



MODERN ASPECTS OF MARKETING RESEARCH APPLICATION AS DETERMINANT OF PROMOTIONAL MIX IN BUSINESS ENTITIES FROM MILK PROCESSING INDUSTRY IN THE REPUBLIC OF MACEDONIA

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Abstract:

The basis of marketing concept refers to the fact that companies exist in order to satisfy consumers' needs. In order to achieve its objectives and be successful, a company needs to be aware of its customers' wishes and preferences, so that it should gather information that could be obtained through market research. Regardless of the business they are included and performing in, the marketing managers are faced with the need to make decisions constantly, i.e. solve certain problems every day. The quality of the decision mainly depends on the quality of information they have in the moment of decision. The main objective of marketing research is to provide relevant information, increase of success and decrease of risk in company's working and making right marketing decisions on the basis of gathered marketing information. In order to achieve certain sales level, each company should choose promotional activities by means of which it will achieve the desired effect in the most efficient way. The research study is focused on manager's attitude towards the utilization of marketing communication. The objective of the research is to show the significance of marketing research in modern working conditions not only of companies in general, but of companies in milk processing industry in the Republic of Macedonia as well, because it provides significant information for the market, consumers' needs, wishes and requests, the demand for certain type of products, influence of prices on the consumers' decision for buying milk and dairy products, etc. Also, the objective of the research is to study the way in which promotion as part of marketing mix affects consumers' decision making for buying certain product and significance of promotion as a factor of sales volume increase; it aims at increasing the company's profit, as well as it takes into consideration the effects of application of the promotional activities and improvement of competitive advantage of companies in milk industry.

Keywords: *marketing research, integrated marketing communications, milk processing industry, marketing campaigns, promotion.*

1. Introduction

The concept of marketing communication is used to estimate the strategic role of different instruments of promotion and to combine them, in order to provide clear and consistent messages, that is, maximum communication influence of consumers, is concept of marketing communication

[1].The research results from different authors indicate that marketing communication increases the communication influence, makes creative ideas effective and provides bigger communication consistence regarding the traditional marketing communication [2]. Also, one of the main reasons that the companies accept the concept of

promotional mix understands the values (significance) of strategic integration of different communication instruments regarding their individual application, as reflected in avoidance of duplication and achievement of synergy of the effects of multiple instruments of marketing communication [3].

Scholars long have recognized that the organizational context of Integrated Marketing Communications (IMC) implementation is an important area for empirical research [4]. No promotional tool should be used in isolation or without regard to the others; hence there is a trend toward integrated marketing communications [5].

Some authors point out that promotion campaigns may result in increased sales volume during these activities, which in turn leads to piling up stocks and subsequent decreased sales, but on the other hand, it may lead to consumers reducing the purchases of given product before expected sales promotion activities [6].

To develop customer-orientated messages, the manufacturing company should realize the importance of the information held by retailers and other intermediaries about customer wants and needs [7].

Well-coordinated campaign of promotional marketing communication contributes to completion of synergistic effects that are reflected in achievement of communication objectives, such as increase of consciousness, knowledge and interest for certain product, positive attitude of consumers regarding the product, thereby increasing the positive image of the company and its products, as well as increased intention for buying products. Prior to making decision to buy certain product, consumers are going through cognitive and affective phase in the buying process. Affect and cognition represent the consumers' psychological answer to the

promotional stimulants. The affect is manifested in various kinds, such as: emotions, specific feelings, mood and estimations; while cognition is comprised of processes, such as: attention, perception, thinking, believing, learning and reminding [8]. Going through the mentioned phases, the consumers possess different level of awareness, knowledge, beliefs, preferences and actions [8], i.e. readiness to buy, and therefore they need information on the basis of which they shall form their beliefs and attitudes toward the product and the company, which are being provided through various promotional campaigns conducted by company's via media. The objective of the research in this article is to determine the effects from usage of multiple instruments of promotional mix by the companies in the milk processing industry. In the literature, not much attention is paid to exactly that synergistic effect [3]. The consideration of the effects from application of the instruments of promotional mix through respective marketing research brings multiple potential advantages [9]:

- it enables to determine how much the investment in promotional activities contributes to increase of financial assets through bigger sales volume;
- the base is evaluation of communication options (potential messages, instruments and media), and the selection of their most effective combinations enables to determine the effects from different promotional strategies;
- it represents basis for planning;
- it increases the effectiveness of promotional instruments by means of elimination of nonproductive alternatives and application of productive elements of the promotional program, considered by appropriate marketing research.

