THESIS SUMMARY

To the Ph.D. dissertation

Mirkó György Gáti

Influencing factors of small and medium-sized enterprises’ marketing activities –
In particular as regards on online marketing activities

Supervisor:

Dr András Bauer, CSc
Full professor

Budapest, 2015
Department of Marketing

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I. Research background and justification of the topic

The research of the marketing activity of the small and medium-sized enterprises (hereinafter referred to as SMEs) is in many ways different from what marketing professionals have got accustomed to in case of large companies. Observing the marketing activity of SMEs from the point of view of research, researchers do not necessarily face the same problems as in the case of large companies and do not get close to solving SME problems if they apply the same methods they use during the analysis of large companies. According to Palócz (2010), the fast-growing SMEs are the potential engine of an economy, i.e., they play an important role for an economy to develop at the right pace. If the economic significance of SMEs is as important as the economic statistical summaries say, then the question arises as to what is the competitive advantage of these companies which differentiate them from their competitors? In a number of industries the competitive disadvantage of SMEs vs. large companies can be levelled by means of the different e-business solutions (in parallel with the spread of the internet) or simply the conscious application of the marketing activity. Based on this assumption, it is worth examining from a marketing aspect, what factors determine the different marketing solutions of SMEs.

We can consider any company an SME which employs fewer than 250 people, which has a maximum annual net turnover and balance sheet totals of € 40 million and € 43 million respectively, expressed in HUF, furthermore any company which meets the criterion of independence [other companies can have a maximum of 25% ownership in the studied SME] (Bolton Committee, 1971; Storey, 1994; Tonge, 2001; Act XXXIV of 2004; EC, 2005; EC, 2009). From the point of view of this dissertation, it is important to carry out further narrowing of the definition in order to make analysis of the SME sector feasible. In doing so it is important to separate the micro enterprise category (where the number of employees is between 0 and 9) from the study focus, since these companies operate according to conditions and operating principles completely different from those in the case of small, or medium-sized enterprises. Moreover, manufacturing companies have to be separated from service provider companies in the industrial sense as well, because they carry out their marketing activity within very different frameworks. Furthermore, it is worth distinguishing those companies operating at the end users’ market from the actors of the inter-organisational markets, since their operations are carried out according to completely different principles and their marketing activities are also radically different from each other, thus they cannot be examined in the same study focus. Therefore, several narrowing principles must be applied in this study.
I.1. Aim

The aim of this dissertation is to contribute to the professional enhancement of marketing theory by locating the marketing of SMEs within the general marketing science. In order to achieve this, the present research studies the internal and external environmental factors of SMEs and the relationship of these factors to SME marketing. Another priority aim of the dissertation is to clarify the role of the internet in SME marketing through the definition and characterisation of online marketing concepts. Finally, the dissertation reveals the factors affecting SME marketing and online marketing through the connections between theoretical concepts, and then studies their influence on marketing and corporate performances. In practical terms, the dissertation provides actors in the SME sector with guidelines to assess their marketing activity. The empirical research phase gives examples from best practices of successful users, which can serve as guidance in the marketing of SMEs by providing a general best practice (Figure 1).

Figure 1. The aim of the dissertation

Source: own compilation
I.2. Theoretical background, preliminary findings

All the internal (inside the enterprise) and external (outside the enterprise) factors which may have an influence on the marketing activity of SMEs are reviewed. In addition, the effect of SME marketing on the marketing and corporate performance is examined. To realise this, the unique characteristics of SMEs which differentiate this company size category from large enterprises are identified. Then the unique nature of the marketing activity of SMEs is examined, and the theoretical approaches and models are analysed one after the other which reveals the distinctive nature of SME marketing and the uniqueness of the study framework. During the theoretical support, internal and external factors having an influence on the operation of SME marketing are identified, which affect above all to what extent an SME uses the tools of classic, online and specifically social media marketing and innovative marketing solutions more generally. Finally, the relevance of the relationship between marketing activity (together with its digital manifestation, the online marketing) and the factors influencing this activity in the light of the described theoretical correlations is defined.

From the researcher’s point of view, a synthesising research which thoroughly studies SMEs would fill a gap in Hungary. Among other things, based on the opinions of Rekettye (2007, 2012) and Storey (1994) who believe that high-quality SME research are definitely necessary, one of the main aims of this dissertation is to meet this challenge. SMEs are not scale-down versions of large enterprises, therefore they can be studied from a different analytical viewpoint, using different methods.

