

Application of Marketing Communication Tools in Small and Medium Enterprises. Results of Regional Research

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Abstract

This paper aims to investigate the application of different types of communications forms and tools in the context of client capital management and development of the client lifetime value in the sector of small and medium enterprises. The research method was a questionnaire survey using computer-aided telephone interviews (CATI), on a group of 383 small and medium-sized enterprises from the Opolskie Voivodship. This research illustrates the use of diverse forms and tools by diverse members of the SME sector. More importantly, this research prepares conclusions for future development of communication as a main stimulator of increasing client lifetime value. The findings show that the small and medium enterprises in Opolskie Voivodship are aware of the need to use a variety of tools to communicate with clients. The tools are diverse and have a different degree of contact intensity, which effectively contributes to the involvement of clients in the relationship with the company's offer. In the future the SME sector should develop and diversify channels of communication with client capital. For modern enterprises, the most important thing will be constant development of the client's lifetime value.

Keywords: marketing communication, consumer behavior, client capital management, client value, SME

JEL: M2

Introduction

How do you imagine the future of marketing communication? The last several decades have brought the unexpected development of marketing concepts and tools (Keller 2009), conditioned by changes in the economic environment: globalization processes, internationalization of enterprises, increase in competitiveness, social change, development of information technology, popularization of pro-innovation culture and, finally, “acceleration” of processes. Against the background of these market conditions, the future of marketing communication, in terms of types and forms of messages, seems to be a very interesting topic.

The aim of the study was to learn the approach of small and medium entrepreneurs to customer value management processes through the prism of: quantity, intensity, quality of communication forms and tools for client capital. The research problem is the answer to the question: what forms and tools of marketing communication find practical application in the SME sector?

1 Marketing communication in building brand loyalty

Marketing communication is a process of information exchange creating relations and a network of connections between an enterprise and market environment entities and its other market

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stakeholders. Tremendous changes that are observed in the area of mobile technology development—i.e., new communication channels and tools as well as the content and methods of their delivery to the market (Kotler et al. 1999, 758), have resulted in enormous dynamics and diversity of applied marketing strategies (Varadarajan 2010, 134–135). What seems to be unchanged is only the main goal of marketing communication, that is, information and interest, building experience with the presented offer (product, service, brand) and finally, encouraging customers to make a satisfactory purchase, which will increase the level of satisfaction with the choice made and the good used.

All elements that make up the loyalty to the brand are created, among other ways, through integrated marketing communication and determine the strength of a client's relationship with the brand (Berezan et al. 2017, 1334). Loyalty will never be an unambiguous concept because it is influenced by both individual consumer characteristics and brand features, the social environment and all market conditions. So what does loyalty mean? The literature on the subject indicates that it may be: brand attachment, satisfaction with possession, repeatability of purchases, brand engagement, affection for a brand, commanded emotions, trust in the brand, satisfaction with quality (Malar et al. 2011; Mittal and Kamakura 2001; Mohammad and Alhamadani 2011; Smaoui and Temessek Behi 2011; Thomson, MacInnis, and Park 2005; Venetis and Ghauri 2004).¹

In the era of products with similar parameters, the right way to gain customer trust and systematically build their loyalty through increasing satisfaction with the possession and use of the product is the continuous improvement of marketing communication processes that create the competitive position of the company on the market.

2 Mobile marketing communication

The development of information technologies (and hence mobile technologies) contributed to the development of modern, personalized forms of communication (online media) because it caused the need to redesign the existing architecture of marketing communication. It applies to both the B2C and B2B sector. Enterprises must properly take advantage of the opportunities to improve the flow of information, both within the organization and to improve marketing communication processes with other participants of the business environment.

Mobile information technologies have contributed to the development and strengthening of ties created within virtual communities. It was also reflected in the change in consumer behavior, which adapted to the conditions of e-business development, understood in general as the implementation of processes of: production, distribution, marketing and sales as well as distribution of goods using ICT networks. The mobile marketing model existed in a hypermedia environment assuming communication, in which political, economic and social barriers lost importance—globalization processes in the marketing dimension have crossed the boundaries between the company and its market.

