

# **The level of application of Marketing research, during the opening phase of small and medium businesses (SME) in Kosovo**

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*Abstract : In order to open a new business, in addition to the financial aspect, which is a very important condition, we must also answer some of the preliminary questions, based on the answer we come to, we will know how to act at this stage. To get these responses a Marketing Quest research to be carried out by the person who wants to open the business. Success or failure of a business is conditioned by many factors. To identify, one of the important factors, such as Marketing Research, has been realized this research, rather than applying these research by owners or managers of small and medium businesses. To provide answers to the topic of this scientific paper, a survey was conducted, through direct interviews with small and medium-sized businesses, which are the population of this research. As a sample, 130 small and medium sized businesses were distributed, distributed in nine main cities throughout Kosovo. Sample determination criterion has been a randomized stratified sample, determining to include manufacturing, service, trade, food, textile businesses. The owners or managers of these businesses were mainly interviewed. The questionnaires are both, open and closed, as well as combined. Over 90% of the questions have been answered. The final results from this study show a rise in the awareness of SME that they have to rely on research results before opening a business. From the data of this research, conclusions or merit conclusions have been made regarding the application of marketing research by entrepreneurs at the opening phase of their businesses.*

*Keywords: Marketing research, businesses, owners, scientific papers, questionnaires*

## **Acronyms**

KAS – Kosovo Agency of Statistics  
SME – Small and Medium Enterprises  
SE - Small Enterprises  
ME - Medium Enterprises

# 1 Introduction

A few basic criteria are needed to open a new business, which help clarify the idea of whether the conditions for being the right business, the right place, the right time and the expected results are met.

For marketing and research, we have statements from many scientists of this science, here we will quote some of them:

"Marketing is the management of profitable relationships with the client" (P.Kotler, 2013)

Also in the book "Marketing Principles" by P. Kotler and G. Armstrong states:

So marketing should be understood not in the old sense of making a sale with "advertising and sell", but in the new sense of fulfillment of customer needs.

If the marketing specialist recognizes the customer's needs, he creates products that provide superior value to the customer. (P.Kotler, 2013)

Marketing research as defined by (Burns & Bush;2010): is the process of designing, gathering, analyzing, and reporting information that may be used to solve a specific marketing problem

Also in this book is the author's conclusion that: "Marketing is a process through which businesses create value for customers and build and build strong relationships with them in order to attract value from them in exchange." (P.Kotler, 2013)

To develop business activities in the direction of positive progress and development, as well as success, the entrepreneur must be supplemented with knowledge that is implemented in the business activities of a business. This knowledge is added when the entrepreneur has the data through which he can to be ready to make the right decisions regarding his business. These knowledge are added to the research that we need to do in the market in which the business of that entrepreneur is operating. There is also the following statement:

"Research is Creating new knowledge "(Neil Armstrong)

The need for managers in the companies under study to consider the process of self-education and development in order to obtain sufficient knowledge of the most important fundamentals concerning marketing research, related to methods and ways used in the collection of informations by marketing research, quantitative methods used in the analysis process, the statistical models, etc., because this would clarify the importance of these concepts and their role in the processes of supporting the right and accurate marketing decision; (Mourad Charifl;2018)

Marketing is the activity, set of institutions and processes for creating, communicating, distributing and exchanging bids that value to customers, clients, partners and society in general.

Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large. (American Marketing Association-AMA, July 2013)

First, it would be necessary to specify what the term "Enterprise" means. Based on the definition of the European Commission, which states that: An enterprise is considered to be any entity engaged in an economic activity, regardless of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft activities or other activities, and partnerships or associations that regularly engage in an economic activity. (The Commission of the European Communities, Official Journal L 124, 2003 P. 0036 - 0041)

Also, according to the European Commission definition:

"The category of micro, small and medium enterprises (SMEs) consists of enterprises employing less than 250 persons and having an annual turnover not exceeding EUR 50 million and / or an annual balance sheet total not exceeding EUR 43 million "

"A small enterprise is defined as an enterprise employing fewer than 50 persons and the annual turnover and / or the annual balance sheet total does not exceed 10 million euros"

"A micro enterprise is defined as an enterprise employing fewer than 10 people and the annual turnover and / or annual balance sheet total does not exceed 2 million euros."

