AN APPROACH FOR CHARACTERIZING THE MARKETING POTENTIAL OF THE ENTERPRISE

 Vyara Kyurova

South-West University “Neofit Rilski” Blagoevgrad, BULGARIA
e-mail: verivasileva@abv.bg

Received 23 December 2013
Accepted 15 March 2014

JEL classification M31, P12

Keywords marketing potential, approach, one-dimensional attributes, characteristics, normalized value, competitiveness

Abstract Nowadays one of the main tasks of marketing is the creation and maintaining of competitiveness and competitive advantages of products and businesses. Identifying the characteristics of the marketing potential of the enterprise is an important issue in the study of competitiveness. Business surveys are an important resource for defining the marketing potential. The aim of the study is to implement an approach for characterizing the marketing potential of enterprises based on survey data. To achieve the aim, an approach for statistical characterization of the business environment is applied. Based on this approach the marketing potential of micro, small and medium enterprises in Blagoevgrad for the period 2010–2012 is assessed.

Introduction Modern tourism, “as many other parts of service economy” (Hundert and Pawlicz, 2012) which involves a large number of people differs fundamentally from similar phenomena in the past (Štetić et al., 2013). Nowadays one of the main tasks of marketing is the creation and maintaining of competitiveness and competitive advantages of the products and businesses. That is why monitoring the state of marketing activities is an important aspect of internal
monitoring process (Димитрова, 2012b). Competitiveness is a relative position reflecting the strength of a company and a product at a given time. It may be a reflection of various factors and in most cases reflects „the attractiveness of products it offers, which makes the consumer choose it among a lot of options available“ (Рибов, 1997). Product competitiveness can be regarded as an expression of the positive relationship between product characteristics and consumer preferences, i.e. their satisfaction arising from these characteristics. According to R. Dimitrova the concept of marketing management in the markets of goods and services is directly related to the enterprise activity for improving product competitiveness (Димитрова, 2013). Competitiveness is a result, reflecting the presence of competitive advantages, without which it would be unachievable (Азоев, 2000). The study of competitive advantages enables the identification of the contents and internal links of the mechanism of competitiveness formation. D. Stoyanov views competitive advantage in terms of the properties of the product, which constitute value to the buyer. In this sense it is a marketing competitive advantage (Стоянов, 1995). Product competitiveness can be seen as a relative superiority of its position (level of excellence) against competitors/competing products (Сак и Журавлев, 2010). In this regard, R. Dimitrova argues that the use of the opportunities of marketing tools enables companies to develop and implement appropriate strategies to ensure and enhance the competitiveness of the product (Dimitrova, 2013).

Identifying the characteristics of the marketing potential of the enterprise is of crucial importance to competitiveness. The study of these characteristics is essential for making specific management decisions related to improving competitiveness. Establishing the strength of their impact on the relationship between them, the conditions formed by the manifestation of their dynamics, the different ways of combining them is an important prerequisite for the determination of strategic and current behavior of a given economic subject.

The analysis of scientific literature has shown that there is no widely accepted classification of competitiveness features yet.

When considering the characteristics of competitiveness on micro level it is necessary to take into account that they can be divided into two main groups – characteristics of enterprise competitiveness and features of product competitiveness. This distinction is important since they are not the same regardless of the interconnection and correlation between them. The characteristics of competitiveness are directly affected by a number of factors.

With regard to the factors of competitiveness, Ml. Velev gives a general definition, seeing them as a set of external and internal conditions, determining the company performance, and the level of its success against those of competitors (Велев, 2004). Some authors state that the price, quality, design, marketing and management are internal factors of competitiveness (O’Farrell and Hitchens, 1988, 1989; O’Farrell et al., 1992; Велев, 2004). The classification includes factors such as finance, technology, human resources, organizational structure and system performance, innovation, quality, image and reputation, culture, diversity of products/services, flexibility, satisfaction from the product (Stoner, 1987; Bamberger, 1989; Chaston and Mangles, 1997; Велев, 2004; Терзиyska, 2011). Other authors argue that the factors reflecting impacting product competitiveness can be represented as a chain: „needs of consumers – products – quality – price – service – marketing environment“ (Сак и Журавлев, 2010). Factors of product competitiveness may be examined in terms of: quality, marketing mix, consumer value and price. In this connection we can also mention the approach of D. Stoyanov and Ivan Baramov, who claim that competitive factors are disclosed on the basis of the marketing mix (Стоянов, 1995; Баръмов, 1995). Ml. Velev suggests a system of indicators for analysis and assessment of the competitive potential of enterprises, which contains a special part directed towards marketing potential (Велев, 2004).
The scientific literature also pays attention to the relationship marketing potential – competitive potential. In this sense, V. Tsarev, A. Kantarovich and V. Chernyish claim that the whole range of private types of potential of the enterprise including the marketing potential can be integrated into a single concept – competitive potential of the enterprise (Царев, Кантарович, Черныш, 2008). R. Dimitrova links the marketing potential of the enterprise with its capacity to monitor market developments, to successfully adapt its production to the current and future market needs and to operationally respond to changes in the market situation (Димитрова, 2012a). The same author states that the marketing potential is formed by: the professionalism and effectiveness of the marketing team; the nature and quality of the marketing tools; the quantity and quality of tangible and information resources serving the marketing activities; the role and place of the marketing department; the volume and funding of the marketing activity (Димитрова, 2012a).