According to several sources, marketing applied in SMEs differs from marketing used by large enterprises. The main characteristics of SME marketing based on the opinions of these researchers are as follow:

- Haphazard (Coviello, Brodie, Munro, 2000)
- Informal (Gilmore, Carson, Grant, 2001)
- Loose (Coviello, Brodie, Munro, 2000; Gilmore, Carson, Grant, 2001)
- Unstructured (Fillis, 2002)
- Spontaneous (Gilmore, Carson, Grant, 2001)
- Reactive, built, and conforming to industry norms (Gilmore, Carson, Grant, 2001).
The marketing of SMEs cover a planning and implementation process where an SME satisfies individual and organisational aims through the creation, pricing and marketing communication and distribution of ideas, goods and services. During this process it takes into account the different context and the special characteristics of SMEs, like: the existence of limited resources, the lack of specialist marketing knowledge, the limited influence on market processes due to the size of the SME, and finally the strong effect of the personality of the owner/manager on the corporate marketing. Therefore, SME marketing is from many aspects more irrational, less planned, and depends more on the power of the personality and personal relationship network of the owner/manager\(^1\).

The point in online marketing solutions is that these tools are often only the digital manifestations of SME marketing (because the offline equivalent of most online marketing solutions can be found in the traditional marketing communication toolkit, too) The online marketing approach is not completely different from offline solutions; the planning system is very much the same as in large enterprises. With the opportunities provided by new technologies, interaction with customers and the involvement of customers in the brand can improve. Furthermore, online marketing solutions play a great role in improving market efficiency in a way that they provide more possibilities to measure marketing activity, and to reach a bigger part of the market. They also make it possible for potential and existing partners to exchange information quickly (HMA, 2010). The internet has made it possible for SMEs to send information to more people faster and to take better and more cost-effective advantage of their marketing function. Online marketing functions as a platform which makes it possible for SMEs to transfer their communication and networking skills to online platforms, in turn making interaction and two-way communication with customers feasible (Akunuri, 2011; Csordás and Gáti, 2013). Therefore, owners/managers must think at a strategic level with regard to the planning, implementation, and analysis of online marketing campaigns (Molenaar, 2012). If SMEs properly apply internet-based technology in marketing, they can be successful, because they get the opportunity to differentiate, and as a result to hold their own in the market competition and, after all to improve their marketing and market performance.

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SME marketing is therefore influenced by **internal factors** that are on one hand tied to the owner/manager (entrepreneur). A part of these individual factors has impact on the SMEs (SME-specific and online) marketing activity. SMEs often have limited effect on their environment, and possess scarce resources to exploit these in favour of themselves. They accept industry prices, and their products do not have extreme influencing power on their markets (Hill, 2001a). Besides, SMEs are usually the weaker parts in sales channel relationships, and their influence on the market is highly limited. Therefore SMEs vigorously dependant of **external environmental factors** that determine the way they execute their marketing activities, too (Watkins and Blackburn, 1986; Kitchen and Proctor, 1995). According to Fillis (2003), the effect of social environment has to be taken into consideration, because every marketing activity is socially embedded. In this case, the environment can be described by the actors of the sales channel (partners, suppliers, etc.) (Hill, 2001a), the market type (Kitchen and Proctor, 1995), and the industry, too. Performance measurement in SMEs is harder than in large-scale enterprises, because the relationship between marketing activity and corporate performance can only be proved by a few objective data. Besides, the tools applicable to measure performance (ROI: return on investment) are indices that are easy to manipulate (Brooks and Simkin, 2011). Practitioners and academic researchers have the presumption that marketing activity affects performance, and this effect is positive (Walsch and Lipinski, 2009). (Figure 2).

**Figure 2. Theoretical framework of the research**

![Diagram](image)
II. Applied methods

The aim of this research is to determine the affecting factors which – according to the considerations of the literature – may have an influence on the marketing activities applied by an SME. The aim of the research questions is to establish a relationship between the use of the different SME marketing activities and marketing performance, or in the broader sense, corporate performance.

