or is it possible without it?
- If we are conducting examination which areas of safety we want to emphasize?
- How much do we want to invest in the research? (Petkovski, 1987)
- If there are more research projects, which ones to choose from?

The answers to these questions are not simple and often require help with certain methods.

CONCLUSION

By the mid-1980s, the use of computers in commerce was about the use of computerized scanners, electronic payments, electronic data interchange, etc. However, the development of computers and technology enabled the opening of a new institution in the commerce, e-commerce. In comparison with the growth of the quality of electronic transactions, the quality of software used on web sites and the promotion of electronic forms of payment also the importance of e-commerce grows from year to year. In terms of customers this primarily refers to the comfort of e-commerce, shopping from home around the world 24 hours a day.

E-commerce companies pay special attention to their customers, how to refer individually to each of them and build relationships of trust and loyalty. It requires knowledge and monitoring of the behavior, the habit and the need of Internet customers, trends in sales, but also factors that influence the volume of on-line trade (more product information, better presentation, simplicity in ordering, adequate prices, etc.). The best way to get acquainted with customers and their needs and habits is the participation in discussion groups as well as the creation of own discussion groups through which contacts with buyers are established, the market is being researched and is buying or selling.

Companies that want to deal with e-commerce can apply different e-market strategies. Depending on the circumstances the companies can use several strategies. So, those who are faced with rapid change can use an innovative strategy or strategic goal, companies operating in a stable market would opt for strategic planning, while companies that want to expand their work and on-line business would use an interventional strategy.

On the other hand, the entry of the electronic market can be realized through four basic strategies:

- **a click strategy** (it implies that the company is a pioneer on the Internet and based on that there are advantages over others)
- **a mixed click-and-brick strategy** (refers to alliances, the joint appearance of many companies on the e-market)
- **a strategy of faster followers** (used by traditional vendors who want to follow the leaders on the Internet); and
- **a mixed click-and-brick strategy** (brand extension, used by traditional companies that want to continue their work on-line)

In order to keep the growth of the base of its customers and build loyalty with them, companies use Internet marketing that includes **several activities**:

- **Market research** (refers to the detection of the potential of the market of goods for the purpose of further development)
- **Promotional activities** (covering various techniques of mass or personalized advertising of URL companies on the Internet, some of which are: banners, e-mail, viral marketing, partnership between companies, splash display)
- **building a brand**, it can also be personalized and is designated as a rational branding.
- **building customer relationships**, as the most important part of marketing, encompasses studying the buyers by gaining knowledge about them and based on that their differentiation
- **Marketing adjustment** (products and services, communication, distribution channels, price)
- **activities to understand the behavior** of consumers on the Internet.

Companies that want to understand consumer's behavior on the Internet must take into account all the factors that affect it, information about their desires and needs, and through buying to get into direct marketing and specifically to address each buyer.

After getting to know the potential buyers and after the development of an on-line market strategy, companies must pay particular attention to the strategy of attracting and retaining buyers on the site. For successful Internet operation companies must be competitive in three key areas, which means they must have: a good product, a good web site that sells and uses various techniques for on-line promotion and attracting as many buyers as possible. This last applies to many baits (amusement parks, archives, exclusive sponsorship etc.) and the marketing strategy of the baits (search engines, advertisements flags, bulletin boards, discussion groups, etc.) that companies can use to increase the attendance and buying of their web sites.

Consequently, thanks to Internet and Web technology, the commerce worldwide has got a new dimension - **e-commerce**. The development of technology (hardware and software) and the development of society are in favor of electronic commerce. The increase of Internet users, increased security and confidence, the occurrence of virtual communities, increasing the number and type of products that can be purchased on the Internet are just some of the factors that point to the bright future of electronic commerce. In our environment electronic commerce has not been sufficiently developed due to a lack of preconditions in the technical, cultural and business environment. However, here and in the rest of the countries of Eastern Europe, in the last few years there has been an increase

in the number of Internet users and connections as well as an increase in Internet consumption. In addition, young generations are growing up with the Internet and are likely to have a completely different view of on-line shopping as well as traditional shopping, giving e- shopping advantage as a convenient and modern way of shopping.

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