To be the secure and data-based business opening process, each entrepreneur must carry out the above-mentioned research so that the confidence in the business start-up score is grounded. The dominant factor that enables us to answer if we have met these criteria is information. The right information about opening a business is collected through research (Marketing) and Market Research. In the business opening phase these necessary information are numerous or, more precisely, dealing with the consumer, the market, the business concerned, the market demand, the market space, the consumer market culture, the economic development of the country, and many other factors.

This scientific paper has the basis for extracting data from small and medium-sized businesses in Kosovo, rather than conducting research at the stage of opening their businesses. This research was conducted through a direct interview, with mixed questionnaires, part of the sample was defined by small and medium businesses in the nine main centers of Kosovo. The sample was randomly layered, the opportunity being part of it was equal for everyone.

Market research is an essential part of any business that wants to offer products or services that are well targeted and well-targeted. Good business decisions are based on good market research. By thoroughly exploring the market where you want to participate, you can minimize the risk to your business, identify new opportunities, helping you communicate better with your customers.

Business research is defined as a systematic and objective process of producing information to help decision-making in business. This information should be: scientific, not intuitive or randomly collected, objective, not personal (N. Rexha, Zikmund, 2009.)

"Research is a systematic, controlled, empirical and critical investigation of hypothetical claims about the alleged relationship between natural phenomena" (Kerlinger, 1970: 8, B.Mathews L. Ross,2010)

To run a successful business, you need to learn about your customers, your competitors and your industry. Market research is the process of data analysis to help you understand which products and services are in demand and how to be competitive. Market research can also provide valuable information to help you. (Enternet,grow.seedling)

- a. Reduce business risks
- b. Discover the current and future problems in your industry
- c. Identify sales opportunities

The authors of the book "Marketing Principles" also say that:

"Marketing information in itself has little value. Value is on customer-acquired ideas, and how these ideas are used to make better marketing decisions." (P.Kotler, 2013)

Another important issue is that often for first-time businesses they discover that market research will not do your job to make a business decision for you. Market research gives you information on the problem you are dealing with, but will not be able to tell you what to do next. (Grow.Seedling.io on May 2, 2016.)

As is apparent from the aforementioned statement, the purpose of the research is to gather data, on the basis of which merit decisions should be taken as to how to deal with the problem you have been investigating, and in the case of the topic of this paper , you have to decide whether this business should be opened when, where and properly open, which product or service is likely to bring about the right success in those markets.

There are also ideas and thoughts that market research should not be done because it negatively affects the entrepreneur's readiness to face the problems that he will have during the research. One of these thoughts is as follows:

Henry Ford once said, "If I asked clients what they wanted, they would have told me, 'A faster horse!' 'People do not know what they want until they tell it to you. That's why I never rely on market y

Below will be presented some essential information regarding the topic of this scientific paper, which have been taken from the Kosovo Agency of Statistics. ASK. These data can serve us to have the accurate picture of the situation of small and medium businesses in Kosovo, and it also provides us with facts, based on this scientific paper, why this is the case, this closing trend than small and medium businesses.

Table A

Number of enterprises from 2012 to 2015 Year, according to KAS.

Year	Year-2012	Year -2013	Year -2014	Year -2015
Number of enterprises	41757	29057	31921	33465

(ASK, annual 2017, table 14.2, p 151)

Table A, shows that the number of enterprises registered in 2012 has gone down in 2013, followed by a slight increase during 2014 and 2015. This tendency of decline is an indicator that businesses in Kosovo have difficulties, which may be of different nature. For this reason it can be said that studies have to be made, in which the indicators of influencing factors in this decline in the number of businesses can be extracted.

Table B

Number of enterprises registered and disposed of by 2007-2016

Year	New enterprises	Closed companies
007	6.124	1.205
2008	7.557	943
2009	7.505	1.136
2010	7.729	1.363
2011	7.879	924
2012	9.592	1.081
2013	9.421	1.434
2014	9.405	1.669
2015	9.811	2.170
2016	10.424	2.350

(ASK, annual 2017, table 15.2 ,p159)

Based on table B, we can also conclude that, despite the increasing trend in the number of registered enterprises, during these years, the number of enterprises that are extinguished or ceased their activity tends to increase. This increase in outdated enterprises tells us that despite the various problems that come to them, there are flaws that can start from the opening phase. And at this stage of the opening, they are not informed what challenges they expect, which can be extracted through research or marketing research.