II.1. Research questions

It is interesting to note what marketing activity SMEs are likely to perform as a consequence of risk tolerance and willingness to innovate (entrepreneurial orientation); recognition of opportunities (ability to adapt); marketing-related attitude of the company leader, i.e., perceived rate of the importance of marketing (marketing importance); various marketing skills – but mainly marketing communication skills; as well as market orientation as internal factors determining the characteristics of SME leaders. Utilising the characteristic groups of Lukovszki (2011), and Deschoolmeester and Izquierdo (2008) the answer to the question “to what extent do SMEs apply the different marketing solutions” was sought, i.e., what are the influencing factors which affect to what extent SMEs apply either classic or innovative, online marketing solutions or social media marketing tools. Based on the relevant considerations of the literature (Fuller and Love, 2006; Xu, Rohatgi, Duan, 2007; Ghobakhloo et al., 2011; Omar et al., 2011) there is a relationship between the internal factors and the rate of SME marketing use. Consequently, the first group of questions (RQ1-RQ5) focuses on the research of these relationships.
[RQ1]: To what extent does an SME apply marketing solutions as a function of the entrepreneurial orientation of the SME?

Expectations in connection with [RQ1]: The application of different marketing solutions often entails a risk-taking behaviour, and risk-taking or risk tolerance is one of the most important factors of the entrepreneurial characteristics (Lukovszki, 2011: p. 20). It is expected that the higher level of the SME leader’s risk tolerance and willingness to innovate (entrepreneurial orientation) the higher rate of the application of the different classic, online, and social media SME marketing solutions used (Kraus, Harms, Fink, 2010). In the organisational context, the rate of the application of different IT solutions correlates with the leaders’ willingness to innovate (Yap, Thong, Raman, 1994; Thong, 1999; Jeon, Han, Lee, 2006; Scott and Walczak, 2009; Ghobakhloo et al., 2011).

[RQ2]: To what extent does an SME apply marketing solutions as a function of the SME’s ability to adapt to the market?

Expectations in connection with [RQ2]: The ability to recognise and take advantage of opportunities is regarded as a central element of entrepreneurship (Timmons, 1999; Szerb, 2007) and is a foundational factor for SME leaders, without which it is not clear for a firm which opportunities it might realise at all (Rimler, 1998). If company leaders cannot see any further than bringing the use of proven tools to the fore, then it is more difficult for them to take advantage of new business opportunities as well (Cyert and March, 1992). Relying on the relevant considerations of the literature, it was expected that the better an SME leader recognises business opportunities and adapts to the rapidly changing market conditions (ability to adapt), the more frequently they would use different classic, online and social media marketing solutions.

[RQ3]: To what extent does an SME apply marketing solutions as a function of the leader’s perception of marketing importance?

Expectations in connection with [RQ3]: Moorman and Rust (1999) explain the significant role of marketing in the organisation, which are recognised by everyone in the enterprise and applied in the form of various marketing tools. This thought appears in the research studies of the Competitiveness Research Centre (e.g. Gyulavári, Csepeti, Nagy, 2012), which essentially embodies the expectation that the higher the perceived importance of marketing, the more typical the intensity of the application of the different classic, online and social media tools is.
[RQ4]: To what extent does an SME apply marketing solutions as a function of its marketing communication skills?

Expectations in connection with [RQ4]: Based on the relevant considerations of the literature (Carson and Gilmore, 2000; Keh, Foo, Lim, 2002), there is a relationship between the SME leaders’ communication skills and the nature of the application of SME marketing solutions. A positive correlation was expected in this research with the higher level of marketing communication skills as a precondition of the use of the different marketing tools.

[RQ5]: To what extent does an SME apply marketing solutions as a function of its market orientation?

Expectations in connection with [RQ5]: in order to measure the correlation between market orientation and marketing activities, the measuring dimensions of Narver and Slater (1990) were used together with the relevant considerations of the studies with an SME focus applied by the Competitiveness Research Centre as well (Gyulavári, Csepeti, Nagy, 2012). According to the assumptions of Farrell, Oczkowski and Kharabsheh (2008), as well as the in-depth interviews in this dissertation, a positive correlation between the market orientation and the use of marketing tools was expected.