Reasons for the significance of the measurement of effect from optimal combination of the instruments of promotional mix through application of appropriate marketing research as its determinant, could be found in valuation of different promotional strategies which are based on estimation of the extent in which each media could be used; in estimation when one message is more effective than the others; right distribution of the promotional budget; determination of the objectives achieved etc. If the instruments of the promotional mix are successfully integrated, which means that each instrument "cooperates" with the others regarding the design of promotional messages, time, exhibition, target audience to whom the message has been sent etc., their synergistic effects are realized, i.e. overall results from the application of certain promotional instruments are bigger than the sum of the effects of separate instruments [10].

In order to measure the success of marketing communications by the company, it is necessary to perceive its effects. "Given the fact that some companies are investing significant resources in marketing communications and especially in advertising, measuring and analyzing the efficiency of marketing communications has great practical significance" [11]. Only then can the field move toward the successful implementation of this rather old innovation in marketing thinking [12].

Organising and manipulating the numerous components of the promotional mix help to generate a unified consumer-focused message, thereby contributing towards achieving various organisational objectives [2]. IMC scholars suggest that the concept can be implemented effectively only if all elements of the marketing mix are coordinated, to produce a consistent and integrated brand message [13].

In order to heighten consumer understanding about the source of their food and to market agriculture products, organizations representing food producers use integrated marketing communication strategies and tactics to build trust and brand awareness amongst target markets [14].

Strategic task of management of companies – producers of milk and dairy products is continuous monitoring of the modern world trends and finding new ways for marketing research as determinant of promotional mix (advertising, promotion of sells, public relations and personal selling) which will enable coordinating with the flexible goals, available resources and their possibilities for changing conditions in the target markets that they will decide to take part in a certain time period [15].

2. Materials and methods

Several methods of research are applied in the construction of this article in order to ensure bigger systematization and scientific basis of the thesis.

Scientific method – extensive scientific and professional literature by outstanding experts, scientific associations and relevant institutions from the country and abroad was used.

Survey method – resides in the examination of business entities from the milk industry through previously structured questionnaire in order to assess the attitudes of marketing managers towards their products' sufficient promotion and whether the promotion has impact on the consumers' buying decision of certain dairy product. This empirical research was conducted in order to determine the extent of performed promotional activities and their effects on the operation of 40 business entities in milk processing industry which are 60%

from the whole dairy industry companies in the Republic of Macedonia. Taking into consideration the design of this study and after assessing various research questions and hypotheses, the use of well structured questionnaire was adopted for respondent at company level. The survey research method was used by the distribution of copies of questionnaire to solicit information from respondents. Thus, the work enhanced adequate uniformity of responses. The survey of the agricultural marketing firms was implemented from January to May 2018. In that period researchers contacted all targeted firms and their marketing managers and sent them questionnaire by e-mail. After one week, all managers sent us back the answered questionnaires.

A questionnaire comprised of general questions about the entity and questions about promotional activities and the impact of those activities on the work in milk processing capacities was used for that purpose. The questionnaire for the dairy industry company's employees was divided into three major sections.

The first part of the questionnaire contained questions on the demographic profile of the respondents and their organisation in terms of age, gender, civil status, educational attainment and position in the company.

In the second part of the questionnaire are listed questions about the company, its activity, number of employees, production capacity and possibilities for its expansion, working problems of the dairy industry companies and using of marketing research by the companies.

In the third part of the questionnaire are listed questions about the promotion and its effects on succesifully work of the dairy industry companies, combining of the promotional mix elements for promotion of the company and their products, using

of promotional channels (internet, social media etc.), conducting market research to perceiving the effects of promotional campaign and interest in using the services from the specialized marketing agencies which will promote dairy industry companies and their products.

The research includes 40 business entities from milk industry in the Republic of Macedonia.

Statistical method

The gathered data is statistically processed, interpreted and afterwards analyzed, and appropriate conclusions were made on the basis of those analyses.

3. Results and discussion

Promotion is one of the marketing mix elements, which is very significant for sales increase and attaining higher profit from each product, including milk and dairy products. As proof, a lot of companies in the Republic of Macedonia have the leading place in their area by using numerous promotional activities and performing big promotional campaigns. This empirical survey is conducted in order to determine the extent of performed promotional activities and their effects on the operation of business entities in milk processing industry in the Republic of Macedonia. Data in Table 1 indicate that most of the respondents that were included in the survey are women at the age of 30 to 40, employed in marketing and sales department, marketing managers, technologists, human resources managers, directors etc.

Results and discussion should be presented with clarity and precision and should be explained, but largely without referring to the literature and should interpret the findings in view of the results obtained.

Table 1.