Table C  
Number of SMEs during 2016

Classification	Number of employees	Number of Enterprises	%
Mikro Enterprises	1 -9 employees	10.316	99,0
Small Enterprises	10 - 49	100	1,0
Mid-sized companies	50 - 249	6	0,1
Great Companies	250 over	2	0,0
Total:		10.424	100,0

(ASK, annual 2017, table 15.3 ,p 160)

Above, table C, shows data suggesting that Kosovo's economy is dominated by Micro Enterprises and Small Enterprises, while the number of medium and large enterprises is small, which they want to say that the focus of exploring potential problems should be the ones that are in large numbers.

In the second quarter of 2017 (Q2 2017) a total of 2237 enterprises were registered. Decline for 21.5% of registered enterprises is observed compared with the previous quarter (Q1 2017). Also, a decrease of 20.1% of registered enterprises is observed if compared to the same quarter last year (TM2 2016). The number of enterprises expired in TM2 2017 is 445 enterprises. (KAS, Statistical Repertoire of Economic Enterprises in Kosovo (TM2 2017)

## 2 Purpose and objectives of study

This paper is realized for several purposes, the most important being to present the real situation of small and medium businesses in Kosovo, and to identify their shortcomings, especially in the business opening phase. It is also intended to help the country's economy through small and medium-sized businesses through the

results of this paper, identifying their advantages and disadvantages, with the haste, the opening phase of businesses.

The objective of this study is to identify how businesses are doing research at the stage of their opening, what are the factors that have influenced the application or failure to apply Marketing Research. It will also be studied the impact of these marketing research that they have on the success of business openness. As a search, there will be an objective with which methods, or what ways, the marketing search is carried out by the business, as well as the costs that have required those searches.

A primary goal is also to determine the level that owners or business managers have in relation to the knowledge that Marketing research is essential at the stage of opening a business. From this, it would be possible to determine to what extent these factors are influencing the success or failure of the enterprises, or SME in Kosovo..

From this scientific paper, we want to get acquainted with the owners or managers of these businesses, that searches, whatever they are, and especially marketing and market research should be more applied by them. Finding the same or similar research data in the world, making comparisons with our reality in Kosovo.

### **3 Research question, hypothesis and methodology of the paper**

In order to carry out the research of this scientific paper, basic research questions are defined, based on which conclusions can be drawn, which provide information about the problem that is explored in this case.

The main research question of this research is:

"What is the level of marketing research that is applied by SME, at the opening stage in Kosovo?"

Some of these questions, which we have answered during the research are:

1. Have you conducted market research before you open your business?
2. How much do you value that market research is a prerequisite for business success?
3. What is the level of implementation of Marketing researches during the successful determination of the type of business, in the opening phase of small and medium businesses.
4. Have you decided to open a business according to the results obtained from this research

Hypotheses:

1. Basic hypothesis: A high number of SME in Kosovo has conducted a marketing research at the stage of opening of the businesses.
2. Alternative hypotheses: A considerable number of SME in Kosovo did not conduct a marketing research at the stage of opening of the businesses.
3. Under the hypothesis: The importance of marketing research is considered by SME owners and managers in Kosovo.

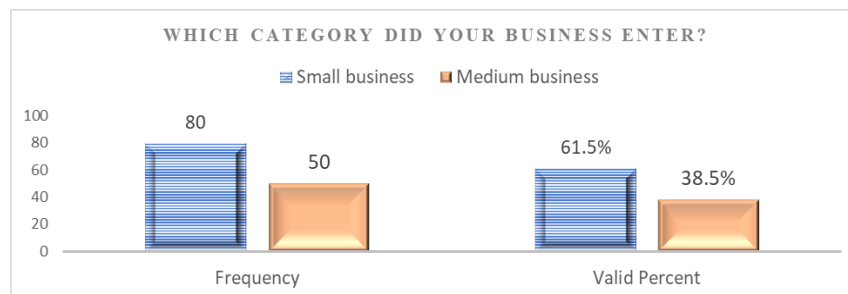
#### 4 Presentation, analysis, interpretation of data

In this scientific paper, data analysis will take place for some types of data. In carrying out this study, a combined, qualitative and quantitative search will be conducted, with the inductive method

The research method is that of the interview, through questionnaires combined, with open and closed questions. The population of this study is SME in Kosovo, while the sample is focused on nine main cities in Kosovo, and the sampling criterion was a randomized stratified sample, defining to include manufacturing, service, trade, food, textile businesses. The owners or managers of these businesses were mainly interviewed.

The research model to be used in this study will be the Model of Evaluation. This model is based on "finding something that has an impact on a situation". This will be the basic model, which means that the use of any model that suits this type of study is also excluded.

