# The role of promotional strategies for small and medium- sized entreprises in sustainable marketing

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*In Romania, small and medium-sized enterprises manifest a certain interest in marketing activities, resulted in the existence of a specific marketing structure in half of them, as attests a survey done on a sample of 140 organizations. This research, focused on understanding the promotional strategies and tactics used by Romanian small and medium-sized enterprises, concluded that communication is oriented predominantly to quantitative objectives, not designed according to sustainable marketing principles. These organizations are less attracted by innovative communication methods, manifesting a resistance at novelty, caused by the lack of information or by prudence.*

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## Introduction

Initially, the term sustainability has belonged to ecology, but associated with development it had extended its area, comprising social and economic fields. One of the most known definitions on it was elaborated by Brundtland Commission (WCED, 1987) *"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs."*

Among the principles of sustainable development we may outline equity between rich and poor countries, between present and future generations. Another principle is that of precaution concerning the environment and acting toward preserving its equilibrium. Sustainability is the result of balancing environmental, economic and social goals. Concerning sustainability, there are two types of equity: intergenerational and intragenerational. The first one refers to the fairness in allocation the resources between present and future generations. Intragenerational equity takes into consideration the fairness in allocation of resources between competing interests at the present time. (Jabareen, 2008 )

European Commission (2010) considers that sustainable development "offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress". Sustainable development includes a set of principles that might govern many areas (politic, economic, social, environmental), aimed to assure a harmony state on long term.

The present paper aimed to assess the sustainable behavior of small and medium enterprises concerning their promotional activities, taking into consideration that sustainability of promotional activities is

a new subject in academic preoccupations. In this sense, it has been conducted a survey on SMEs that act in Romania whose objectives were focused on understanding if their promotional activity is accorded to the principles of sustainable development.

**Promotional communication and sustainable marketing**

From sustainable development term derived sustainable marketing that is defined by "the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with ecosystems" (Fuller and Gillette, 1999, p. 222).

According to Charter et al (2006), sustainable marketing represents "a broader management concept which focuses on achieving the 'triple bottom line' through creating, producing and delivering sustainable solutions with higher net sustainable value whilst continuously satisfying customers and other stakeholders" (p. 12). Thus, sustainable marketing delivers value to all stakeholders, assuring long term equilibrium between economic, social and environmental interests. Thus, marketers have to evaluate environmental and social consequences of their strategies.

Every component of marketing mix has a sustainable role. The product is the central element of sustainability because its composition, design and usage might influence resource consumption, human health, pollution level. The product's characteristics are benefits to the customers, but also sustainers for ecosystem. Price has to reflect a fair report between the customer's monetary or time sacrifice and the value offered by the seller, being maintained a report of equity. The customer has to be willing to pay supplementary for social and environmental benefits of the product. Price contribution to sustainable development also consists of collecting funds for ecological causes and reducing consumption of energy, offering deals

for social responsible behaviors, covering some environment protection taxes, of non-renewable resources or of products that might affect the environment (Catoiu, Vranceanu and Filip, 2010).

As a part of marketing mix, promotional policy has a contribution to sustainable marketing, as we may use the term sustainable communication. According to this concept, the promotional activities have to be oriented to an integrated communication, through which all the categories of stakeholders be correctly informed on product's characteristics and on company's activities. The design of campaigns takes into consideration the characteristics of the target market, its sensitivity to environmental problems, the motivations in purchasing green products. In this direction, the companies have to implement marketing researches as to measure accurately the expectations and the impact of promotional campaigns. The organization can analyze the way in which the target market has answered to previous communication and identify the channels to which the stakeholder groups had the most effective reaction (Moise, 2011). Also, the promotional messages outline the environmental benefits of products and the company's interest in developing CSR programs. The messages' content has to comprise enough information necessary for customers in buying decision making process and stimulate them to become more aware about environmental and social needs. It has to assure complete information concerning environmental implication of product, its package development and usage. Also, the suppliers of services as media or advertising agencies must have a sustainable behavior.