In the next group of the research questions, the correlations between the external, environmental factors of SMEs and the application of SME marketing are examined. After Gnyavali and Fogel (1994), Szerb (2000), and Lukovszki (2011), four types of environmental factors (social effects, economic factors, political factors, enterprise-specific characteristics) are differentiated. According to Southern and Tilley (2000) and Drew (2003) external factors like the sectoral characteristics of the given SME, or the type of market (end-customer or inter-organisational) influence the use of marketing tools by the firm. Society, the economy, the regulatory environment, and other enterprise-specific characteristics all influence the nature of SME marketing use (which is confirmed by the relevant considerations of the literature and presuppositions of this dissertation). At the same time, the legal and regulatory environment also affect the everyday operation of SMEs but the laws, draft laws, and decisions regulating the start-up conditions and the operation of an enterprise (Kazi, 2007; Fathian, Akhavan, Hoorali, 2008) are not in direct contact with the marketing activity of SMEs and therefore the focus is not on them in this research. Consequently, the second group of the research questions is intended to reveal the correlation between the highlighted external factors (RQ6, RQ7).
[RQ6]: To what extent does an SME apply marketing solutions as a function of the sectoral characteristics?

[RQ7]: To what extent does an SME apply marketing solutions as a function of the type of the market the SME serves?

Expectations in connection with [RQ6, RQ7]: The enterprise-specific characteristics all define to what extent an enterprise performs marketing activity (Ghobakhloo et al., 2011). The sectoral issue in itself already influences the use of tools in an SME (Drew, 2003; Love et al., 2005; Salmeron and Bueno, 2006). It was expected that starting from the studied sector, the correlation would be analysed in several sectors, where the extent of the application of SME marketing solutions is supposedly relevant. It was assumed that the manufacturing and service-providing sectors would be clearly separated from each other from the point of view of this research. Furthermore, the type of the market served also influenced the use of a marketing tool. In the case of enterprises operating at end-customer markets, different innovative marketing solutions (e.g. social media) typically occur more often than in the case of SMEs operating at inter-organisational markets (Gáti and Csordás, 2014).

Marketing performance and corporate performance are measurable concepts (see Subsection II.5., pp. 89-93). The consequences of the marketing activity on the performance are acknowledged in the literature (e.g. Walsch and Lipinski, 2009; Ghobakhloo et al., 2011). In light of the list of activities (offline and online, including social media) developed for the measurability of the marketing activity of SMEs, and considering performance as a dependant variable, the relationship between the two groups becomes measurable. The third group of the research questions is therefore intended to reveal the correlations of the application of the SME marketing with marketing performance, and with corporate performance (RQ8, RQ9).

[RQ8]: In what extent, and in what direction does the choice among marketing solutions contributes to the marketing performance?

[RQ9]: In what extent, and in what direction does the choice among marketing solutions contributes to the corporate performance?

Expectations in connection with [RQ8, RQ9]: According to Gilmore, Gallagher, Henry (2007), Lewis, Dickey, VanBeveren (2007), and Omar et al. (2011) marketing activity may have an effect on the performance of the SME at the market, and this effect is presumably positive. Therefore, the application of the marketing tools was expected to have a positive effect on the marketing performance and the overall corporate performance.
II.2. Mixed-methods research

The perception of individuals is studied within the framework of the realist paradigm in order to discover the key to unlock the door of the hypothetical underlying reality, where there is little distance between the researcher and the SME leader (Hill, 2001a: p. 190). Therefore, for marketing research, the application of the realist paradigm seems to be an understandable and logical solution (Healy and Perry, 2000: p. 120). In SME marketing research, the theoretical, literature summary of this dissertation helped determine that the understanding of the previously assumed external reality has reached a higher level. According to O’Donnell and Cummins (1999a) it is more and more typical in SME research to apply mixed methodology, but it should be noted that the research of SMEs should be studied more with qualitative rather than quantitative methods, where the aim is more explanation, rather than prediction and quantification. Within the framework system of the realist paradigm, the image of reality can be compared to the collection of perceptions revealed by the different methodologies, by which the reality sought can take shape. Approaches found in scientific articles that deal with the marketing activity of SMEs are mainly of a qualitative and descriptive nature (Carson, 1990), and are rarely tested in practice.