To show the data on the application of the search by Owners or Managers of SME, we will first present the results of the research which show us the composition of these businesses, how many are the SE and how many ME.

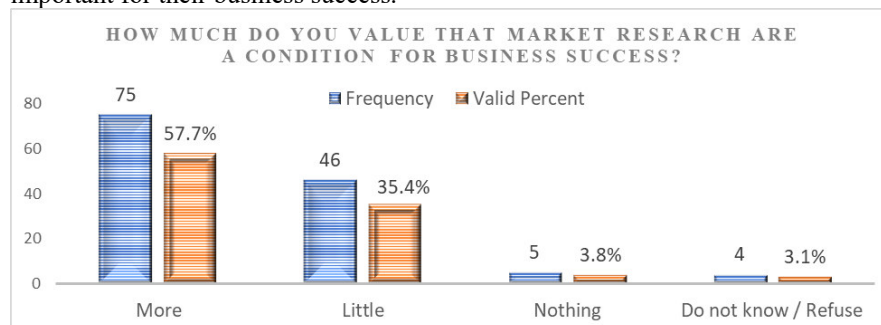


Figures - 1 .( Authors)



From the above graph it can be seen that the largest number of businesses that participated in this research is from small businesses, their percentage share is 61.5%, while small businesses is 38.5%. This is in harmony with the data of KAS, where the number of SME is presented.

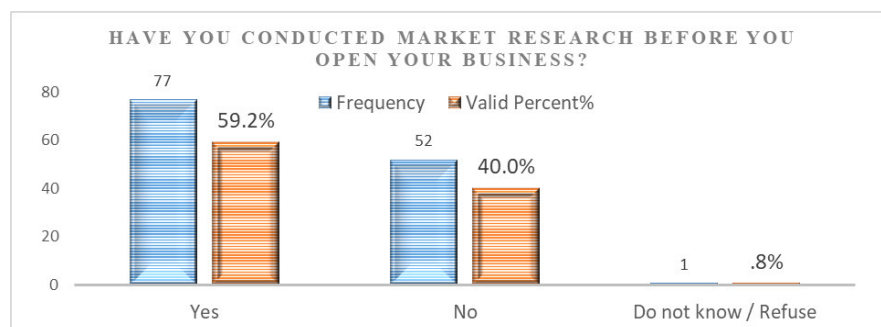
From this research, one of the basic variables is considered to be the data that shows the respondents' assessment of how much they value the market research important for their business success.



Figures - 2 .( Authors)

The result presented in figures -2 shows that the percentage of businesses that value the "very" research for business success is 57.7%. It is above the average, if we add 35.4% of respondents who value a "little" important, then we can say that the assessment can be near to the high level.

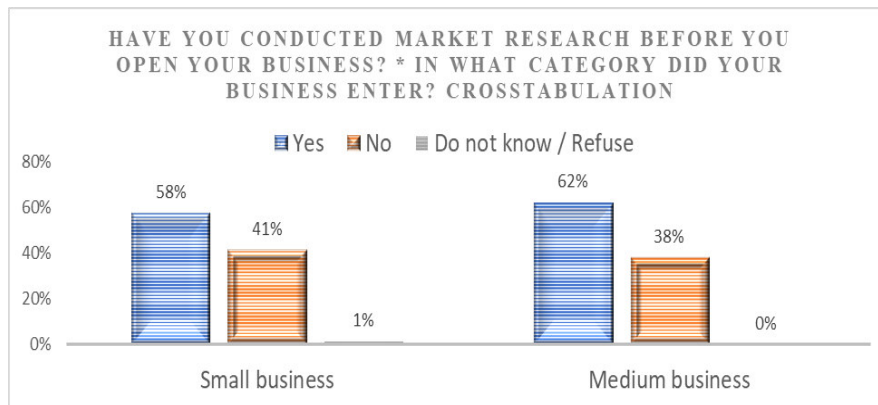
The level of realization of the research by the SME is the key element or variable to draw conclusions that prove or strike the basic hypothesis.



Figures - 3 .( Authors)

From figures -3, taking all business bases into account, we can see that out of 130 businesses interviewed, only 77 of them have conducted surveys , it can be concluded that 59.2% of businesses in Kosovo conduct research before opening the business. This percentage is slightly above the arithmetic mean of the total number of businesses, or approximately the same as the percentage of businesses

that have the assessment that: research is very important for opening a business, according to data in figures -2, which is 57.7 %. What can be said to be logical. So it can be said that this level is not the height which would ensure the involvement of most businesses in bringing decisions based on research into the opening up of a business in Kosovo.