The elements of the marketing potential, considered in their complex interdependence and dependence, help to increase the competitive advantages and competitiveness of the enterprise. In this sense, business surveys are an important information resource. Basically, information from business research contains estimates of the economic leaders about the past and short future state of the business environment. Despite the subjective nature of the responses, these studies provide reliable data because it refers to aspects of the business activities that are under the daily attention of managers (Мишев, 2010).

In this context, the objective of the study is to apply an approach for characterizing the marketing potential of enterprises based on data from surveys. To achieve the objective a survey of managers and experts from 40 micro, small and medium-sized enterprises operating in the district of Blagoevgrad was conducted. The survey was conducted in April–May 2013. The questionnaire consists of questions in which respondents give their opinion by using a 7-point scale for each of the indicators to evaluate the marketing potential of the company and the competitiveness of its products.

The collected data was statistically processed by using SPSS for Windows. All figures were created using Microsoft EXCEL.

**Problem definition**

The focus of this study is on the statistical methodology of unequivocal quantitative evaluation of both the individual elements and the marketing potential in general. Statistical evaluation of the marketing potential of the company is based on one-dimensional feature, included in the questionnaire, which was used to conduct the survey. The features are formulated as questions (Table 1).

**Table 1. Questions for assessment of the marketing potential of the enterprise**

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>How do you rate the level of competitiveness of your company’s products?</td>
</tr>
<tr>
<td>2.</td>
<td>How do you rate the level of experience in marketing activity of your company?</td>
</tr>
<tr>
<td>3.</td>
<td>How do you rate the level of quality of marketing research of your company?</td>
</tr>
<tr>
<td>4.</td>
<td>How do you rate the level of quality of the marketing strategies of your company?</td>
</tr>
<tr>
<td>5.</td>
<td>How do you rate the level of marketing activity organization of your company?</td>
</tr>
<tr>
<td>6.</td>
<td>How do you rate the degree of utilization of marketing tools for stimulating the sales of your company?</td>
</tr>
</tbody>
</table>

Source: created by the author.
The questions refer to different core aspects of the marketing potential of the enterprise. A non-metric scale was used for their measurement (Мишев, 2010). Each question was answered by respondents using a 7-point rating scale. The lowest point is 1, indicating a very low level/degree, and the highest is 7, indicating a very high level/degree (Table 2).

Table 2. Assessment scale for the marketing potential of the company

<table>
<thead>
<tr>
<th>Level</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very low</td>
<td>1</td>
</tr>
<tr>
<td>Low</td>
<td>2</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>3</td>
</tr>
<tr>
<td>Average</td>
<td>4</td>
</tr>
<tr>
<td>Good</td>
<td>5</td>
</tr>
<tr>
<td>High</td>
<td>6</td>
</tr>
<tr>
<td>Very high</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: created by the author.

To characterize the level of responses to individual questions for the different years of the period under research, an approach for statistical characterization of the business environment proposed by G. Mishev is used (Мишев, 2010). The author proposes a calculation of the quantitative characteristics of the individual, one-dimensional feature, called normalized value, by the formula:

\[
B = \sum_{i=1}^{n} \frac{b_i \cdot p_i}{b_{max}},
\]

where:
- \( B \) – normalized value,
- \( b_i \) – value of the \( i \)-th response,
- \( p_i \) – response rate of question \( i \) in %,
- \( b_{max} \) – maximum value,
- \( n \) – number of responses/observations.

It is necessary to bear in mind that the calculated normalized value is in the range from 0 to +1, because the awarded estimates according to the rating system are positive values from 1 to \( n \). The normalized value is calculated for all one-dimensional features of marketing potential. Thus, aggregate values for each of the characteristics of marketing potential are obtained. The normalized values of each one-dimensional feature for different periods of time can be compared. This allows identifying the changes that occur in the characteristics of the marketing potential within the study period. For measurement of changes in the characteristics of the marketing potential, chain absolute growth rates are applied, defined by the formula:

\[
\Delta = B_i - B_{i-1}
\]
where:
\[ B_i \] – every normalized value which defines the absolute growth rate,
\[ B_{i-1} \] – every preceding normalized value.