The attributes of the products must be communicated honestly and accurately, as not misleading the customer. Firm's reputation is built on its preoccupation to save resources, to care for environment state or to recycle materials. One of the most obvious link between marketing and sustainability is that many companies emphasis their commitment to sustainability, attempting to differentiate themselves

from their competitors and to enhance their corporate brand and reputation (Jones et al., 2008).

**Research methodology and results**

To evaluate the degree of using some promotional techniques and methods by small and medium enterprises that act in the Romanian market, it has been conducted an on-line survey. The sample was comprised of 140 small and medium-sized enterprises, the data being collected in October-November 2010. It has been applied a stratified sampling method, the strata being divided taking into consideration: the form of ownership, the capital nature, the number of employees and the turnover. According to these criteria, the majority of studied firms are private (96%), having Romanian capital (82%), with a number of employees between 10 to 49 (51%) and with a turnover under 2 billion Euro.

Concerning the objectives, this research analyzed: the process of organizing the marketing and promotional activities, the main communication objectives, the messages' characteristics, the promotional budget, the attitude towards some promotional techniques, the interest in social objectives, the methods used for assess the effectiveness of promotional strategies.

Regarding the way of organizing the marketing activity, in only 50% of companies it exists a marketing structure, named marketing bureau (36%), service (36%), compartment (16%) and department (4%). In the most cases, in this structure are employed few persons, in 36% of cases it comprising 2 people and in 26% only one. This situation reflects an incorrect understanding of organizing the marketing activity and a bad distinction between the role of different organizational structures.

The SMEs which have foreign capital are more marketing oriented, thus 67% of them have a marketing structure, comparing to Romanian ones, for those this rate being 51%. The size of enterprise

influences its marketing organization, as attest the chi-square test (10.74), valid for a significance degree of 5%. The medium companies (with a number of employees between 50 to 249) have specific marketing structure in a great extend (in 67.5% of cases), comparing to small ones (10-49) for which this percent decreases at 27.6%.

Concerning the importance of marketing activities, price setting is situated on the first place (79.7%), followed by marketing communication (67.4%) and marketing research (65.9%). Thus, the highest importance belongs to pricing decisions, showing that, because of economic crises SMEs are more interested in rigorously management of costs as to offer accessible prices. It might be identified a market orientation too, because of the interest accorded to promotional activities and to marketing research.

The objectives of promotional strategy, used the most frequent, refers to attracting new clients (90.6%), increasing the sales volume (82.6%), increasing market share (47.1%) and creating/consolidating product's image. We may conclude that the quantitative objectives are predominant, showing a short term orientation of SMEs from Romania. The objectives oriented to brand are less used, as those referring to sustaining a brand image (32.6%) or to increase the brand awareness (20.3%). These findings prove that SMEs have not a sustainable orientation, not being too interested in social objectives and in consolidating their reputation as social responsible companies.

Concerning the promotional messages, many organizations (72.9%) emphasis the products' performances in these messages. An important percent (64.3%) evidence the specific advantages of products and 60.7% sustain their utility. In promotional activity, the messages that focus on products' attributes are predominant, at the expense of those that emphasize the organization.

The weight of promotional expenditures in the marketing budget is low, for most of organizations (25%) being under 5%, and for 14% of them between 5-10%, respectively between 10.1-20%. For

promotional activities, it is allocated also a low percent of turnover, for 37.9% of enterprises between 1% to 3%, and for 20.7% under 1%. We may observe that for SMEs, promotional activity is not considered an investment which must allocate funds, contributing to their long term development.

The social objectives, that support an attitude of social responsibility, are used the least, proving a weak orientation to institutional communication and to sustainable marketing. Thus, the messages that highlight the firm's performances as employer or its contribution to social progress are present in only 12.1% of organizations, and the implication in community's life in only 10.7% of cases (Table 1).