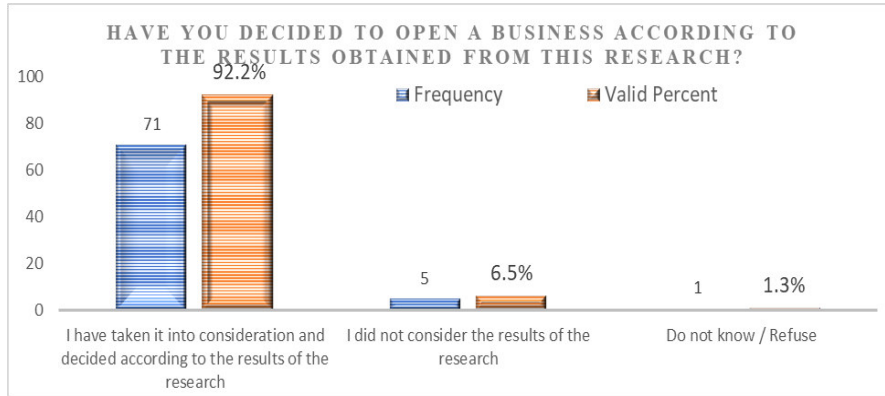
Figures - 4 .( Authors)

In figures 4, we have the data according to the type of business SME, where it can be seen that medium-sized businesses ME have the highest percentage of researches, which is 62%. Each time we compare the percentages of SE and ME. While small businesses SE, they have a slightly lower percentage of 58%, which have conducted research before opening the business.

Out of 130 Businesses interviewed, answers to the question below (Figures 5) have given 77 of them, or in percentage 59.2%

Table-5.( Authors)

Have you decided to open a business according to the results obtained from this research?		
	Frequency	Valid Percent
I have taken it into consideration and decided according to the results of the research	71	92.2
I did not consider the results of the research	5	6.5
Do not know / Refuse	1	1.3
<b>Total answering</b>	<b>77</b>	<b>59.2</b>
Missing	53	40.8
Total	130	

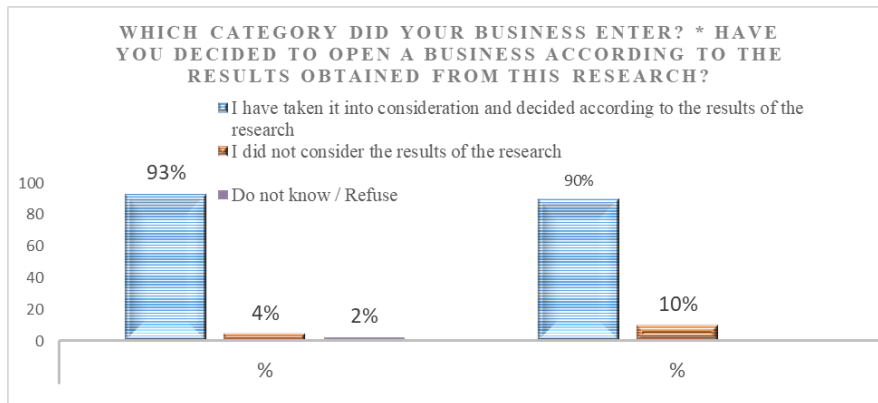


Figures - 5 .( Authors)

In figures 5, where all types of SME businesses are involved, we see that the opening decisions, in the majority, are based on the research conducted by those businesses and that this is an argument that those researches have served, for what they have been accomplished.

To be a successful business, of course, it should do research at the opening stage, it is also necessary to apply these research results by making decisions based on these researches. These are the results of the research in this Fig. 6.

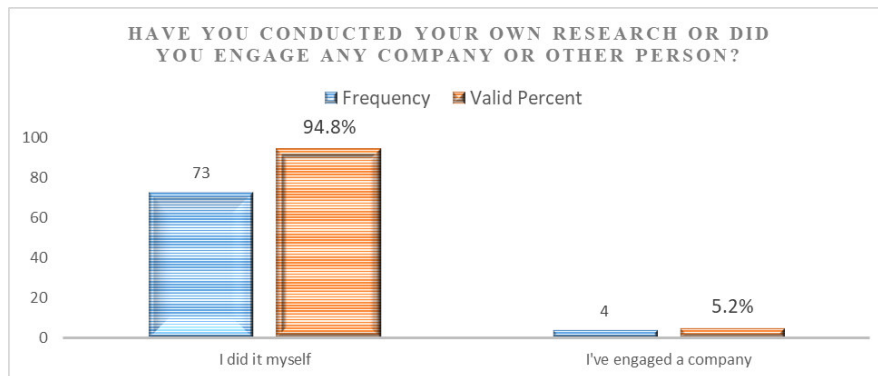
Out of 130 Businesses interviewed, answers to the question below (Fig 6) have given 77 of them, or in percentage 59.2%



