

MARKETING PERFORMANCE IN ROMANIAN SMALL AND MEDIUM-SIZED ENTERPRISES - A QUALITATIVE STUDY

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Abstract: *Marketing performance management has been one of the most prominent streams in recent marketing research and practice. Concepts such as marketing accountability, marketing metrics and marketing performance management systems have been advanced, together with holistic models to measuring and managing performance of the marketing process. Nevertheless, these contributions envisage predominantly large organizations, which can have the strategic approach and the dedicated resources needed to conduct a proper marketing performance management. Our paper focuses on the small and medium-sized enterprises (SMEs), aiming to explore how knowledgeable are Romanian SMEs with regards to marketing performance management, how they perceive it and if and how they practice it. Thus, we conduct an empirical study using a qualitative research method. The research instrument is the in-depth interview, which we conducted with 18 marketing professionals from SMEs in Romania, in order to explore their perceptions, practices and intentions related to measuring and managing marketing performance. Our paper starts with an introduction to the topic of marketing performance management and a review of the most relevant and recent contributions in this stream of marketing literature. Further on, the qualitative research methodology is described and continued with the presentation of the findings of the qualitative interviews. We found that there is an incipient stage of marketing performance measurement practices in Romanian SMEs, but there is a high level of awareness and knowledge related to this domain. Nevertheless, challenges such as the possibility to allocate dedicated resources to the measurement process (people, time and tools) or challenges related to data (whether there is the access to the data and the data is reliable and accurate) and to internal collaboration (how the other organizational actors support the measurement process) are still to overcome. Overall, our study shows that while at a very early stage of adoption, marketing performance measurement seems to be a declared preoccupation of marketing professionals in Romania. Thus, directions for further research are outlined.*

Keywords: marketing performance, performance measurement, qualitative study, small and medium-sized enterprises, Romania.

JEL classification: M31.

1. Introduction

The Marketing Science Institute has ranked marketing accountability, return on marketing investments and marketing performance management systems among the top 10 research priorities after 2002 and top priority for 2008-2010 (Lamberti and Noci, 2010). Many contributions have been brought to this field of research, with concepts such as marketing metrics (Gupta and Zeithaml, 2006; Reibstein *et al.*, 2006; Kotler *et al.*, 2009), marketing dashboards (Pauwels *et al.*, 2008), marketing performance management systems (Ambler, 2003; Lamberti and Noci, 2010) and marketing productivity (Rust *et al.*, 2004a) being proposed and analysed.

However, few research efforts have focused on exploring these concepts in the specific case of small and medium-sized enterprises, which have several particularities that can make marketing performance measurement a more challenging process. The main ideas which are highlighted in connection to SME marketing are the following:

- It is inherent and intuitive, but in the same time it is “pragmatic, practical and relevant to the individual SME” (Carson & Gilmore, 2000).
- It is derived from small and medium business characteristics, such as: limited customer base; limited activity, expertise and impact; dependency on the owner’s marketing skills; intuitive and reactive approach; variability of marketing efforts and the development and defend of niches (Stokes & Wilson, 2006).
- It is seen by SME owners/managers much more as tactical techniques and activities (the goal being that of winning customers and furthermore the development of their business) and less as customer orientation, marketing strategy and intelligence gathering (Stokes & Wilson, 2006).

In this context, we aim to explore marketing performance measurement in small and medium-sized enterprises, focusing on several such organizations from Romania.

2. Research methodology

This being an exploratory research in an area where previous knowledge is limited, it has been decided to conduct qualitative interviews (Creswell 2009; Miles and Huberman 1994).

2.1. Profile of the respondents

In order for the collected data to be appropriate for the objectives of the research (Richards, 2009), we tried to collect information from qualified respondents - marketing professionals (specialists, managers and marketing consultants) working in Romanian SME organizations.

There are a total number of 18 participants in the qualitative interviews, of whom 8 respondents have over 5 years of experience in marketing, 5 respondents have an experience of 3 to 5 years and 5 respondents have experience between 1 and 3 years. The fields of work or areas of action of the respondents are diverse: communication & PR, social media marketing, product management and marketing, market research, lead generation and sales support, etc.

In terms of industries, the respondents activate in organizations with activities in the following sectors: trade, production and services (education, healthcare, banking, tourism, media, IT).

2.2. Data collection

The semi-structured interviews were conducted between May 2012 - January 2013, either face-to-face or by electronic means (e-mail, online form). Qualitative interviews are usually (and preferably) conducted face-to-face, to allow in-depth exploration of the respondents' opinions, however, due to the limited time available, the respondents were offered the opportunity to participate in the study by electronic means – this may be considered a limitation of the research. Nevertheless, in some cases the answers of the respondents have been further analysed, keeping in contact with them after the completion of the interview.

The interview guide consisted of questions concerning aspects of how Romanian professionals perceive performance in marketing (how they define it, concepts and tools they know etc.) and how they measure and manage performance in marketing (what aspects are measured, with what purpose, how indicators and results of performance in marketing are selected, measured, communicated and exploited).