Transferring so many aspects of everyday life to the virtual space combined with the development of mobile technologies has started the processes of adapting marketing tools used to stimulate demand so that mobile (and stationary) customers buy a lot and often. Mobile marketing has become a key element of the entire marketing communication system currently used by enterprises, integrating offline traditional marketing activities (personal contacts, telephone calls, written and printed words: catalogues, offers, cards, etc.) as well as online and mobile virtual marketing (audio-video contacts: sms, chat, forum, word written and published online, social media, etc.) (Sznajder 2014, 66–100). The tendency to combine different marketing concepts is the right course of action, significantly increasing the reach and degree of impact of marketing activities on the market.

3 Marketing communication as a factor increasing customer lifetime value

Customer capital consists of current and past customers who interacted with a company and its products as well as future customers who may be interested in its offer later on. In this context,

1. See also: How to Build Customer Loyalty to Grow Your Business (Infographic), by Yolanda Lu, [accessed 2018.12.17], [[:] <https://www.inc.com/yolanda-lu/customer-loyalty-for-small-business.html>

the ability to communicate and influence consumers is crucial for the processes of building company value and competitive position, and for guaranteeing its proper, sustainable functioning in the future (Adamska and Minarova 2014, 64–65).

Behavior of the acquiring consumer can be defined as “the process of making decisions affecting the environment as well as individuals and groups during the assessment, acquisition, use and further disposal of goods and services” (Sargeant and West 2001, 72). The ability to understand the motives of consumer behavior influences the shaping of client capital value. It is determined by the number of clients in a given market segment and knowledge about the factors shaping their demand. These are the basic values used to estimate the future benefits of the cooperation. Enterprises operating in an extremely vast, varied, unstable environment must skillfully manage their resources including their client capital, because it is the key to exchange transactions and to achieve the intended economic and social goals.

The value of an enterprise can be measured by the value of past and future relationships (Vilanova and Hanssens 2007, 6–27). The value of client capital is influenced not only by the number of customers, but above all by how the future benefits resulting from the cooperation are estimated, depending on trust and loyalty towards a brand as well as the quality of service and the resulting image of a producer/service provider. The Venkatesan and Kumar team promoted the concept of “customer lifetime value” and a CLV indicator, which in its design includes all factors relevant to the actual profitability of the client, current and future: revenues and expenses, as well as the whole customer behavior having significance for mutual relations, shaped primarily through the service (Venkatesan and Kumar 2004, 106).

Developed relationships with clients have the most important significance for the company’s value in terms of achieving basic goals, such as increasing productivity, market shares and the reach of impact. In the context of market exchange and participants of exchange transactions, there is the concept of consumer management, which should be seen as a positive approach of consumers to the organization, by accepting values and activities implemented by them (Neumann 2007, 15). Marketing communication is responsible for transferring this knowledge to clients.

4 Presentation of research results concerning marketing communication in the SME sector

The presented issues have been selected from a wide range of the research “Managing relations with client capital in the sector of small and medium enterprises of Opolskie Voivodship. Identification of customer value growth stimulators,” financed by the National Science Center as part of a scientific grant in the Miniatura1 competition. The study showed that the significant characteristics of the unit affecting the obtained results were: size of the enterprise, market sector (B2B/B2C), customer segment. The study was carried out using the method of computer-assisted telephone interviewing. The surveyed population totaled 100 295, the required number of respondents was 383, broken down by self-employment, micro, small and medium enterprises. Confidence level in the study: 95%. Maximum error: 5%. Participation in the survey by size of enterprises was proportional. The largest group were small enterprises—39,7%, then micro-enterprises—30,8% and medium-sized enterprises—25,8%. The smallest group was self-employment, only 3,7%.²

Nearly 90% of respondents indicated having an established position on the market resulting from experience in running a business: 67,4% over 15 years; 11,2%—11–15 years and 11,5%—above 6 years. The study was attended by entrepreneurs who, by operating on the market for many years, carry out marketing communication activities and have knowledge about their development and the need for continuous, flexible adaptation to the requirements of business environment. Table 1 presents decompositions of respondents based on serviced markets and market segments.

Among many research questions regarding client capital, one of them was a question organizing the knowledge about respondents, about client groups divided into the frequency of making contacts with the company:

2. [In the journal European practice of number notation is followed—for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style).—Ed.]