The aggregate normalized assessment of the marketing potential is identified by arithmetically averaging the normalized estimates for individual characteristics (one-dimensional features) of the marketing potential (Мишев, 2010). For the purpose of this study we offer an adapted formula for calculating the aggregate normalized estimate of the marketing potential:

\[ Q_d = \frac{\sum_{i=1}^{N} B_j}{N}, \]

where:
\[ B_j \] – normalized value of the \( j \)-th one-dimensional feature,
\[ N \] – number of characteristics of the marketing potential.

Survey results

The above methodology is used to calculate the normalized values of marketing potential of 40 micro, small and medium enterprises operating on the territory of Blagoevgrad district in 2010–2012. The results are presented in Table 3.

Table 3. Normalized values of marketing potential

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Normalized value (%)</th>
<th>2010 r.</th>
<th>2011 r.</th>
<th>2012 r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product competitiveness</td>
<td></td>
<td>70.37</td>
<td>70.97</td>
<td>71.02</td>
</tr>
<tr>
<td>Experience in marketing activity</td>
<td></td>
<td>63.93</td>
<td>67.50</td>
<td>72.14</td>
</tr>
<tr>
<td>Quality of marketing research</td>
<td></td>
<td>65.00</td>
<td>65.36</td>
<td>70.71</td>
</tr>
<tr>
<td>Quality of marketing strategies</td>
<td></td>
<td>61.43</td>
<td>65.36</td>
<td>66.07</td>
</tr>
<tr>
<td>Level of marketing activity organization</td>
<td></td>
<td>64.29</td>
<td>66.71</td>
<td>68.21</td>
</tr>
<tr>
<td>Level of utilization of marketing tools for boosting sales</td>
<td>60.36</td>
<td>65.36</td>
<td>68.57</td>
<td></td>
</tr>
<tr>
<td>Aggregate normalized value of marketing potential</td>
<td>64.23</td>
<td>66.88</td>
<td>69.45</td>
<td></td>
</tr>
</tbody>
</table>

Source: author’s calculations.

For the period under study, the normalized value of product competitiveness is the highest in 2012. In 2011 it is 0.6 points higher than the previous year, and in 2012 – 0.05 points higher. This means that there is a slight increase in product competitiveness (Figure 1).
Figure 1. Change in normalized values of product competitiveness for 2010–2012
Source: changes have been calculated as chain absolute growth in points.

Figure 2 gives rise to the finding of increased estimate of the experience in marketing activities of enterprises surveyed – by 3.57 points in 2011 and by 4.64 points in 2012.

Figure 2. Change in normalized values for experience in marketing activity in 2010–2012
Source: changes have been calculated as chain absolute growth in points.

According to the normalized values, the quality of marketing research was the highest in 2012 (70.71%), with an increase of 5.35 points compared to 2011 (Figure 3).

Figure 3. Change in normalized values of quality of marketing research for 2010–2012
Source: changes have been calculated as chain absolute growth in points.
The interviewed managers assessed the quality of marketing strategies as highest in 2012 (66.07%). At the same time, the increase of normalized value by 3.93 is significantly higher in 2011 compared to 2012 (0.71 points) – Figure 4.

![Figure 4](image.png)

**Figure 4.** Change of normalized values for quality marketing strategies in 2010–2012

Source: changes have been calculated as chain absolute growth in points.

The findings of the company managers with respect to the level of organization of marketing activities is that it was the highest in 2012 and lowest in 2010, observing a positive change in 2011 and 2012 (Figure 5).

![Figure 5](image.png)

**Figure 5.** Change in normalized values of level of organization of marketing activities for 2010–2012

Source: changes have been calculated as chain absolute growth in points.

The highest degree of utilization of marketing tools to boost sales is in 2012, and it is worth noting that this feature has a relatively high increase (compared to other characteristics of the marketing potential) in – by 5 points in 2011 and 3.21 points in 2012 (Figure 6).
The aggregate normalized value of the marketing potential is highest in 2012. There is an increase of 2.65 in 2011 and an increase of 2.57 in 2012 (Figure 7).

The dynamics of all the features of the marketing potential for the period 2010–2012 is presented in Figure 8. We see that both the individual characteristics of the marketing potential, and the aggregate normalized value show a positive process of increase.
An approach for characterizing the marketing potential of the enterprise

Figure 8. Normalized values for the period 2010–2012 (%)
Source: author's calculations.

Conclusions

The presented approach to characterizing the marketing potential of the enterprise allows to make objective and accurate statistical estimation based on one-dimensional features. The empirical data collected through the survey and the results obtained by applying the approach give reason to conclude that enterprise managers who responded to the study provides increasing estimates for 2010–2012 for both the individual features and the marketing potential of their businesses as a whole. This shows that they appreciate the opportunities and the importance of developing the marketing potential as a strategic reserve for increasing the competitiveness of the enterprise.

References