**Table 1**

**Aspects evidenced in promotional communication**

| Content of messages | Frequency | Percent (%) |
|---|---|---|
| Products/services performances | 102 | 72.9 |
| Specific advantages of products/services | 90 | 64.3 |
| Products/services utility | 85 | 60.7 |
| Attributes that define brand's personality | 28 | 20 |
| Technical/professional performances | 63 | 45 |
| Organization's financial performances | 22 | 15.7 |
| Organization's performances as employer | 17 | 12.1 |
| Organization's involvement in the life of community | 15 | 10.7 |
| Organization's contribution to social progress | 17 | 12.1 |
| Organization's experience | 60 | 42.9 |
| Environmental preoccupations | 21 | 15 |

Among the promotional techniques, the most frequent are used price promotions (44.3%), followed by advertising (44%), relations with

mass-media (29.3%) and participating in fair and exhibitions (28.6%). The high frequency assigned to sales promotions reflects a short term orientation, to sales objectives, and an adaptation to the increased price sensitivity, specific to this period of crises.

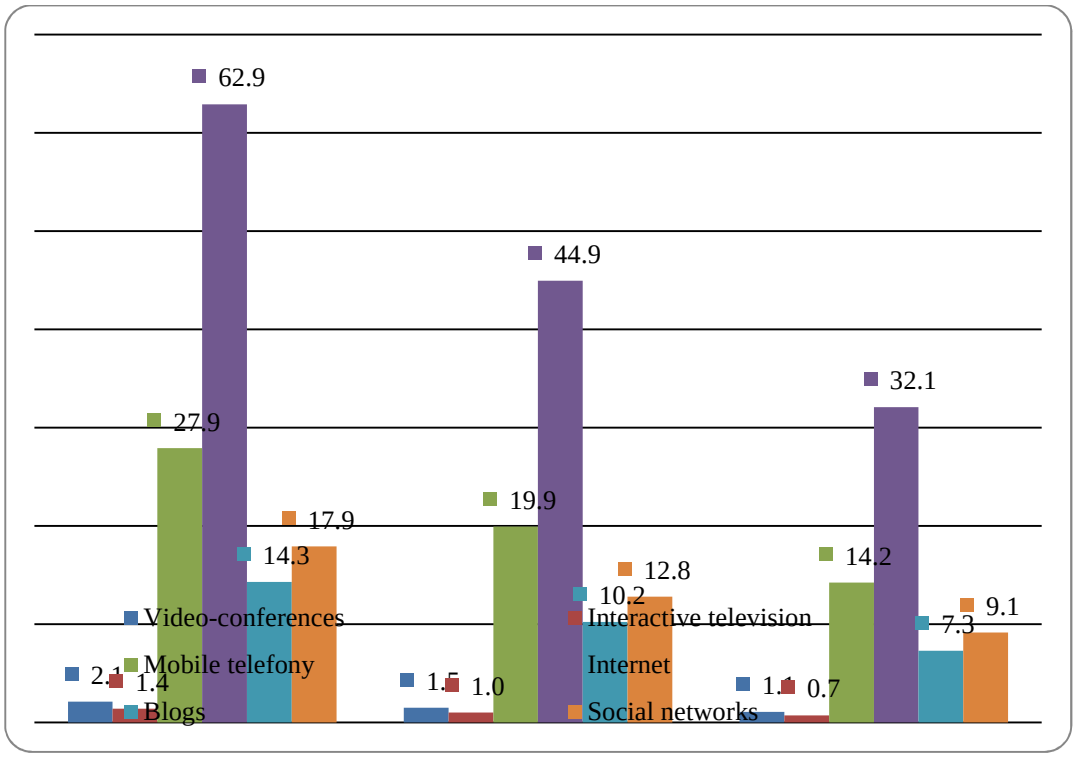
Concerning the evaluation of effectiveness for promotional activities, the most used method is sales analysis, applied by 32.9% of firms, followed by researches on clients (20.7%) and analysis of the number of clients (8.6%). It is found that the efficiency is assessed predominantly quantitative, the qualitative objectives as how was changed the image after a promotional campaign, being less taken into consideration. It is outstanding that 9.3% of SMEs don't apply any method for evaluating the promotional efficiency, having a weak orientation to a sustainable communication.

The innovative communication methods do not have a large spread among SMEs from Romania, 65% of them not using such techniques. 22.9% of firms use unconventional media, and only 12.1% have created unconventional messages. These findings reflect a resistance at novelty, due to lack of information or of prudence, taking into consideration the financial risk that might be involved.