The international and Hungarian scientific articles and results in the field of SME marketing offer only partial insights into the responses to the research questions (Rekettye, 2012; Kopfer-Rácz, Hofmeister-Tóth, Sas, 2013); therefore the application of qualitative research methodology is considered to be essential for exploratory purposes in order to explore the theoretical relationships (Fillis, 2002; Malhotra, 2005: pp. 201-202). According to Healy and Perry (2000), together with Carson et al. (1998) in-depth interviews – with preliminary interview drafts – are necessary for understanding. In the present case, the understanding relates to the marketing activity carried out by SMEs, its influencing factors, and the contribution to marketing and corporate performance. Therefore an in-depth interview technique was used, and a qualitative content analysis of case studies applied to provide sufficient basis for the quantitative methodology, then for the interpretation of the quantitative data.
II.3. Applied methodology

In this dissertation, in-depth interviews and case studies were applied and analysed with qualitative content analysis to provide a sufficient base for the quantitative research, and to interpret the quantitative data. In the qualitative stages of the empirical research phase of this dissertation, research methods were applied that are suggested by the literature. According to Orosdy (2008), the research of SMEs is the most typical in the form of case studies, opinions of the owner/manager, and status reports. Accordingly, a methodology has to be capable of revealing the underlying causes of the individual behaviour of SME leaders and/or specialists dealing with marketing, and later exploring behavioural patterns that are testable with further (e.g. quantitative) methodologies. The analysis was conducted in an explorative way, since there was no primary empirically tested model so far in the literature that could have been applied to the research problem.

Various types of interviews exist, depending on how structured they are. Based on this assumption, there exist structured, semi-structured, and unstructured interviews (Mason, 2005: p. 52; Berg and Lune, 2012). From the point of view of this research, the application of the last two seemed to be most reasonable, since the aim was to thoroughly understand the individual aspects of SME leaders, in addition there was a need to collect detailed information (Gyulavári et al., 2014: p. 94). An in-depth interview is one of the most suitable tools to map the behaviour of individuals.

In this dissertation, the key informant interview, a type of in-depth interview, was used. Key informant interviews are usually conducted with company leaders or specialists of a certain field, where the aim is to get to know the opinions of individuals who are particularly well qualified in the research topic (Gyulavári et al., 2014: p. 97). With the knowledge that they perceive from the opinions of people who are in the sample, the researcher can get experimental knowledge (Maxwell, 2008: pp. 224-225.) that – by live experience and professional influence – results in deeper insights for analysing the research questions. Subjectivity and the role of personal experiences (Maxwell, 2008: pp. 224-225.) can help to confirm the research problem by means of theory and the philosophy of science. Through

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2 Key informant interview: a qualitative expert in-depth interview that is conducted with one or more persons important to an organisation – in this case an SME – who know(s) the internal operational principles of this organisation (Lavrakas, 2008).
these confirmations, more useful insights, more precise research questions, and more valid measures are available than without. The aim of in-depth interview research for this dissertation was to discover the perceived benefits and success criteria in the classic, online, and specifically social media related manifestations of the marketing activity of SMEs, which helped create a more thorough understanding of this relationship.

The methodology of case studies should be applied in the case of research where a phenomenon is studied in the actual environment in which it occurs. The aim of this research was to understand the processes and relationships in a given environment (Eisenhardt, 1989). According to Creswell (2002), the description, the collection of topics and the proving can be mixed up. The presentation of the case, the case itself, and its detailed description can also be mixed. In this dissertation, in the preliminary studies, the combination of the two aforementioned methodologies (mainly with the use of the framework system of the realist paradigm) was applied. The case studies presented in the preliminary studies are basically subjective case stories of in-depth interviews, whose qualitative content analysis was carried out through a kind of realist paradigm.

In this dissertation, the following quantitative methodology was applied. The answers were sought for the study of the theoretical relationships sketched in the literature summary, and became clearer in the qualitative preliminary studies in a way that provided the intensity of the marketing activity of the studied SMEs, it is analysed how the different rate of marketing tool use can be explained (discriminant analysis). It is an interesting question to examine how well the possible relationships in the literature would work in a cause and effect model, but the analysis was rather an exploratory analysis, since there was no primary empirically tested model in SME marketing that could have been applied to the research problem.
III. Results
In this dissertation the different research phases are connected to each other, so all the results that are related to the research questions are presented in the next section.

III.1. Preliminary study: Influencing factors of SMEs’ social media presence

Aim of the research: exploratory content analysis of the official Facebook sites of 20 SMEs, based on their uploaded social media contents (Gáti and Csordás, 2014). Then, the question was further analysed, based on 151 consumer narratives (Gáti, Markos-Kujbus, Csordás, 2015; Markos-Kujbus et al. 2015)

Main conclusions:
- Higher flexibility and innovative marketing communications skills may enable to reach better performance in the market;
- Personal social networks of SME managers can be an effective tool in social media, because the understanding of complex relationships may lead to the improvement of marketing communications, because every SME can create its own brand on the digital social platforms;
- Marketing activity of SMEs exploiting social media opportunities mostly depends on the personal characteristics of the SME manager (risk-taking innovative behaviour, etc.), where besides the generally given low market power and capital level, social media can have the role of supplementary source of information.