Figures - 6 .( Authors)

From figures 6, where the SME is presented, we see that the absolute majority of the two types of businesses, which are declared with over 90%, say that they have taken into account the results of the research conducted. There is no difference in the division between these two types of businesses.

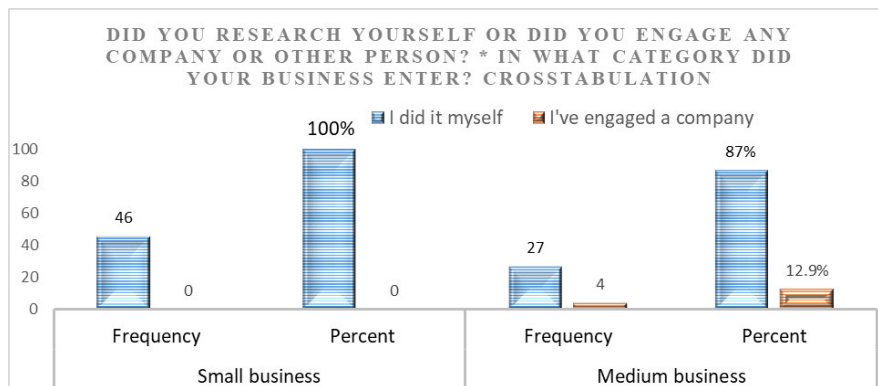
The quality and reliability of the research that the SME has made at the opening stage depends on who and how the research has been conducted.



Figures - 7. (Authors)

In figures -7, including all types of business, we can conclude that a high percentage of businesses do the research themselves because the costs of conducting a survey are high. We will also corroborate this with the results obtained through the question: how much were the costs of conducting the research.

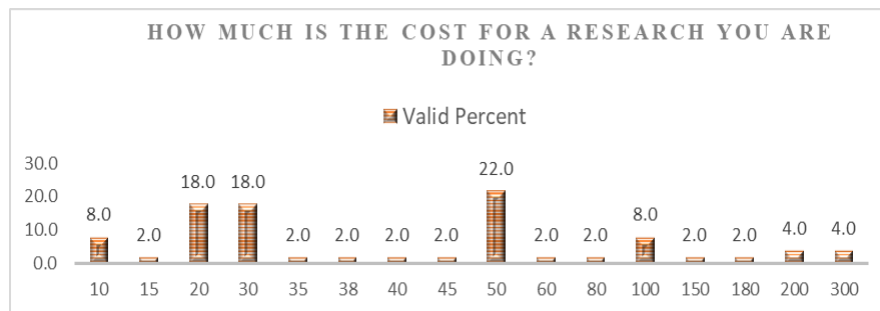
In order to identify the difference between the SE and the ME regarding the manner of conducting the research from these businesses, below we see the tendency of their realization.



Figures - 8. (Authors)

From figures -8, it can be seen that in small businesses SE, all these businesses have conducted research themselves at the business opening stage. And this is also seen here that the financial capabilities of the SE are smaller, for which the research has done its own. ME businesses, in percentage of 12.9%, have been engaged by some research companies.

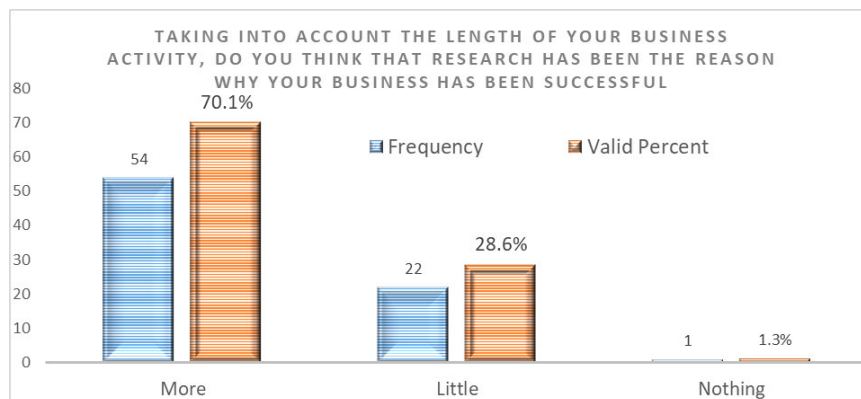
Also, to carry out a research by the SME, funds should be allocated to cover the costs of carrying out that research.