The research of the degree of using media for interactive communication evidences that Internet is the most used channel for three promotional techniques: advertising, public relations and direct marketing. Thus, 62.6% of SMEs use this media for advertising, 44.9% for public relations, and 32.1% for direct marketing. It is remarkable the increase of social networks and of blogs, which using rate is significant for all three promotional techniques, assuring a wide area of spreading the messages, with low costs. (Fig. 1)

**Figure. 1**

**Degree of using media for interactive communication**

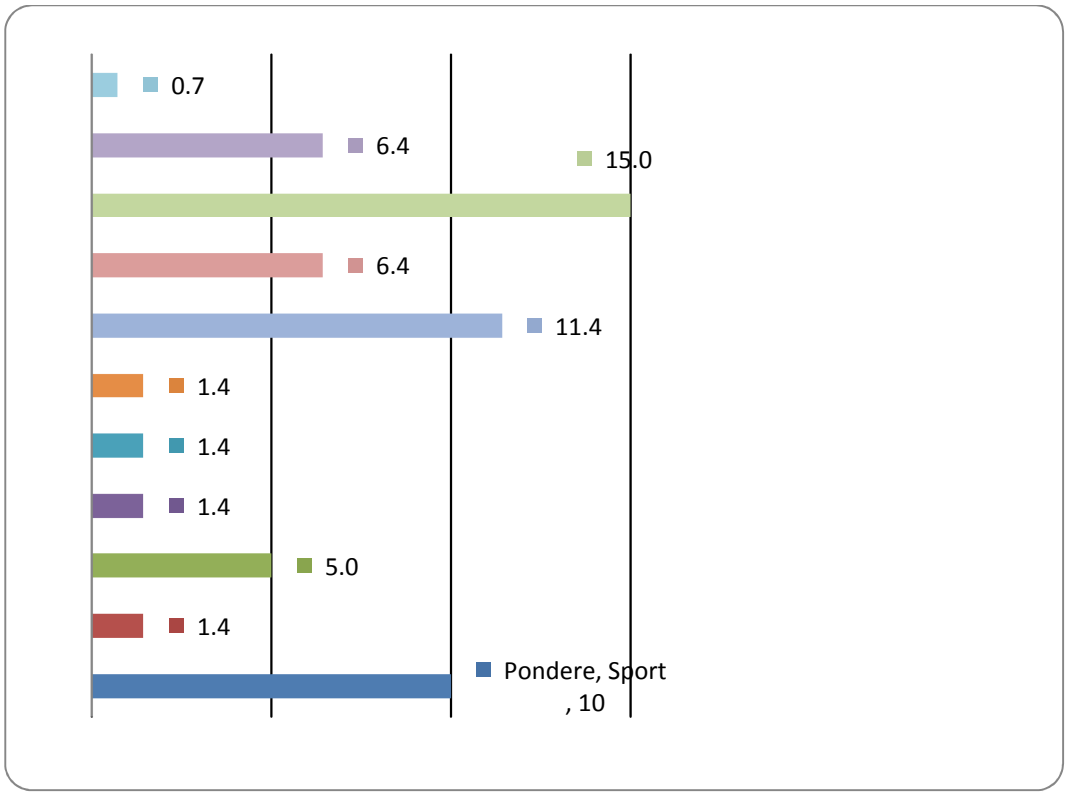



Among mass-media relations, in the most cases (38.6%) it is used press release, followed by interviews with firm's representatives (29.3%) and advertorials (22.9%). Regarding the participation at sponsoring and patronage , 24.3% of SMEs have contributed at organizing some events, and only 9.3% have created their own events. The low rate of events creation might be explained by the important financial and logistic efforts, difficult to be supported by SMEs. The foreign firms are involved in greater extend in events creating (20%), comparing to Romanian ones (6,4%).

The main areas where SMEs have been involved as sponsor or patron are represented by humanitarian causes (15%), education/science/technique (11.4%) and sport (10%). Only 6.4% of SMEs have supported environment protection through sponsoring, thus we may conclude they have a weak orientation to sustainable development (Fig. 2).

