

The Usage Levels & Effectiveness of Marketing within Small Firms in Donegal

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I, Annemarie Doohan, certify that this material, which I now submit in Partial Fulfillment of the requirements of the Masters in Marketing Practice is entirely my own work and has not been obtained from the work of any other, except any work that has been cited and acknowledged within the text of my work.

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Go raibh maith agaibh uilig!

Abstract

The theme of this dissertation was chosen due to the authors own experience and knowledge of the marketing world in Donegal, having worked, lived and achieved academic qualifications in the region. The author is also aware of the debatable issue of marketing in small firms among academics and practitioners and wanted to gain a deeper understanding of the main issues that they face.

The underpinning objective of this study was to identify the usage levels and effectiveness of marketing within small firms in Donegal. The author used both qualitative (depth interviews) and quantitative (survey) research in order to extract the maximum amount of information from the target audience selected by the author.

The overlapping issue faced by small firms is their limited time and resources to pursue marketing activities. The level of government support and funding that is available in Donegal for small firms is also limited. The literature reveals that small firms in Ireland are the engine of an economy and the author is of the belief that particularly in this economic climate that more should be done to capitalise on small firms.

This study has also made the author aware that there is a subsequent lack of marketing/business graduates being employed within Donegal. The survey results revealed that of the total number of applicants that took part in the survey 83.2% do not employ graduates. This is also consistent with the literature that is currently available. The author is of the assumption that providing work placement as part of a graduates course work is a step in the right direction as not only does the graduate receive valuable experience but it also bridges the gap between theory versus practice. The author is confident that she has reached her objective in carrying out this research and believes that there is scope for other researchers to further analysis the finding to a larger extend.

Glossary of Terms

DCC:	Donegal County Council
DCEB:	Donegal County Enterprise Board
DFES:	Department for Education and Skills
GVA:	Gross value added
ICT:	Information Communication Technology
MSSSB:	Marketing and Sales Standards Setting Board
PCNs:	Personal Contact Networks
SBA:	Semi-State agency supporting the development of the small business sector in the USA
SFA:	Small Firms Association
SME:	Small and medium sized enterprises

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Introduction

Marketing in small firms is a contentious issue among both academics and practitioners and has been for more than 20 years. In carrying out this research the author sought to get an insight into these issues and propose solutions to the problems. The overall objective of this research was to discover the usage levels and the effectiveness of marketing within small firms in Donegal. The author's previous experience and knowledge and insight into the marketing world in Donegal having lived, worked and achieved academic qualifications played an important role in this research.

Having studied the literature and taking into consideration the research objectives that the author is investigating this study takes the form of a two phase process. The author used mixed method research as a means to overcome methodological limitations of qualitative and quantitative research. The author carried out qualitative research in the initial stages of the study that took the form of depth interviews. These interviews sought to identify the usage levels of marketing within small companies in Donegal, to identify marketing support that is available to small companies in Donegal and to define the gaps, if any, between implementation of marketing planning and theory studied during literature review.

Having analysed the result of these interviews the author then went on to undertake quantitative research that took the form of a survey. The survey sought to identify current marketing practices employed by small firms in Donegal, to identify the usage level and effectiveness of implementing marketing strategies by key business decision makers within the selected firms and also to identify marketing support that is currently available to small firms.

The author is confident that all of her objectives were met in carrying out the qualitative and quantitative research. The author was faced with many limitations throughout this study. In particular arranging the depth interviews proved difficult and in relation to the questionnaire proved extremely time consuming and costly.

Literature Review:

Chapter 1: The Small Firm Sector

1.1 Context of Marketing in Small Firms

Marketing in small firms is a contentious issue among both academics and practitioners (Brodie et al, 1997; Gilmore et al, 2001) and has been so for more than 20 years. The main issue with small firm marketing practices is that it has been historically assessed in the context of existing models based on large firm practices (Coviello et al., 2000). This is the main reason why small firm marketing has been criticised as non-traditional, informal, short-term and non-strategic (Anderson et al., 2004).

It is becoming increasingly accepted that many traditional marketing theories are not wholly applicable to small businesses, due to the unique characteristics exhibited by these firms (Brooksbank et al., 1992, Carson and Cromie, 1990; Brooksbank et al., 1992., Hill and Wright, 2001). However, it is recognised that small firm owner-managers do engage in marketing, but that the form this marketing takes is not fully understood (Hill and Wright, 2001; Blankson and Stokes, 2002).