Survey sample (N=40)					
Characteristics	N	%	Characteristics	N	%
Age			Production capacity of the enterprise (tons/daily)		
30-40	27	66.7	<50	27	67.5
41-50	7	17.5	50-100	3	7.5
> 51	6	15.0	>101	10	25.0
Male	7	16.7			
Number of employees					
<50	20	50.0			
51-250	13	32.5			
>251	7	17.5			
Enterprise activity					
Primary production	7	17.5			
Processing	20	50.0			
Combined (production and processing)	13	32.5			

Resource: Own research results

This research includes small enterprises (up to 50 employees), middle (up to 250 employees) and big enterprises, above 251 employees, which occupation is production and processing of milk and dairy products. Most of the companies are small, up to 50 employees – even 50 % of the companies covered with this research are small ones, middle companies, with up to 250 employees comprise 32.5% of the sample, and finally, only 17.5% of the companies are big, with more than 250 employees (Table 1).

Regarding the activity of the company, i.e. whether it is engaged in primary production, processing, or combination, the following results are obtained: most of the companies (50% of total number of companies) are engaged in milk and dairy products processing, 32.5% are engaged both in production and processing of milk and dairy products, and only 17.5% are engaged in primary production (Table 1).

Milk processing capacities which are included in this research are with different production capacities. Most of the milk processing capacities that were subject of examination have production capacity of up to 50 tons of milk – 67.5% in

percentage, i.e. that is the amount of milk which they process daily, 25.0% of the milk processing capacities Regarding the activity of the company, i.e. whether it is engaged in primary production, processing, or combination, the following results are obtained: most of the companies (50% of total number of companies) are engaged in milk and dairy products processing, 32.5% are engaged both in production and processing of milk and dairy products, and only 17.5% are engaged in primary production (Table 1).

Milk processing capacities which are included in this research are with different production capacities. Most of the milk processing capacities that were subject of examination have production capacity of up to 50 tons of milk – 67.5% in percentage, i.e. that is the amount of milk which they process daily, 25.0% of the milk processing capacities included in the research process above 101 tons of milk per day, while none of the companies responded that daily processed amount of milk is in the range between 50 and 100 tons of milk.

This condition indicates small volume of production, but considering the fact that on

the question “Are you thinking of expanding your capacities”, even 100% of the companies included in the research answered that they are thinking of expanding their capacities, and an increase in the volume of production of milk and dairy products in the Republic of Macedonia could be expected in the future, which will have positive impact on import decrease of such product from abroad, and consequently, decrease of the country’s trade deficit. In modern conditions, many enterprises invest larger part of their assets in promotion of their products. Promotion delivers information by means of which the buyer is acquainted with the products and services he needs. It reminds him, encourages him and motivates him to buy what he needs. Awareness for the buying process is built with the promotion, and it has impact on the buyers to satisfy their needs in efficient way. The promotion, that

is, the marketing activities as a whole, creates values in the buyers’ consciousness by indicating what those values mean to the buyers. Promotion means influence on the consumers by developing and sending informative and persuading messages to the buyers, i.e. the target audience. From the conducted research and the obtained results it could be perceived that all promotional assets are used in big percentage, i.e. all companies included in the research make combination of all assets for promotion, since each of them has its own advantages, as well as disadvantages, and their combination solves that issue, more or less (83,3% of the companies included in survey apply Advertising, 66,7% use Direct marketing and 50% of the companies apply Publicity and Public relations and Sales promotion in their combination of promotion assets) (Fig. 1).

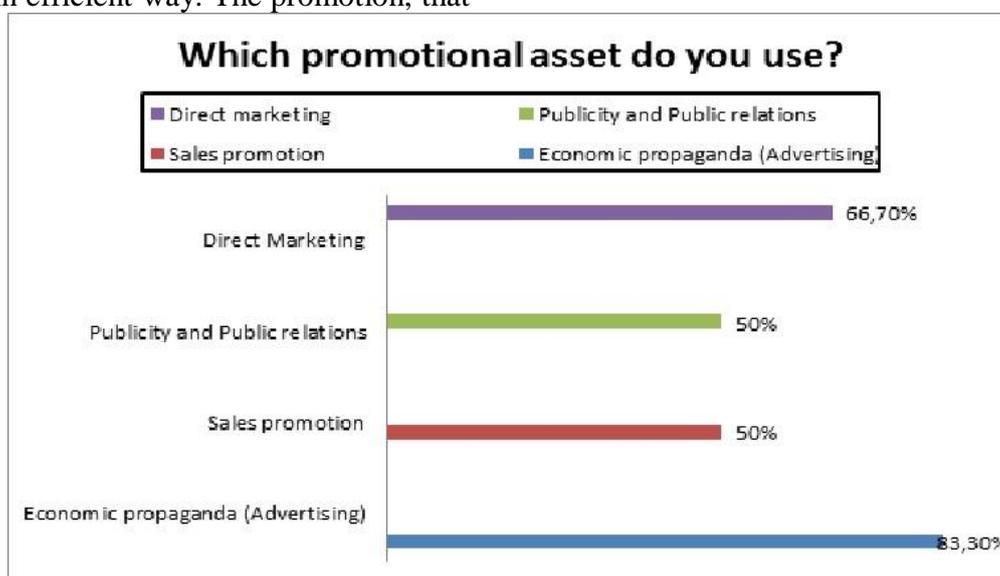


Fig. 1. Using of promotional assets from the dairy industry companies
Resource: Own research results