III.2. Preliminary study: The scope of SMEs’ marketing activities


Research questions:
RQ1: How do SMEs interpret marketing activity (What do they mean by marketing)?
RQ2: What significance do SMEs usually attribute to marketing activity?

Main conclusions:
- Interpretation and definition of SME marketing in the given SMEs depends mostly on the manager’s personality, attitude, and marketing background;
- Importance of the marketing function mostly depends on the analysed market type (B2B, B2C), and the industry, where the given SME operates.
III.3. Empirical research – Qualitative phase – In-depth interview

The research questions will first be examined with the help of qualitative data analysis. This research phase has a twofold aim in accordance with the parameters of the triangulation, based on mixed-method research methodology. On one hand, it was important to specify the research questions as precisely as possible. The exploratory in-depth interviews on one hand help to clarify the research questions established based on the literature review, and to adapt them to the research problem. On the other hand, it is also intended to employ the results of the qualitative in-depth interview analysis for the interpretation of the results of the quantitative survey to be presented in the next phase.

As a result of the research, based on the answers of the interviewees some recurring patterns have been found, which helped us understand the interpretation of the marketing function in the SME sector. Starting from Gáti’s (2014) results, the marketing function in the SME sector is noticeably not a result of conscious preparation and planning. We can rather see in the case of this company size that sales and marketing are closely linked and treated together and the scope of interpretation of marketing is narrowed to the two-fold task of customer acquisition and retention.

In connection with the **internal factors** it is interesting to note that the leader’s role as an influencing factor is mentioned several times during the interpretation of the marketing function, supporting the idea that the perception of the importance of marketing is typically defined by means of the company leader’s attitude (RQ3).

When emphasizing the role of marketing, customer focus (customer orientation) appears as an influencing factor (RQ5). The analysis of personal responsibility in the marketing function helps us see the important role of SME leaders in decision-making and in the application of marketing tools. Market adaptation (RQ2), and innovativeness (entrepreneurship orientation) (RQ1) are mentioned in some form as influencing factors of the marketing activity, but their exact mechanisms of action are measured in the quantitative phase.

As for the **external factors** the commonly present openness of SMEs to the innovative marketing tools typically appeared in connection with the issue of online marketing activities, at the same time the negative consequences of the limited resources were also mentioned. Online marketing activities have different roles by sector and market type (typically, end-customer and inter-organisational markets are separated; RQ7). In certain sectors (e.g.: IT, services) online presence can be more typical, while the emphasis on marketing activities can
be completely different in the case of manufacturing companies (RQ6). An exciting field of the analysis is the question as to how much the use of Internet-based technologies for marketing purposes depend on the innovative nature and attitude (RQ1) of the SME, when in many cases the “well-understood economic interest” is also mentioned as if it “forced” the company leader to apply new technologies. However, necessity is not equal to knowledge. When applying new technologies and innovative solutions there is no guarantee that these tools will be applied properly, or in a professional way going beyond mere buzzwords (e.g.: online marketing, mobile marketing) but without thorough understanding. In the interviews, it was mentioned several times that marketing specialists and responsible leaders of SMEs speak in a different way about online solutions and that they have exaggerated expectations concerning these.

With regard to social media marketing it can be seen that Hungarian enterprises typically mention Facebook during their concept association, which can be explained by the limited Hungarian market. Niche markets (e.g.: IT) are also mentioned where certain services are successful within their own market segment (RQ6). This confirms the advantages of targeting niche markets in online marketing which can create rich opportunities for SMEs. Social media marketing can be a relevant tool for SMEs, since it allows to deliver opinions, but at the same time the measurement of direct performance cannot always be carried out easily.

As for marketing and corporate performance, SMEs from many aspects lack traceable measuring systems and leaders’ thinking patterns do not always follow recent trends either – partly, due to the formerly presented specialist approach –, and there can exist an approach expecting immediate return which does not allow the disciplined application of the long-term performance indicators (RQ8). Nevertheless, it should be noted that the association in connection with online marketing which presupposes better efficiency may also result in better corporate performance indicators in the case of more conscious SMEs (RQ9), provided that SMEs operating at niche markets succeed in advertising in a targeted way, cost-effectively.

