

MARKETING FOR SMALL ENTREPRISES – CASE STUDY DAISY SARA LTD

Brandabur Raluca

Academia de Studii Economice Bucuresti Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, Bucuresti raluca.brandabur@mk.ase.ro 021-319.10.00/237

Popescu Andrei

Academia de Studii Economice Bucuresti Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, Bucuresti pandreirobr@yahoo.com 021-319.10.00/237

Half of Romanian small and medium-sized firms are seriously and severely affected by the economic and financial crisis. In Romania small businesses do represent a high percentage of the total number of enterprises. Three young professionals (a sociologist, a mathematician and an economist) invests without reckoning, in studies, market surveys or even project studies necessary to identify opportunities of creating enterprises and/or new and more-paying jobs for the population – create Daisy Sara a services company designed to produce and manage private events. Now, like thousand others small companies Daisy Sara should acquire marketing knowledge and use marketing techniques in order to survive the crisis.

cod JELlucrare : M3

Keywords: SME, marketing strategy, case study

1.General economic context:

Small Business Enterprises (SBE's) do play a major role in the world economy, and they are recognized as one of the main contributors to economic, development and employment growth. That is also true in Less Developing Countries like Romania since small businesses do represent a high percentage of the total number of enterprises.

During the early stage of the transition, small and medium enterprises (SMEs) began to grow dramatically, primarily because of the privatization of enterprises in trade and services. The majority of SMEs at that time specialized in trade. While the state did not take appropriate measures to promote SME development, the number of SMEs still more than quadrupled and their total employment doubled during this period.

Romania registers over 600,000 small and medium-sized businesses³⁴⁵ any many operate in the shadow economy. It is primarily greater state support to micro, small and medium enterprises that could attract many of the enterprises operating in the shadow economy back into the formal sector. Current taxes policy put a higher pressure on SMEs in order to back into the formal sector. But the answer to reducing the informal sector is not higher taxes on micro, small and medium enterprises or more regulation of their activities. Such policies would only drive more entrepreneurs and workers into the informal sector. This would shrink the tax base even more and produce added pressure to raise taxes on formal-sector enterprises—intensifying a vicious circle of increasing tax evasion and spiraling taxes.

Like many of its East European neighbors, Romania is experiencing a sudden reversal of fortune. After years of record economic growth fueled by easy credit and heavy foreign investment, people here are bracing for a sharp slowdown that they hope does not turn into an outright crash

Romania's biggest problem is its current-account deficit: Far more money has been pouring into the country than going out. Much of the money comes from the estimated 2.5 million Romanians -- more than 10 percent of the population - who work in countries such as Italy and Spain and send earnings back. But with those economies now suffering as well, many emigrants are expected to return home empty-handed. The deficit has tripled in the past five years, making the Romanian economy vulnerable if foreign investors suddenly pull out.³⁴⁶

However, a big economic slowdown is inevitable in 2009 as a result of slowing exports, harder access to finance for business and slowing consumption. The first signs of the slowing economy are increased unemployment and lower consumption. Initially layoffs were announcing by private companies, but recently also state-owned firms have started to cut jobs.

Half of Romanian small and medium-sized firms are seriously and severely affected by the economic and financial crisis, according to a poll conducted in April 2009 by the National Council of Private SMEs in Romania.

The poll conducted in Romania's Sights development regions indicated that 23.53% of firms polled were “catastrophically” affected by the financial crisis and 25.49% experienced large negative effects of the crisis. 36.27% of SMEs said the impact of the crisis on their business was medium and 11.76% said the impact was mild. Only 2% of Romanian SMEs are unaffected by the crisis.

On the other hand, most respondents (80%) said measures taken by authorities to reduce the effects of the crisis on SMEs are unsatisfactory and 13% said the measures are satisfactory. Only 1% of respondents said the respective measures are good³⁴⁷.

³⁴⁵ National Institute of Statistics, on 31 of December 2008

³⁴⁶ www.washingtonpost.com

³⁴⁷ Mediafax, 05.05.2009

2. The Daisy Sara company

In 2004, 3 young professionals (a sociologist, a mathematician and an economist) invests without reckoning, in studies, market surveys or even project studies necessary to identify opportunities of creating enterprises and/or new and more-paying jobs for the population – create Daisy Sara a services company designed to produce and manage private events. This small businesses that require minimal capital or a level of kick-off investment lower than 5000 Euro is today one in its closed region well-known. As a small sized enterprise planted in the society, they are established in the centre of a city and form an integral part of Bacau local community. As a result both the small enterprise and the three entrepreneurs are very visible and they form a recognisable unity. This makes it possible to have meticulous and involved contacts³⁴⁸

None of the owners has previous experience, training or even idea about business. They practiced an adapted training that qualifies each one of them directly operational for the job market (not academic or diploma). Two more persons are added to the team as full time employee and more than 20 persons like collaborators. For new personals training is adapted according to the tool (equipment in the environment), to the mentality of the environment, according to the needs of the enterprises and the society.

It has also with poor marketing activity enough customers. Every kind of improvement and innovation depends on phantasm, capital and enterprising temper.

However, like other small-scale entrepreneurs, especially at the early stages, often lack the necessary information and tools needed for running their businesses. They were also lack of updated data about the market and about the threats and opportunities around them.