To the question “Can you perceive the effects from the promotion campaign you are using”, asked in the questionnaire, 66.7% of the companies included in the research answered that they can perceive

the effects from the performed promotion campaign, and 33.3% cannot perceive the effects, which means that their promotion campaign is not good enough, or maybe they invest too small amount of money in

their promotion campaign and therefore certain marketing activities that would contribute to increase the sales of their products, and thereby making bigger profit, should be performed (Figure 2).

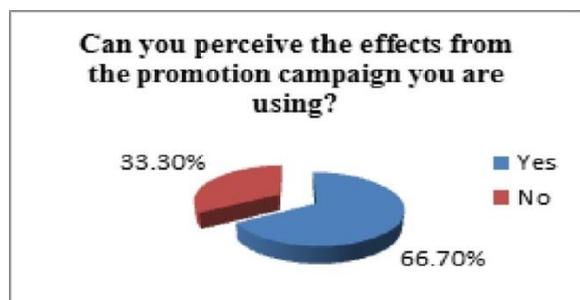


Fig. 2. Perceiving the effects from used promotion campaign

Resource: Own research results

The market research is a process of gathering data in order to determine whether certain product of service is going to satisfy the potential consumers' needs. Information about its competitors, economic changes, demography, current market trends and consumers' habits could be obtained by efficient research. The market research could help the companies to find out all of their competitors, to follow their progress, as well as the competitors' growth, and in that way, they can develop business strategies which will take him a step in front of his competitors. Also, the loss of a business could be decreased by market research, it bring success to marketing campaigns and guarantees successful sales. It means that the market research helps in the design of marketing campaigns which are directly concentrated on the interest of the potential consumers and helps to increase the sales. Besides that, market research could also be conducted in order to perceive the effects from performed promotional activities. So, to the question "Have you conducted market research in order to perceive the effects from performed promotional activities", 77% of the companies from milk processing industry included in the

research answered that they have done a market research; while 23% answered that they have not done a market research, and and these are actually small companies which did not conduct a market research to measure the effect of the marketing campaign. because of lack of financial assets, are not able to invest a lot in promotion of their products, which results with smaller sales volume, there by smaller profit, too (Figure 3).

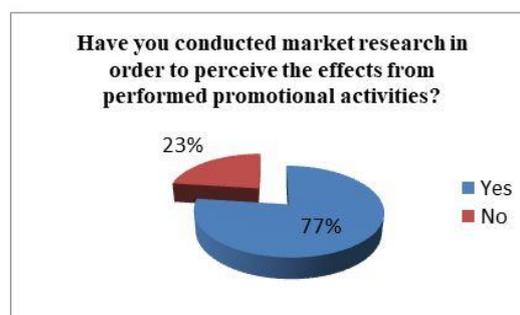


Fig. 3. Perceiving the effects from used promotion campaign

Resource: Own research results

4. Conclusion

Buyers make buying decisions in different ways and with different reasons. In order to be able to attract the buyers, the reason for which they acquire a certain product, they should be familiar with. Since he knows that, the producer is able to direct the promotional activities towards buyers, in order to inform, intrigue and persuade them to buy his products. Business entities from milk processing industry in the Republic of Macedonia pay great attention to the way of promoting their products, especially bigger companies from this area, and therefore they can assess the effects of performed promotions. They perform their promotional campaigns in very creative way, using different combinations of assets and media, following the latest trends of promotion. However, smaller companies, because of lack of financial assets, are not

able to invest a lot in promotion of their products, which results in smaller sales volume, thereby a smaller profit, too. In recent years, the Internet is experiencing big expansion, so it would be good for the companies from the milk processing industry to use it in order to promote their products, as much as possible. Any information could be obtained very quickly via Internet, so consumers can be informed about certain companies and their products in really easy way, and thereby an increase in sales volume could be expected.

From all above, it could be concluded that the main function of promotion is to provide information on products and services, to transmit suggestions and ideas and to encourage the acquisition process, having in view that the objective of marketing research is to obtain information about the market, that is, the existing and potential buyers, in order to determine current and future needs and priorities, attitudes and behavior on the market, and to determine the value and changes in the business environment that could affect the size and nature of the market in future. If all of that is familiar to the marketing managers in the companies from any industry, as well as the marketing managers in the companies from milk processing industry, it will be much easier to make decision about the type of action that need to be taken in order to achieve previously defined marketing objectives.

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