- 93,5% declared that they have regular customers who use the offer systematically
- in the group of enterprises declaring having occasional customers using the offer from time to time, 62,4%
- 1,3% of respondents were not able to determine the characteristics of their clients

The study also checked how the structure of the company was organized and prepared for service and contacts with clients. The results, broken down by enterprise size, are presented in figure 1. In terms of the communication methods used in the organization for contact with a client, the respondents were offered a division into: personal (fig. 2), audio/video (fig. 3) and verbal/printed (fig. 4). The respondents could evaluate the given variants of communication on a scale from 1 to 5, where 1 meant the least-used, and 5 the most frequently-used form.

Tab. 1. Decompositions of respondents based on serviced markets and market segments (in %)

The type of market served	B2B	B2C	B2C/B2B	Total
National	6,5	2,1	15,7	24,3
Local	2,9	3,7	16,4	23,0
Regional	3,1	1,3	13,6	18,0
Global	5,5	1,0	9,9	16,4
European Union	6,3	0,8	11,2	18,3

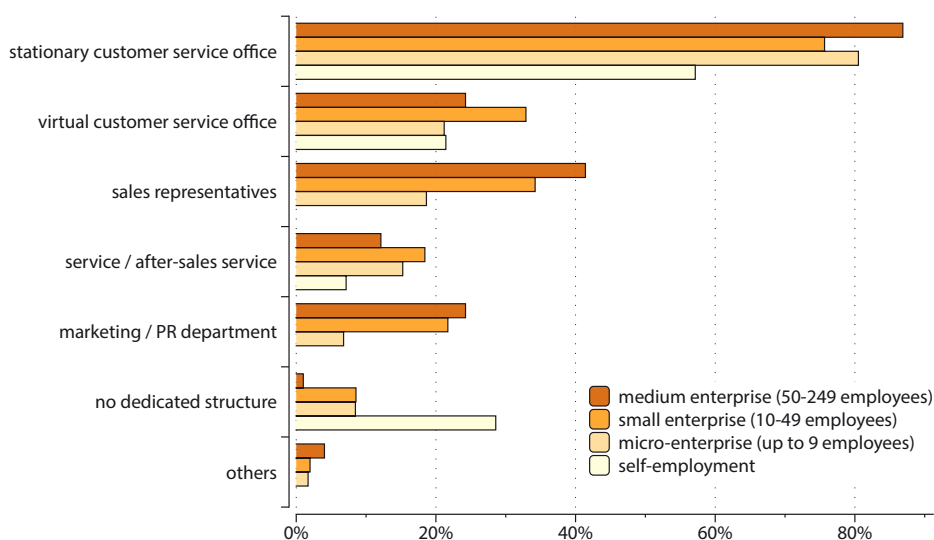


Fig. 1. Organization of customer service divided into the size of the enterprise



Fig. 2. Forms and tools of communication—personal

In the case of personal communication forms, all variants were assessed as of little importance, with no clear differences due to the markets served. Participation in fairs and organization of trade shows and workshops was recognized as the most important used form of this kind of communication. It is a popular form of marketing communication because it allows for a wide presentation of new products, deepening the market through an interesting offer for existing products or for developing contacts between business partners. Respondents treat it as secondary, which can be a complementary form for more frequently used forms of communication. A crucial factor is also the limited access of customers to the trade fair offer, resulting from their frequency and location.

In relation to forms of audio/video communication, traditional telephone connections were considered the most frequently used in business practice. Nearly 70% of respondents use video phone calls/video conferencing the least frequently. With regard to instant messengers, opinions are divided, 38,9% of respondents indicate this form of communication as the least-used one, and 27,7% as the most frequently used one (fig. 3). This assessment of instant messengers was surprising due to the growing popularity of mobile communication. However, it can be inferred that this is a reflection of a natural evolution of communication with a client. The use of Internet messengers seems to be a more popular form of contact because it is made mainly with the use of a computer, which makes it easier to share documents and work through a remote desktop. It is therefore a more convenient form of contact in the space of a stationary or virtual customer service office, rather than video telephone calls.