Daisy Sara creates some of the most spectacular and memorable events in Bacau area Daisy sara are a full service event planning and production company with over 5 years of experience, into a young market (around 10 years), producing events for private individuals and corporations, ranging from 20 to several thousand people. Company plan and produce imaginative special events, worry-free corporate events, meetings, trainings, road shows, incentive trips and product launches as well as parties (Weddings, Birthdays, Anniversaries, etc...). Detailed some other services Daisy Sara can provide include venue site inspections, securing quality vendors for catering, decor, floral, entertainment, transportation, audiovisual / production and rentals, to name a few.

The market they act – Bacau area³⁴⁹, is covered by almost 25 competitors and is dominated by 3 local competitors (around 70%). One of them is Daisy Sara. Almost none of the companies in this sector are dealing with full service of an event like Daisy Sara. The large majority of them are small companies which are active only in the cities where they have been established. Big, powerful player, with national coverage are less important (few than 10%) from local market.

With little help and almost five years of experience, now they are able to design a SWOT analyses. Key strengths and weaknesses, opportunities and threats of the enterprise analyzed in terms of its operating capabilities and the external environment are:

Strengths: dynamism; creativity; flexible enough to the changes of market; simply structure; supply is according to demand; full services offer for any event; well skilled personal; low cost for a large range of used materials due to own production; influent local clients who are bringing value to the company portfolio

Weaknesses: poor cost control; poor/incipient use of marketing –management techniques like most SMEs; poor environment information; none customer profile/segmentation; sales based only trough word of mouth and wedding fairies

Opportunities: today, they are perceived as the best local wedding organizer; the market is fix enough, if the prices remain competitive, the market is given for new products, according to the experiences; to improve the technical background; extending market in other geographical areas; strong word of mouth importance; new markets – raw material for other companies who provides events; create alliances with other suppliers for events (tourism operators, public alimentations, music/artistic bands, camera/film operators)

Threats: increase competition from old players; entrance of new competitors; copy of their products and services; decreasing economy; perceived more like wedding organizer than any event organizer, loss of corporate events market and others private events

3. Marketing proposals for Daisy Sara into socio-economic crisis context

The main purpose of this initiative is that of promoting a new entrepreneurial culture, helpful for companies to consolidate their position on the market supported by innovative processes. First of all Daisy Sara must prepare a realist and adequate business plan for a small size enterprise. Indeed, small enterprises have specific characteristics which distinguish them from big businesses.

Elements of a marketing plan should be outlined in accordance with the enterprise vision, mission, objectives, and the external operating environment estimation of market size, identification of key competitors. When the

348 UEAPME Position Paper on the Green Paper , Promoting a European Framework for Corporate Social Responsibility, COM(2001)366

349 Daisy Sara estimations

marketing discipline is well practiced and combined with a notion known as the marketing concept most small businesses will enjoy significant success. Main proposals for Daisy Sara in terms of marketing are:

- **setting marketing objectives:** *increasing customer satisfaction and through this increasing notoriety, increasing market share,*

- **target market profile(s):** several years of experience on the Bacau market are enough in order to be able to create and use an accurate segmentation for private and corporate events. We recommend development of actual position - *segment private clients. Daisy Sara can create customer loyalty and enduring success by offering human, personal, and specific knowledge in it's transactions with its customers.*

- **positioning strategy:** in order to surpass the individualism which normally distinguishes them one from another, allowing them to appear on the market to *offer services that are unique through high degree of personalization*

- **range of products/services offered:** special products – *standardized offer for dedicated segment*, extend the product line in amount – *producing materials for similar companies;*

- **pricing strategy:** double oriented *price structure* - cost and competition; *seasonal prices; forfeiter prices* for ready made package

- **promotional strategy** : improve the presence into local media – *especially trough PR techniques, barter promotion* with all other event involved suppliers - By collaborating with complementary partners, small business can expand its footprint quickly and at lower cost. Advertising is an effective tool to create awareness and sales but is less affordable for this moment.

- **distribution strategy:** *extending his position in the Internet.* Implementing E-marketing by small business enterprise can change the shape and nature of SBE's business all over the world³⁵⁰

Other said, Daisy Sara should escape to the vicious cycle of the most often ignored marketing area in the small business setting. She must exploit that SMEs are more flexible and adaptable to rapid changes than bigger companies. Marketing can be learned or outsourced and it is the foundation for small business success.

Bibliography:

1. Anghel Dan Laurentiu, Marketingul intreprinderilor mici si mijlocii, Ed. ASE, Bucuresti , 2005
2. Hatem El-Gohary, The effect of E-marketing on the marketing performance of Small Business Enterprise: A comparative study between Egypt and the UK, 16th EDAMBA Summer Academy, Soreze, France, July 2007
3. Mediafax. 05.05.2009
4. National Institute of Statistics, on 31 of December 2008
5. UEAPME Position Paper on the Green Paper , Promoting a European Framework for Corporate Social Responsibility, COM(2001)366
6. www.washingtonpost.com
7. www.financiarul.ro
8. www.euranet.eu

³⁵⁰ Hatem El-Gohary, The effect of E-marketing on the marketing performance of Small Business Enterprise: A comparative study between Egypt and the UK, 16th EDAMBA Summer Academy, Soreze, France, July 2007,