A more thorough understanding of the factors presented in the qualitative phase has helped to decide in which form the variables of the quantitative interviews wished to measure should be queried. In addition, the analysis of the in-depth interviews has helped to better interpret the results of the quantitative data analysis.
III.4. Empirical research – Quantitative phase – Survey

Discriminant analysis (DA) is suitable for revealing the influencing factors behind the cases with different levels of use (Churchill, 1991). Furthermore, it may also be capable of predicting whether SMEs with specific characteristics are more likely to apply certain marketing activities or not (Churchill, 1991: p. 895). Various discriminant functions can be estimated, but not all of them are significant, furthermore not all estimator variables are able to act as a grouping factor in the model. The results of DA show a mixed picture. In a specific part of the groups the independent variables act as discriminating factors in the creation of the different dependent variable groups. The extent of this varies with each case, but generally it can be seen that the independent variables separate the dependent variable groups by one function. This function means that the more important the marketing, the higher the ability to adapt, the higher marketing communication skills the companies have, and the more important the marketing is from the point of view of the company leader, the more non-users and users will be separated from each other. Users have higher independent variable values.

Looking at the different classic marketing activities, it can be seen that marketing activities related to production and logistics, furthermore marketing tools related to pricing and cost determination do not have significant values with respect to the influencing factors, i.e. in this case the research questions could not be justified. However, in the case of planning and strategy-related marketing activities, almost all influencing factors have significant effects, where these effects are positive, that is the more an SME adapts to the changing market environment, the higher risks it takes, the more open it is to innovation, the higher marketing communication skills it has, and the more market-oriented it is, the more likely it can be characterised as being intensive marketing user, related to marketing strategy, marketing research, or any marketing planning activity. The next dependent variable group is the group of customer relationship activities, where entrepreneurial orientation and two elements of market orientation (customer orientation and competitor orientation) has justifiable effects on the related tool use, which can partly be explained by the fact that the related tools are mostly actually linked to customer relationship management and the CRM systems. The use of offline marketing communication tools depends on several factors simultaneously: only customer orientation does not affect its extent in a positive way. With respect to the classic marketing communication tools it can be concluded that, in line with the research questions,
all measured independent variables within the internal factors (ability to adapt, entrepreneurship orientation, advertising skills, branding and sales skills, customer orientation, competitor orientation and marketing importance) have positive effects on the categories of the dependent variable in a partly justifiable way. Only inter-functional co-ordination does not have a significant effect on use intensity, but this generally exists, in the case of classic offline, classic online, and social media marketing (Table 50/a.; RQ1-RQ5: partly justified).

In the case of classic **online marketing activities**, web page-related activities (search engine advertising, search engine optimization, own web page) and innovation tools (e.g.: mobile marketing) are applied with different intensity depending on how much an SME manager considers marketing to be important, and what skills he or she has with respect to marketing communication, thus in this sense, the majority of the research questions become partly justifiable (Table 50/a.; RQ1-RQ5: partly justified).

As for **social media marketing**, in the case of the users of platforms which are related to own networks (e.g.: corporate forum, corporate blog) the research questions could not be justified, since no significant relationship was found between the independent variables and the dependent variable groups. However, in the case of market networks (official corporate web pages on social network, content sharing sites, microblog) the positive relationship can already be justified with respect to several independent variables. Accordingly, the more an SME adapts to the changing market conditions, the more important it considers marketing function to be and the better advertising skills it has, the more obvious the intensive tool use is. Based on this, the research questions can partly be justified in the case of social media marketing, too (Table 50/a.; RQ1-RQ5: partly justified).
In the next step it was examined how much the above-mentioned correlations change by industry sector and market type. Based on this, it can be concluded that in the case of manufacturing SMEs the relationships are similar in terms of classic marketing activities and weaker in terms of online marketing and social media marketing than in the case of service providing enterprises. This can partly be explained by the fact that different marketing activities can be attributed to manufacturing enterprises (classic activities are much more typical) and to service providing enterprises, which latter companies are more likely to apply the various innovative, online, and social media marketing tools to a greater extent.