The research context was presented to the respondents within a short presentation (briefing) before the initiation of the interview (Kvale, 1996). The interview guide was adapted during the period in which the interviews took place, based on the information learned, from each newly identified aspect, and the improved version was used in the subsequent situations. The discussions lasted between 30 minutes and one hour, were audio recorded and transcribed verbatim.

2.3. Analysis and interpretation of data

Data have been analysed using manual coding. To ensure data integrity, we continuously checked textual transcripts and coding, and triangulated the results with data from the specialist literature.

3. Findings and discussion

At a conceptual level, interviewed marketing professionals perceive performance in marketing as related to aspects such as:

- Objectives - fulfilling marketing objectives as well as the contribution of these to the overall objectives of the organization:
[I see performance in marketing as] „the contribution of marketing to the achievement of objectives of the organization; achievement of marketing objectives as planned“;
“Achievement of company objectives efficiently and effectively“;
“Generation of positive effects on the business, by means of specific marketing activities OR the contribution of marketing to the achievement of the company’s objectives“;
“Achieve / exceed predefined marketing goals (correlating corporate objectives and marketing audit results)”.
- Measurable results:
“Efficient marketing brings a measurable contribution to business results. This means turnover, profit, etc., not just likes, number of unique visitors per day, etc.”

In some cases, respondents refer to specific aspects related to the objectives and results of marketing activity:

“- The degree to which marketing activities provide leads for sales, quality and quantity of the leads provided;
 - The degree of the company’s market awareness;
 - Customer satisfaction with products and services of the company”
 “Depending on the characteristics of the activity, performance can be measured by the number of sales, clients attracted by campaigns / projects / actions of marketing, retention of customers, brand awareness and customer satisfaction.”

Regarding the concepts and tools of marketing performance measurement known by the respondents, the following have been mentioned: *scorecards, dashboards, balanced scorecard, performance indicators, KPIs, performance evaluations, Google Analytics, Facebook Insights, A / B testing, SMART objectives, quantitative and qualitative marketing research*. This result reflects a high degree of familiarity of the respondents with the tools that can be used in marketing performance measurement, including tools dedicated to this process (scorecards or dashboards and performance indicators).

In relation with aspects or components of marketing that respondents believe should be subject to measurement, the most often mentioned are:

Table 1: Areas of marketing targeted by performance measurement

Area	Illustrative quotes from interviews
Clients	<p>“Customer Care” “Customer relations” “Based on my experience, I can say that not the elaborate message and not the transmitted broadcasted message are relevant, but the message perceived by the customer, so I would focus on monitoring how customers perceive the company and the product.”</p>
Image and brand	<p>“The image & brand perception among stakeholders” “Awareness” “Brand indicators (awareness, trial, loyalty)”</p>
Market	<p>“Positioning (both on the market and in the consumer’s mind) of brands / products / services of the company as compared to competitors” “The market position as compared to competitors” “Market share” “Competition”</p>
Financial aspects	<p>“Financial impact” “Expenses on marketing campaigns and processes” “Financial results of marketing campaigns”</p>
Efficiency	<p>“Efficiency of resource utilization, budget” “Working time” “Necessary resources”</p>

Source: Authors (2013)

We can conclude that these results reflect some aspects referring to how the interviewed marketers perceive marketing performance:

- Marketing performance is seen as a strategic concept for the organization;

- Managing marketing performance should be done in alignment with overall organizational strategy;
- The quantifiable, measurable nature of marketing performance - marketing objectives and results should be quantifiable;
- The use of specific tools (instruments) to manage marketing performance;
- The use both financial indicators (including the contribution of marketing to overall financial results) and non-financial indicators, generally more difficult to measure and possibly a predictive component.

Regarding the actual adoption of performance measurement practices in the marketing of organizations the respondents in this study belong to, the following may be noted:

The process or system for the measurement of marketing performance varies in complexity or level of articulation, but also in terms of expansion within the organization. In some cases, marketing performance is an articulated process closely integrated into the organization-wide performance system:

“The marketing department where I work uses the BSC system with KPI. Objectives and strategy have been defined at organizational level. These were then transposed at department level, by creating a strategic map. Therefore strategic objectives have been established for each perspective for the marketing department. For each strategic objective the performance indicators have been defined (KPIs) - as well as how they are calculated, responsible persons, the unit of measurement, methodology, target, classification, current status, trends, frequency of reporting etc.”

In other situations:

“Decisions are made ad hoc, with little planning, and a process of performance measurement cannot be considered yet.”

In general, the focus is on measurement in the online activities area; an explanation is probably that the available tools allow easy measurement and data automation:

“At a minimal level, the results of Ad Words and Facebook ads campaigns are followed and data from analytics are analyzed.”

“In terms of offline materials, not much is measured.”