In recent years, the subject of market orientation has received a great deal of attention from marketing scholars. However, while much attention is given to small businesses by policy makers, practitioners and academics, there is little research on market orientation within the small business sector (Blackson et al., 2005). This is surprising in view of the fact that the small business is generally considered as the engine of the economy.

Traditional marketing is conceived of as a planned and organised process that demands a sizeable package that is beyond the capabilities of small businesses. Notwithstanding, there is a lack of clarity as to whether the market orientation concept is actually appreciated (Harris, 1998; Stokes, 2000), let alone, adopted by the small business owner-manager (McLarty, 1998).

The latter assertion is not surprising, in that as Stokes and Blackburn (1999) contend, while traditional marketing is conceived of as a deliberate planned process which proceeds from a careful identification of market needs by formal research, the small business deliberation involves informal, unplanned, activity that relies on intuition and energy of an individual (i.e. the owner-manager) to make things happen (Carson & Gilmore, 2000). According to Stokes and Blackburn (1999), it comes as little surprise to realise that small business owners have a problem with marketing and appear to give marketing a low priority compared to the other functions of their business, often regarding marketing as “something that larger firms do”.

The marketing concept holds that the key to organisational success is through the determination and satisfaction of the needs, wants and aspirations of target markets. These must be pursued more effectively and efficiently than that of competitors and with the intention of achieving profitability and/or satisfying objectives.

Strategic marketing decisions within a small firm are those marketing related decisions of significant importance to the firm of business and financial performance, long-term survival and the significant impacts they have upon all or most of other functional areas of the business (Graham Jocusen, 2002). Poor strategic marketing decisions (Kotler, 2000; Corman and Lussier, 1996) and inadequate understandings of how small businesses currently make their strategic marketing decisions (Culkin and Smith, 2000) all have the potential to lead to poor performance businesses.

However, academic research appears unable to resolve a number of questions about small firms and their relationship with and the use of marketing. Siu and Kirby (1998) as cited in Simpson *et al.* (2005) point out that empirical evidence has been generated in an ad hoc manner as a consequence of a general absence of a systematic approach to the subject. Insufficient knowledge about marketing in small firms’ remains and a marketing theory specifically related to the understanding and knowledge of strategic marketing is needed.

Again in agreement the study of marketing in small firms has been recognised as a problematic area for researchers for over 20 years (Chaston and Mangles, 2002). Academic research appears unable to resolve a number of questions about small businesses and their relationship with and use of marketing.

Denison and McDonald (1995) as cited in Simpson *et al.* (2005) point out that studies have consistently shown that firms which were marketing orientated or competent practitioners of marketing, performed better in terms of return-on-investment (ROI) and market share.

Marketing in practice in small firms rely on personal contact networks (Hill and Wright 2001) and is often driven by the particular way an owner-manager does business. Thus, according to Gilmore *et al.* (2001) marketing in small firms is haphazard, informal, loose, unstructured, spontaneous, reactive and conform to industry norms. In gathering research into this area it was evident that a lot of relevant research has been conducted and will be useful when making a more detailed analysis.

1.2 Definition of a Small Firm

As the small firm is the target of this research it is imperative that a small firm is clearly defined. Having done extensive research the author has found that definitions of small firms vary widely in different countries. According to the Small Firms Association (SFA) of Ireland (2008), small enterprises are defined as having 50 employees or less. This is the definition that will be used to undertake this study.

The official journal of the European Commission (2007) states that a small enterprise is defined as an enterprise that has fewer than 50 employees and an annual Balance Sheet total not exceeding €10m.

In other countries the definitions can be much broader. In the US, for instance, there are definitions for most sectors to make clear what firms are eligible for support from the Small Business Administration (SBA: Semi-State agency supporting the development of the small business sector in the US). The SBA definition of small firms is defined by 500 employees. It is only in the Retail and Wholesale trade this limit can be lower, usually 100 employees. Also, for some sectors the SBA has a limit in terms of the value of turnover rather than the numbers of employees.

In the Annual Competitiveness Report (2005) by the Irish National Competitiveness Council the findings state that in Japan there are also variable limits depending on the sector concerned. Small businesses are defined by each sector of industry by the Small and Medium Enterprises Basic Law. Thus, for manufacturing and mining, the enterprise must not have more than 300 employees or €600,000 capitalization. For the wholesale sector, the limits are not more than 100 employees or €200,000 capitalization. For the retail and services sector the limits are not more than 50 employees or €60,000 capitalization.