Figures - 9 .( Authors)

In figures -9, where businesses are generally involved, the ascertainment in graph-7 is illustrated. This indicates that average expenditure to conduct a research itself ranges between 20 and 100 euros.

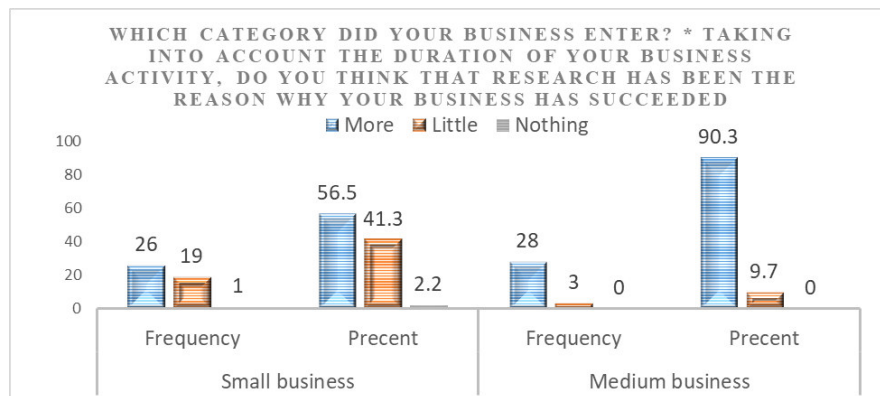
The impact of the realization of the research at the opening stage by SME in the duration of its business activities is also evident in fig. shown below.



Figures - 10 .( Authors)

From figures 10, including all types of businesses, it can be concluded that a high percentage of businesses 70.1%, which have conducted research at their opening stage, are "very much" convinced that this has affected the success of their business.

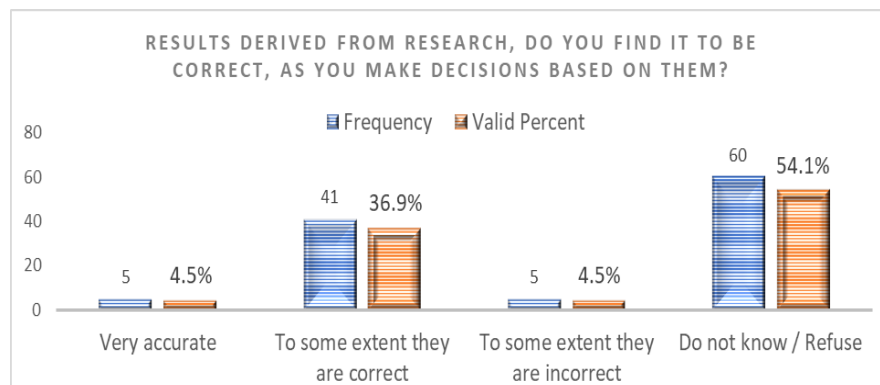
The impact of the variables on how much research has been carried out, comparing it between business SB or ME, we see a substantial difference in ME.



Figures - 11 .( Authors)

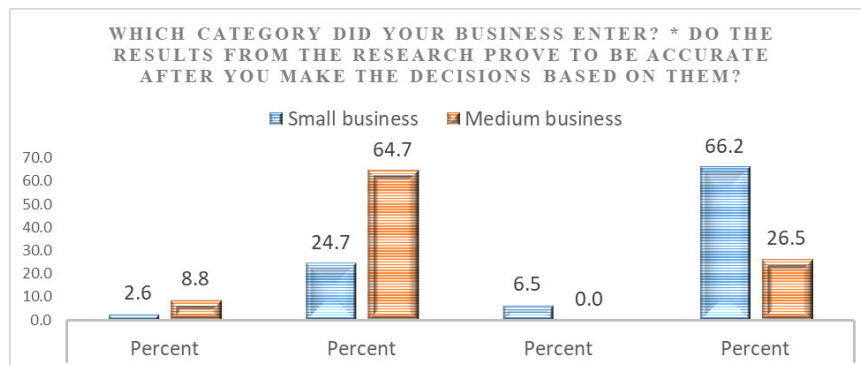
From figures -11, by dividing into SE and ME, we can conclude that: Both business categories have quite significant difference in percentages. From this point it is seen that ME, over 90% of them estimate that: The research carried out during their opening phase has influenced "a lot" in the success of their business. While SE with 56.5% of them.