At the same time, manufacturing enterprises typically operate at inter-organisational markets, while many of the service providing enterprises serve their customers rather at end-customer markets. Based on this, after running an analysis, it can be concluded that with regard to online and social media marketing, the relationship between the independent and dependent variables is much stronger in the case of enterprises operating at end-customer markets than in the case of the actors of inter-organisational markets. An explanation for this can be that the latter enterprises perform marketing activities of different nature, they concentrate much more on the classic marketing activities and the classic marketing mix, than enterprises operating at end-customer markets. This may also explain that there is no significant difference between the two market types with respect to the intensity of the classic marketing activities among the examined SMEs. Consequently, related to the use intensity of SMEs, the research questions are partly justified (RQ6, RQ7).

By means of qualitative and quantitative results, the research questions have partly been justified. The considerations in the literature which refer to the marketing activity of SMEs – and which were examined by means of secondary analysis in the literature summary and primary qualitative and quantitative data analysis phases in the empirical section – studied a wide range of important influencing factors of SME marketing, with particular regard to innovative marketing solutions and online marketing activities including their special cases, social media marketing activities.
III.5. Theoretical and practical significance of the dissertation

Theoretical significance of this dissertation is that it defines SME marketing by creating a new definition, then the theoretical definition is analysed in practise, with different methods. This dissertation refines online marketing definitions. This dissertation finds relationship among the different research questions – mainly the internal factors – and marketing tool usage. Mainly the managerial perception of marketing importance, and market adaptation skills showed strong influence on marketing tool application.

This dissertation formulates proposals for SMEs that can be applied in practice, too. SME leaders who do not necessarily apply their marketing activities as consciously as large enterprises, have many opportunities that they might not be aware of. With the good solution of intuitive decision-making situations enabling fast market adaptability, and with an open-minded and flexible managerial attitude, the efficiency of the marketing activity in SMEs can be improved significantly. Company examples of real SMEs presented in this dissertation can help – primarily Hungarian – SMEs by showing best practices, in several industry sectors, in both inter-organisational and end-customer markets. The online manifestation of marketing activity and, in particular the social media-related marketing tool usage were analysed, taking into consideration the resource constraints of the SME sector, and the potential benefits that online marketing solutions can provide for these companies. Thus, in the possession of the research results, the realisation of the marketing-focused catch-up process of the – mainly Hungarian – SME sector might be possible by industry sector and market type, in the form of real, practical consultancy projects.

III.6. Limitations of the research and future research directions

One limitation of this dissertation is that in the case of methodologies applied in the empirical phase, qualitative and quantitative analysis were elaborated in different groups. Data was collected in a limited time period, but by the reason of the fast development of online marketing tools, the occurrence of some new tools may have changed the emphasis of the applied marketing tools, and the appearance of new tools may have influence on the results.
In the narrow sense of the topic, earlier, broad analyses were not conducted, so other methodologies would have been taken into account. In the sample of the quantitative analysis, other methodologies would have been used on the data with a larger sample, so further conclusions would have been revealed.

In-depth interviews and case studies are excellent ways to study SMEs. Therefore, in the future, it will be worth doing analyses with a professional research team and in a larger scale, involving various qualitative methodologies (e.g.: content analysis) in order to get closer to the heart of the research problem, and to complement former research results gained from case studies.

The results presented in this dissertation analyse the state of the Hungarian SME sector, and do not analyse empirically international SMEs. The main reason for this was that the analysis could be conducted on the basis of the resource constraints of this doctoral research. So, without extended international database, or large researcher team, the available frame was applicable for the main research aims.

Online marketing changes continuously, and in future studies, this change has to be followed by the decrease in old tools, and by the occurrence of new ones.

The performance dimensions in this research can be the subject of further analyses with quantitative methodologies.

Participating in the data collections of the Competitiveness Research Centre would provide an opportunity to test the research questions on the representative, large-scale database. To do this, research co-operations would be necessary that would make it possible to carry out, and later analyse SME-specific studies. Based on this, in the future it would be desirable to take part in the nationwide research projects on competitiveness, and to analyse – time series – data which are comparable over time by means of repeated data collections. Testing the already existing dimensions on new data is regarded as an integral part of future research directions in this dissertation.
IV. References

http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A0400034.TV#lbj1param.


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V. List of publications

Journal article:

In English:


In Hungarian:


Participation at conferences with publication of the full paper submitted:

In English:


In Hungarian:


Book chapter:

In Hungarian:


Workshop report:

In Hungarian:
