The Effect of Marketing Strategies Construct on Firm Performance: Results from Pilot Survey

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Abstract. The difficulties that face small and medium organization in any field are severe nowadays. The importance of SMEs is vital. Different researchers have proposed different success factors for small and medium organization, like finance, skilled workforce, technology, innovation and most importantly marketing. Marketing is the spine of any organization, through marketing firms bring innovation, awareness of competitors, awareness of products, building relation with customers. A good marketing strategy increases the sale of product for sure. The small and medium organization face difficulties in doing marketing, because of limited finance, limited or unskilled staff, unawareness of marketing strategies, no or less use of media. This paper presents the pilot survey result for the study of effect of marketing strategies construct (entrepreneurial, guerrilla, relationship, ambush, viral and niche marketing), on firm performance. Descriptive statistics, normality, reliability and preliminary factor analysis (EFA) test were run, all the data were presented in tables below. The result shows that all the questionnaire were normally distributed, and the outcomes are all normal.

Keywords: marketing strategies; pilot survey; descriptive; normality; reliability; factor analysis.

Introduction

Small and medium enterprises face many challenges in the world today wherein competition is mention as one basic challenge. This segment of the economy is considered very important to nation’s economy as it helps in creating job to reduce unemployment and creation of new business which contributes to gross domestic product (GDP) of a country [20]. SMEs are known as the spine of the economy of countries and need to advance their organizational competence by formulizing their structures, system in order to be become more proficient [3; 15; 36]. SMEs contribute in the economic development of the individual nation and the same time they encourage the flow of trade and investment between different economies in the region [26]. SMEs make a major contribution to regional income, producing essentials goods and services, promoting the development of rural economies [3].

Due to their significance benefits, SMEs have in recent years increasingly become the focus of policy-makers [36]. M. Terziovski [33] stated that SMEs needs to formulize their structure and system to become more competitive and enhance their capacity regarding market changes. According to OECD [28], SMEs are valuable source of employment and future growth prospects for many countries across the globe. Therefore SMEs are known as the best source of job creation, reasonable contribution to the economic side and also developed the lifestyle of consumers as well as owners.

In Malaysia, SMEs account for more than 96.1 % of the total number of enterprises. They contributed 32% of the Malaysian Gross Domestic Product in 2008 [14; 15]. In the year 2009, the furniture sector was the fifth largest exports earner for the country and maintains its position as strong driver within the industry. In 2010 the furniture sector contributed to 3.7% of the GDP
and 3.2% of the country’s total merchandise exports. The furniture industry in Malaysia can be described as large, with approximately 5,870 manufacturing establishment. 80–90% of them are regarded as small and medium enterprises [22]. With a business-friendly environment, good quality products and a high potential market, the Malaysian furniture industry is poised to exceed expectations and to continue its exponential growth [35].

Recent changes in the business environment have compelled firms to search for new strategies to compete in the market has become an important strategy especially in multinationals companies but SMEs can’t stay away from adopting new strategies [30]. No company can please everybody, but more significantly how to choose the customers and target them. Innovation enables firms to create value while marketing helps the companies to capture that value (firm success) [27]. By segmenting and targeting the market firms may able to figure out its market and the organization can enhanced vary design, price, communicate to satisfy target market and the organization can reproduce better competitors’ marketing. Organization that sells its products to a segmented group or subgroup will be charming; they will be extra competent since they know more accurately about consumers’ necessities and desires.

This study attempts to locate the effect of marketing strategies construct (Entrepreneurial, Guerrilla, Relationship, Ambush, Viral marketing and Niche marketing strategy), on firm success of SMEs in the Peninsular Malaysia. It is important issue among multinational companies. Globalization implies industries to implement the marketing strategies to be competent in global market; it also provides opportunities for manufacturers to export their products [9]. Research in strategic marketing specifies that a firm’s market orientation is a foundation of competitive advantage because it enables the firm to recognize and respond to market necessities effectively [18].

Related works

**Entrepreneurial Marketing Strategy.** The term “Entrepreneurial Marketing” has come to describe the marketing activities of small and new ventures. It is difficult to come up with a ‘standard’ definition of entrepreneurial marketing strategy which is widely agreed upon that definition. According to S. Kraus [19], that entrepreneurial marketing is an organizational function and a set of processes for creating, communicating and delivering value, to customers and for managing customer relationship in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled.

The contribution of SMEs to Entrepreneurial marketing is described in detail by [12], that entrepreneurial marketing has been found by researchers fruitful when it applies to the small and medium enterprises. Both SME and entrepreneurial marketing researchers have discovered that small business owners and managers undertake marketing in ways that do not follow standard textbook theory and practices. Some researchers suggests that there are advantages of being small; being flexible and able to respond quickly to changes and non-bureaucratic in their overall approach. SMEs also have the ability to gather quickly market intelligence and use this information as they are close their markets. In this way employees and customers can create vital, timely and inexpensive market information, and this provide a critical advantage to SMEs over large firms.

**Guerrilla marketing strategy.** Guerrilla marketing is an unconventional marketing which intended to get maximum result from minimal resources [10]. Guerrilla marketing campaigns are typically more inventive and in places that customers wouldn’t likely expect advertisement to be like this. For the small and medium enterprises it is necessary to reach a lot of people without too much expenses and guerrilla marketing is cheapest way of marketing. The term guerrilla marketing was inspired by guerrilla warfare which and relates to the small tactic strategies used by armed civilians (these tactics includes ambushes, sabotage, raids and elements of surprise). Like guerrilla warfare, guerrilla marketing also uses the same sort of tactics to achieve a competitive position in the marketing industry.

The focus of guerrilla marketing is low cost, creative strategies of marketing. In the case of small and medium firm whose have small brands with a small budget, a guerrilla marketing campaign can be an effective alternative to traditional advertising. For these brands, guerrilla advertising can be a solution to the problem of not having the
money to run advertising as effectively in a traditional medium [37].

**Relationship marketing strategy.** The globalization of business and the evolving recognition of the importance of customer retention and market economies and of customer relationship economics, among other trends, reinforce the change in mainstream marketing. There is no universal or uniform definition available on which can be agreed, but researcher have describe according to their knowledge. Relationship building and management, or what has been labelled relationship marketing, is one leading new approach to marketing which eventually has entered the marketing literature [13]. Relationship marketing strategy is defined by [31], as that relationship marketing is based on creating a mutually beneficial exchange between business partners. Relationship marketing has focus on customer retention and customer commitment. The definition of relationship marketing according to [24], is attracting, maintaining and in multi-service organization, enhancing customer relationship.

There are some aspects that make the relationship marketing unique from other marketing strategies, first it is one-to-one relationship between the marketer and customers. Second, it is an interactive process and not a transaction exchange. Relationship marketing indicates the expansion of long-term relationship between the customers and the suppliers, in order to generate advantages for all those involved and to allow the co-creation of value. Relationship marketing is an umbrella philosophy for relational approaches in marketing for small and medium firms. To succeed in the market place, a company must have both a flow of new customers and there must be a restriction on customer existing [17].

**Ambush marketing strategy.** FIFA defines ambush marketing as prohibited marketing activities which try to take advantage of the huge interest and high profile of an event by creating a commercial association and/or seeking promotional exposure without the authorization of the event organizer. C. Agrawal and J. Byahatti [1], defines ambush marketing as a marketing strategy wherein the advertisers associate themselves with, and therefore capitalize on, a particular event without paying any sponsorship fee. Normally ambush marketing is done by engaging in promotion and advertising that tradeoff the event or goodwill and reputation, and the result is confusion for the buying public as to which company really holds official sponsorship rights. According to [8], ambush marketing is a marketing where traders seeks to utilize the publicity value of an event, for instance a major sports tournament or a concert, to gain a benefit from it despite not having any involvement or connection with that event and more particularly having made no financial contribution to entitle him to derive benefit from it.