**Figure. 2**

**Areas where SMEs are involved as sponsor or patron**




This idea is outlined also by the occasions used to organize marketing events, the most frequently being chosen launching of new

products (26.4%) and organization's anniversary (24.3%). Only 3.6% of SMEs have organized events to emphasis corporate social responsibility actions (Table 2).

**Table 2**

**Occasions for organizing events**

| Occasion for organizing events | Frequency | Percent (%) |
|---|---|---|
| Launching/ relaunching new products/brands | 37 | 26.4 |
| Brands' anniversary | 7 | 5 |
| Opening new sales points | 15 | 10.7 |
| Organization's anniversary | 34 | 24.3 |
| Opening new offices, factories, working points | 20 | 14.3 |
| New market penetration | 20 | 14.3 |
| Obtaining professional performances | 18 | 12.9 |
| Obtaining financial performances | 19 | 13.6 |
| Cultural or sportive employees' performances | 2 | 1.4 |
| Corporate Social Responsibility actions | 5 | 3.6 |

The sales forces are oriented in a greater measure on offer presentation (81.4%), identification of potential clients (73.6%), contacting them (80%), and signing contracts (66.4%). Activities providing clients advice on business management were performed by 27.9% of firms, indicating that such an approach either is not desired by customers or the companies' willingness doesn't exist.

Concerning the internal communication, SMEs are orientated in the greatest measure (80.7%) on informing employees about their way of operation and their current activities. Many enterprises are oriented also on creating a favorable climate (76.4%), by mobilizing employees as they become more efficient (70.7%) and to stimulate team spirit (67.9%). It may be remarked, generally, a unilateral orientation in internal communications, the interactive side being less developed. Also, there is low concern on building / strengthening organizational

culture (42.9%), which suggests that the importance given to internal support of organizational values is low.

Responsibility for internal communication actions belongs, in most cases, to general direction (57.1%), which shows somehow centralized nature of this form of communication. Human resources department is involved in such actions in 28.6% of the studied companies, suggesting that to internal communication action is assigned the role of personnel training. Marketing organizational structures have a poor representation, marketing department accounting for such tasks in 18.6% of cases, the communication / public relations in 5.7% of cases and in only 5% of surveyed companies existing internal communication department. It can be concluded that for the internal communication, there is not a marketing orientation, directed towards ensuring internal cohesion and strengthening organizational culture, but it is predominantly an unilateral transmission of messages from the central level to employees.

Concerning the way of designing and implementing marketing communication actions, 65% of companies do this to respond to a punctual problem and only 24% as a strategic approach. Thus, in Romania for SMEs, the promotional activity is not seen as a tool to achieve objectives on the long term, but as a way to resolve occasional problems that they confront.

## Conclusions

In Romania, the small and medium enterprises have manifested an interest towards marketing activities, resulted in the existence of a specific marketing structure in half of them. Among the marketing activities, the most important is price setting, marketing communications occupying the second place. Thus, consequent of economic crisis, SMEs are more interested in rigorously management of costs and in offering affordable prices as well, than in

communication. Promotional objectives are mainly quantitative, oriented to attract new customers, increase sales volume and market share, in detriment of qualitative ones oriented to build or support product's/organization's image.

Among the promotional techniques, the most frequent are used price promotions, reflecting a short term orientation, to sales objectives, and an adaptation to the increased price sensitivity, specific to this period of crises. The small and medium enterprises prefer the messages that emphasize the performances of products / services, their specific advantages and usefulness, at the expense of those centered to organization. They are less interested in sustainable communication so that messages with social connotation, supporting an image of social responsibility of the organization, are used the least.

The small and medium enterprises that act in Romanian market are less attracted by innovative communication methods, manifesting a resistance at novelty, caused by the lack of information or by prudence. About a quarter of them have contributed as sponsor or patron at organizing some events, the main areas where they have been involved being represented by humanitarian causes, education and sport. The low rate of involvement in supporting environmental protection through sponsorship reflects a weak orientation to sustainable development.

Internal communication has almost a centralized nature, being assigned, in most of cases, to general direction, marketing organizational structures having a poor representation. For small and medium enterprises that act in the Romanian market, promotional activities generally are designed not in a strategic manner, being focused on short term effects, which is contrary to a sustainable marketing approach.

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