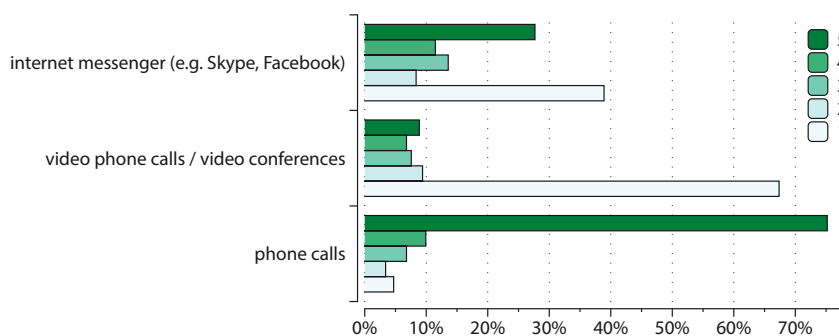


Fig. 3. Forms and tools of communication—audio/video

The last analyzed form of communication was verbal/printed communication (fig. 4.), among which the offline and online communication tools were distinguished. Offline communication tools (such as a catalogue, greeting card or printed forms) are used by over a quarter of respondents, which again can be considered as the confirmation of the thesis that there is a systematic process of changes in the use of communication tools. On the local markets, traditional communication tools with clients work better because they do not see the need for more advanced applications. Contact with the client is direct and personal in their case. However, the extent of modern markets requires the use of online communication tools.

As the most frequently used form of verbal/printed communication with the customer, the largest percentage of respondents indicated e-mailing, followed by a website in terms of frequency of indications. On the other hand, among the least frequently used forms of contact between organizations and clients the highest percentage of respondents indicated online chat, then discussion forums and a newsletter. They can be described as communication tools that work well for large enterprises in selected industries (e.g., banking, telecommunications). The indicated tools can be considered as “standard equipment” for modern websites, however entrepreneurs from the SME sector do not find practical use of them in their activities. Each of these tools also requires a lot of time for administration/editing. For entrepreneurs it may be the unnecessary expense of time, energy and finances, considering the anticipated economic effects. High popularity of other online marketing communication tools stems from the fact that they give the possibility to create a marketing message in an interactive and more effective way, which is reflected in the achieved results. When it comes to the use of websites—the interaction between a brand and a customer proceeds in a more free manner, which increases the integration and involvement of customers by

eliminating some of the barriers preventing proper familiarization with the content and aesthetics of the marketing message.

The study also checked which factors determined the decision to choose such forms of communication with client capital. Most often the respondents indicated the universality of access. The next place was efficiency and the ease of use factor.