Ambush marketing consists in making use of an opportunity to develop business in a way that is not prohibited on legal grounds. Whatever the method, the goal is always the same, to attract attention to one’s products or services by taking advantages of the glow of a big event.

**Viral marketing strategy.** Online social networks are increasingly being recognized as an important source of information influencing the adoption and use of products and services. From all this internet, social media marketing, all other networks is now called viral marketing. Viral marketing the tactic of creating a process where interested people can market to each other, is therefore emerging as an important means to spread-the-word and motivate the trail, adoption, and use of products and services [32]. The main function of viral marketing is word-of-mouth, and in the 21st century you can’t live without that. Word-of-mouth is oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand, a product or a service. According to [21], viral marketing exploits existing social networks by encouraging customers to share product information with their friends. According to J. Phelps, R. Lewis, L. Mobilio, D. Perry, N. Raman [29], views it as word-of-mouth advertising in which consumers tell other consumers about the product and services.

In the view of J. Phelps [29], turning customers into marketing force is crucial. In case of small and medium enterprises customers spread the message through word-of-mouth (WOM), which means that the promotion of a company or its products and services is done by getting people talking (positively) to each other about the company or its products and services. WOM is seen as very important for small and medium companies; when customers talk in negative ways about a company, this is a good predictor of the future of the company J. Phelps [29].
Niche marketing strategy. Micromarketing, focused marketing, regional marketing, concentrated marketing and targeting marketing all are often used as synonyms for niche marketing [7]. Even though some authors affirm that there is no clear and consistent definition for niche marketing, however a number of attempts to capture this concept share similarities [6, 34]. There is broad agreement that it is closely related to market segmentation and is generally revealed in the literature as having a pull marketing approach that first identifies the market and then develops a product for that market [6]. Niche marketing basically works with a concept of 'Big fish in small pond' [5]. According to [2] niche markets consist of groups of consumers (market segments) within the larger marketplace who have similar demographic, buying behavior, and/or lifestyle characteristics, even consumers with the same buying behavior may have differing motivations (which are essentials elements to know for marketing and promotions).

Concentrating all marketing efforts on a small but specific and well defined segment of the population they have similarities to some extent. The niche marketing is specifically for the small and medium enterprises because their focus on production is normally limited and they can get the market share with enough profit. F. Akbar, A. Razak, B. Omar, F. Wadood [2] suggest that marketing strategy framework should be identified to achieve the goal of high performance.

Research Methodology
A pilot survey is conducted mostly to assess the validity and reliability of the instruments. A pilot study basically suggests going for a small scale study for the trial purpose before conducting the full-fledged study [11]. According to [23], the sample size for pilot study is suggested to be comparatively smaller which could range from 15–30 respondents. In this study, a total of 95 questionnaires were randomly distributed to furniture manufacturing companies in Johor State Malaysia, where 89 were returned and 86 were considered usable for the analysis representing 100 %, 93 % and 90 % respectively. Finally, a total of 86 responses being used for the data analysis using SPSS version 23.