Regarding the purpose for which respondents state that performance is measured within their organizations, it is encouraging to note that the emphasis is on improvement, not primarily on control.

“The determination of the efficiency of actions taken and of the fulfillment ratio of marketing objectives.”

“Improvement of marketing campaigns. Improvement of processes carried out by team members.”

Regarding the sub-processes in marketing performance measurement, we can conclude the followings:

The selection of performance indicators is mostly carried out starting from the defined objectives, the role of indicators being to measure the degree to which targets are achieved:

[Marketing indicator selection is done] “based on marketing and business objectives”

Performance measurement frequency varies depending on the type of the indicators; most commonly the measurement takes place weekly, monthly and

annually. In some cases it is even carried out daily, or, for marketing campaigns, at the end of these:

“Depends on indicator ... weekly, monthly, yearly.”

“Some indicators monthly, others after completion of marketing activities.”

The communication of performance results is done towards the following actors from the organizations: shareholders, top management (Managing Director, Marketing Director, Finance Director, Operations Director, Sales Director have been mentioned), product managers, human resources (regarding individual performance evaluations), investors, marketing team and, in two cases, to all employees of the company. A well-articulated and consistent process of communication is an important premise for the successful usage of performance indicators and results, in order to take decisions and actions for improvement in due time.

Thus, the following can be summarized:

- The performance measurement process or system varies as level of articulation or level of sophistication, from the actual inexistence of such a system (ad hoc decisions and lack of measurement or assessment), to the emphasis of a well-defined process, which starts at the strategic level, is then cascaded to the marketing department, and includes tools, documented processes and a certain routine;
- The purpose of performance measurement, where there is such a process, is often improvement (the measurement providing a basis for informed decisions and actions);
- Key processes - planning and selection of performance indicators, measurement (and the frequency of its occurrence) and the communication of performance results are also more or less articulated.

Interviews allow the identification of challenges or shortcomings that Romanian professionals are facing in the measurement and management of performance in marketing, challenges related to:

- Data - data access is difficult or the data themselves are not adequate enough:

“Insufficient data, data collection”

“[The selection of marketing indicators is conducted according to] the level of accessibility of data.”

“Some indicators are difficult to measure, the methodology being complicated; furthermore there are situations where the processing time is long and the data source involves a high degree of subjectivity.”

- Resources - human, time, technological and financial - that can be dedicated to the marketing performance measurement process:

“Infrastructure / lack of appropriate monitoring solutions”

“Lack of funds dedicated to this process”

“The time that can be assigned by the marketing team to tracking indicators”

- Internal collaboration and participation of all factors influencing the process:

“[The performance measurement process] is difficult for various reasons: lack of support from the sales department and senior management, slow administration program.”

“Sometimes the lack of visibility between departments (e.g. the sales team does not always communicate the lead sources).”

Thus, factors for an optimal performance measurement process may refer to:

- Use of indicators for which data are available and adequate;
- Existence of necessary resources (responsible persons, technological solutions);
- Support and legitimacy from top management;
- The necessary support from other departments which may affect the process (e.g. sales department)

5. Conclusions and further research

To the best of our knowledge, this may be the first primary research to address marketing performance measurement in Romanian SMEs. The major findings reveal a rather incipient stage of marketing performance measurement practices, but awareness and knowledge related to this domain. Respondents seemed to be very familiar with concepts such as performance indicators, dashboards, scorecards and even specific measurement technics. Also, they seem to acknowledge the strategic dimension of measuring performance and have a good attitude towards it; a possible explanation may be the fact that measuring marketing performance is associated with improvement, less than with control and accountability. In terms of practices, we have found that implementing marketing performance measurement varies in terms of complexity and level of sophistication, most likely based on the level of maturity the organization has overall. One respondent presented a very well-articulated measurement system, where the marketing performance measurement system was a component of a larger organization system and emerged from the organizational strategy. On the other hand, in other cases, decisions are still ad-hoc, with no planning, measurement and improvement processes in place.

Another aspect that emerged refers to challenges that Romanian SMEs face when considering the adoption of a marketing performance measurement process. One such challenge is what makes the difference between small organizations and large organizations: the possibility to allocate dedicated resources to the measurement process, meaning people, time and tools. Also, challenges related to data - whether it is the access to the data or the reliability and accuracy of the data - and to internal collaboration (how the other organizational actors support the measurement process) emerged.

Although limited to a number of 18 respondents, our study brings some evidence in an area that has been limitedly explored, showing that while at a very early stage of adoption, marketing performance measurement seems to be a declared preoccupation of marketing professionals in Romania. Thus, further studies exploring this topic would add great value. In the case of our particular research, the direction will continue with the development of an evaluation tool for the level of maturity of marketing performance measurement practices in Romanian SMEs. Based on the findings of this exploratory study, we propose to define critical success factors for a mature marketing performance measurement process and develop an

instrument that enables the identification of the level of maturity of a particular organization as related to these factors.

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