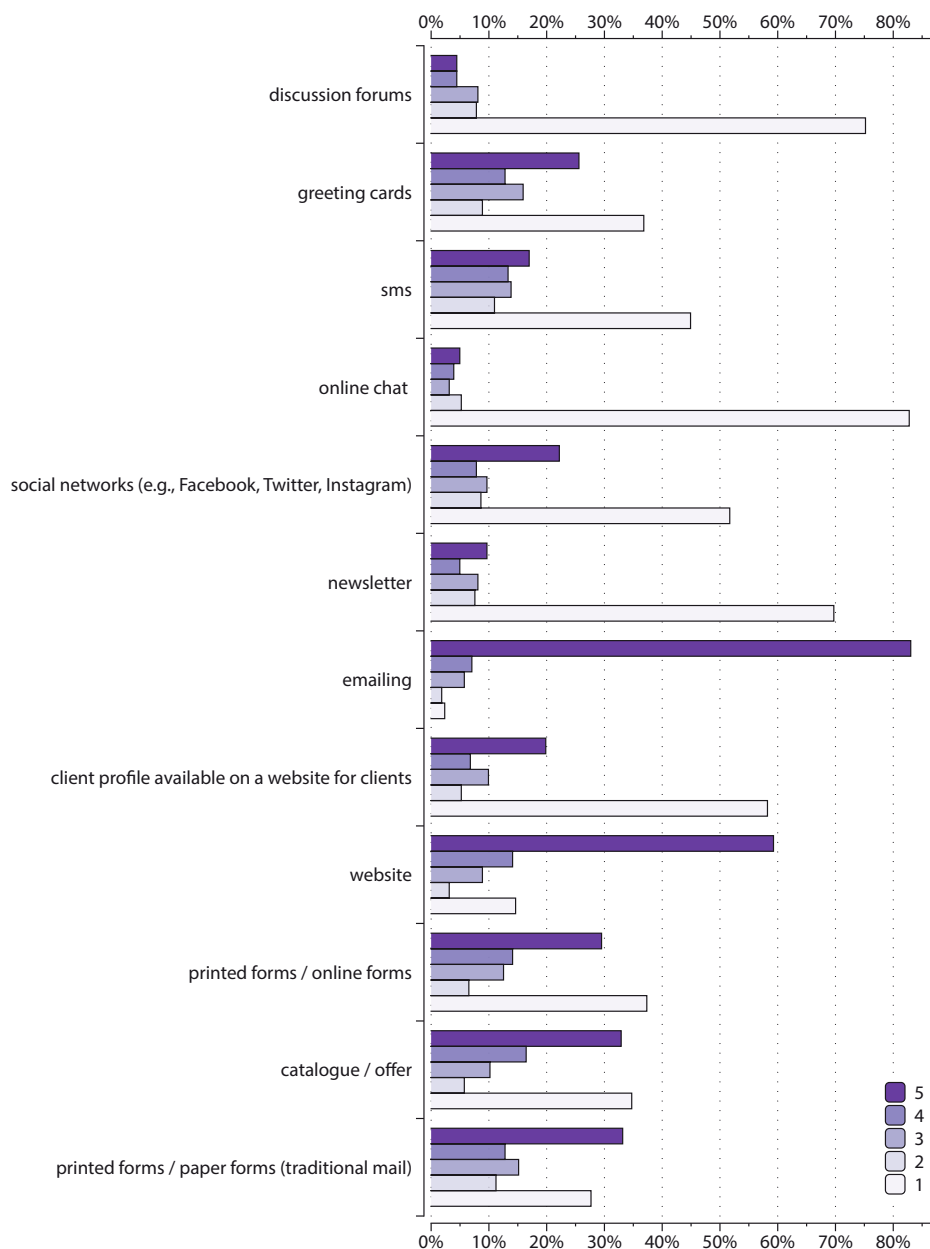


Fig. 4. Forms and tools of communication—verbal/printed

Summary

Analyzing the results of the research, it can be summarized that enterprises have both permanent and occasional clients and regardless of the size, the enterprises adapted their structure for full and effective customer service (fig. 1) using primarily stationary and virtual service offices, sales representatives and dedicated marketing departments. Thus, in economic practice traditional economic forms of communication function as well as modern ones connected with development of information technologies.

Among the forms of marketing communication used, traditional telephone contacts and instant messengers outweigh personal contacts (fig. 3), while the most commonly used forms of communication are e-mailing and websites (fig. 4). The forms of communication selected by the respondents indicate their adaptation to the expectations of clients who, thanks to the information they receive via an e-mail or via a website, have the opportunity to familiarize themselves with its terms and analyze the benefits. Phone contact or instant messengers are only a tool for establishing and refreshing relations with customers. They are, therefore, typically complementary tools. They also fully meet the contemporary market conditions in the field of use of mobile information technologies.

The main factor in the selection of these forms of communication was primarily the universality of access and efficiency. Entrepreneurs look for such forms and tools of communication that will not require large financial expense and at the same time will be effective. These forms of communication are chosen which can guarantee the widest possible audience.

Modern marketing communication is the most important challenge for managers of marketing because it is currently the most developing area in the marketing activities of enterprises. Of course, changes that improve technology were important for creating modern marketing communication but changes in consumer behavior are a key factor conditioning such dynamic development of communication forms and tools. The standard of modern times is the fact that customers use the Internet to satisfy a wide spectrum of their needs. The interaction of enterprises with clients has changed as they have learned to use trends for effective marketing communication effectively. This trend also included the SME sector, regardless of their size, the market they operate on or the segments they target.

Enterprises, therefore, face the difficult task of building customer loyalty with the use of marketing communication, whose center of gravity shifted from personal communication to the level of indirect communication with the use of modern technologies.

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