While SE have 41.3% higher than ME with a percentage of 9.7%, estimating that: The research results have a "little" impact on business success. This percentage of SE declaration is indirectly consistent with their percentage of 56.4% declaration that it affects "much", which is much smaller than ME.



Figures - 12 .( Authors)

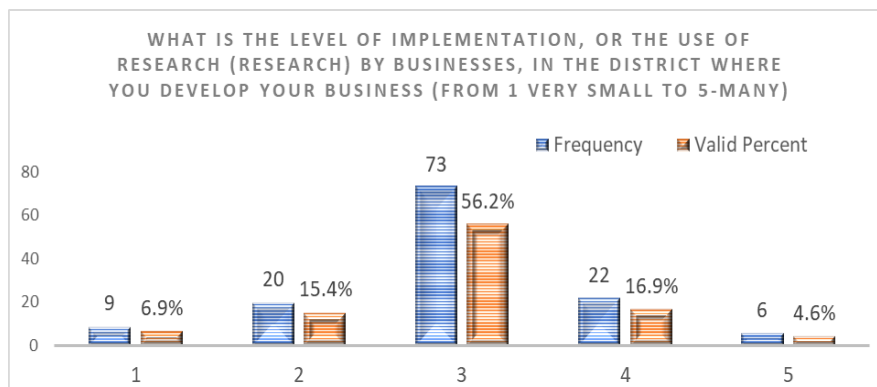
In figures -12, including businesses in general, we have a result that puts us in the dilemma that businesses do not know for sure that the survey results are accurate or not, 54.1% of them have this rating. While 36.9% of them estimate that the results are "somewhat accurate".



Figures - 13 .( Authors)

From the figures -13, where SE and ME are presented separately, it can be concluded that the ME has estimated with a very high percentage 64.7%, the accuracy of the data extracted as " To some extent they are correct ". While the SE estimation is uncertain, it is stated that "do not know / reject" how accurate these results are in 66.2% of them

To understand the tendency of implementing market research by SME, we will see below what is the level of their implementation. This trend is one of the indicators that helps us to predict the future of research.



Figures s - 14 .( Authors)

From the figures -14, the declaration of all types of business is highest in the average rating of "3" (from 1 small to 5 very high), with 56.2% of them saying that the level of research is about the average , from businesses in the district where they develop their own business.

### Conclusions

The conclusions drawn from this research, based on the statistics presented in the following graphs are:

- a) In conclusion, it follows that the level of businesses that conducted the research at the stage of its opening up is just over half of the businesses, creating space for the desired and once again reflecting their level of success. This refutes the basic hypothesis, which states: "BVM in Kosovo has conducted Marketing research, a high number of them, at the stage of opening these businesses", while confirming the alternative hypothesis.
- b) Another valid conclusion is that, businesses that conducted research, over 92% of them, the decision to open a business have taken on the basis of the research results.
- c) Over 70% of Businesses have estimated that conducting research at the opening stage has helped a lot in the success of their business. This is one of the reasons why the SME in Kosovo is conducting these researches.
- d) The fact that about 95% of the businesses that have conducted the research, have done it themselves, without engaging someone, shows that these businesses have low financial resources, so the research has carried out themselves, at minimal costs.
- e) Also, based on the results of the research, it can be concluded that about half of businesses carry out researches during the development of business activities of the SME. Since in the question of the level of implementation of the research from of (1 very small, up to 5 more), for the scaling 3 are stated over 56%.

### **Recommendations**

- a) As a recommendation issued by this scientific research, it can be said that under the hypothesis is being proved, which states that: "The importance of marketing research is considered by the SME owners and managers in Kosovo." Also, this research suggests that the level of research at the stage of opening SME in Kosovo is still of no high level. Based on the complaint we recommend:
- b) That institutions, especially educational ones, educate new generations of research cultures at all levels of education. As a result of this culture or research education, we will have more successful businesses and more developed economies.
- c) For owners and managers of SME, be dedicated to applying research at all stages of business development, but especially at the business start-up stage, as this phase determines the direction that can bring success or not success, we are appalled by the fact that decisions are made based on market research or not.

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