Results
The findings of this pilot survey conducted revealed the reliability of the selected measurement items to improve upon the study design. The result also revealed the Descriptive Statistics for the data, the normality, the reliability of the data and the preliminary Exploratory Factor Analysis (EFA). The Table 1 show the descriptive statistics of the questionnaire items.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No of original items</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS</td>
<td>17</td>
<td>2.71-3.03</td>
<td>1.082-1.187</td>
<td>0.346-1.730</td>
<td>1.206-1.941</td>
</tr>
<tr>
<td>GMS</td>
<td>8</td>
<td>2.77-3.00</td>
<td>1.004-1.094</td>
<td>0.107-1.342</td>
<td>0.645-1.708</td>
</tr>
<tr>
<td>RMS</td>
<td>9</td>
<td>2.63-2.98</td>
<td>1.018-1.168</td>
<td>0.157-1.680</td>
<td>0.354-1.795</td>
</tr>
<tr>
<td>AMS</td>
<td>9</td>
<td>2.87-3.21</td>
<td>0.981-1.170</td>
<td>0.115-1.142</td>
<td>0.529-1.863</td>
</tr>
<tr>
<td>VMS</td>
<td>9</td>
<td>2.60-2.94</td>
<td>1.007-1.152</td>
<td>0.392-1.696</td>
<td>0.515-1.772</td>
</tr>
<tr>
<td>NMS</td>
<td>7</td>
<td>2.43-2.79</td>
<td>1.012-1.157</td>
<td>1.619-1.676</td>
<td>0.258-0.996</td>
</tr>
<tr>
<td>PMS</td>
<td>16</td>
<td>2.73-2.99</td>
<td>1.090-1.276</td>
<td>0.088-1.561</td>
<td>1.311-1.813</td>
</tr>
<tr>
<td>P</td>
<td>8</td>
<td>2.66-3.06</td>
<td>0.983-1.122</td>
<td>0.107-1.519</td>
<td>0.998-1.799</td>
</tr>
</tbody>
</table>

Note: EMS – Entrepreneurial marketing strategy; GMS – Guerrilla marketing strategy; RMS – Relationship marketing strategy; AMS – Ambush marketing strategy; VMS – Viral marketing strategy; NMS – Niche marketing strategy; PMS – Perception of marketing strategies; P – Performance

The items are grouped together and the respective statistics are presented in the Table 1. The items were grouped within their respective constructs and a range of univariate statistics for each construct is assessed based on mean, standard deviation, skewness, and kurtosis statistics. Indicate absolute values. As shown in Table 1 both skewness and kurtosis statistics indicated that univariate normality has been achieved across all the items of the questionnaire. Across all items the highest absolute value for skewness and kurtosis are 1.730 and 1.941 respectively.
Entrepreneurial marketing strategy have 13 items in total. The mean for EMS is 2.86, the overall skewness is 0.068, the kurtosis is 0.797, the factor loading is 0.435-0.917, variance explained is 62.25 and the Cronbach’s alpha is 0.743. Guerrilla marketing strategy total items 8, means for GMS is 2.812, the skewness 0.692, the kurtosis 1.350, the factor loading 0.417-0.665, variance explained 58.97 and Cronbach’s alpha is 0.665. Ambush marketing strategy items are 6, and mean for AMS is 2.996, skewness and kurtosis 0.429-0.908, variance explained 62.407 and Cronbach’s alpha is 0.665. The dependent variable is Performance which has 7 items. The mean for Performance is 2.956, skewness 0.310, kurtosis 0.008, factor loadings 0.610-0.941, variance explained 61.34, and Cronbach’s alpha is 0.621.

**Conclusion**

The analysis assess the normality, reliability and factorability of the data. The analysis of the pilot data revealed that all the data were normally distributed within the range of skewness and kurtosis scores of -/+ 2, with the exception for fifteen items EMSc3, EMSr2, EMSv3, ESMso1, RMS 7,8; AMS 8, NMS, 4, PMS 2, 4, 5, 13, 15, 16 and P 4 – which have skewness and kurtosis score above -/+ 2. All the eight constructs of the research were reliable as the reliability test revealed Cronbach’s alpha coefficients between 0.600 to 0.788 all above the recommended 0.6 [4].

Exploratory factor analysis on the construct revealed that all the items have good factor loadings on the construct and have Eigen values greater than 1 to explain more than 50% variance in each of the constructs. Based on the outcome of the pilot survey, the items with problems were looked into and were deleted to reflect the study area very well because some comments were also received with the questionnaire that the items are too many and its effects the answering the items in good manners. The deleted items were then checked again to see the effect of that items on constructs, but no effect were found, that’s why that it still remain in that way to reflect the study in good manner. The drafted questionnaire was therefore updated to reflect the observation made.
References