Small firms are also part of a larger group of business classification. This group is small and medium-sized enterprises (SME's). Commencing from the first of January 2005 the European Union has adopted a new standardised definition of SME's, which is to be used for all cases where eligibility is to be assessed and programmes are to be targeted. This definition is also recognised by the SFA of Ireland.

To be classified as an SME the enterprise must employ fewer than 250 employees and must have an annual turnover not exceeding €50 million, and/ or an annual balance sheet total exceeding €43 million. Within the broader category of SME's, the EU also introduced a new definition of a small firm. From the first of January 2005 small firms as defined by the EU as:

“The enterprises which employ fewer than 50 but more than 10 persons and which have an annual turnover not exceeding €10 million, and/or an annual balance sheet total not exceeding €10 million euro”.

According to the Annual Competitiveness Report (2005) compiled by the National Competitiveness Council of Ireland, “in manufacturing only two percent of Irish enterprises would have more than 50 employees and the figure for the services sector would certainly be even smaller than that”. These figures demonstrate that the absolute majority of firms in Ireland are either small or micro firms, and the significance of these firms to the Irish economy is not open to question.

The importance of small firms in Ireland

Small firms are big business in Ireland. They are the backbone of the Irish economy, and provide employment for over three-quarters of a million people in this country as stated by the An Taoiseach, Bertie Ahern, (2007).

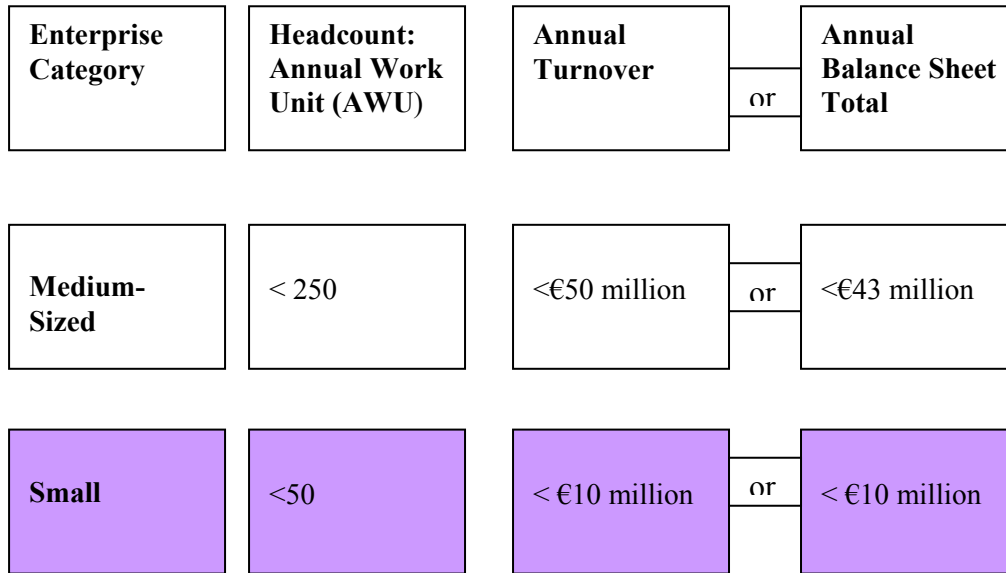
- They provide regionally distributed employment around the country, deliver a huge range of local services, and contribute to the economic, social and cultural life of the entire population.
- They account for over 70 percent of gross value added (GVA). In construction this accounts for €7.2 billion, in the services industry this accounts for €15 billion and in indigenous manufacturing this account for €530 million.
- They form an essential part of the supply chain for larger firms, and in particular are part of the support infrastructure needed to attract and retain foreign investment. The importance of the small business sector is thus an important contributor to the overall quality of life and standard of living in the country.

(Source: The Small Business Forum Report, 2007)

The European Commission (2007) also gives an overview of the performance and recent trends in the small sector both in the European Union and the Republic of Ireland in particular. Small firms are a vital part of the Irish Tourism industry as stated by Mary Mc Gee, Managing Director of Fáilte Ireland, in an article in the Irish Times (2008). Many are owner-managed and play an important role in the Irish welcome experience, which is at the heart of every visitor memory and a core value of Irish Tourism. Therefore government bodies should be providing support and advice to these companies in order to sustain organic growth.

See figure 1 below which indicates the target of this research (<50 employees irrespective of industry class that are located in County Donegal).

Figure 1: Target Audience of this Research



Source: New SME Definition, The (2005), EU Publication office

1.3 The Small Firm Sector in Donegal

Donegal is a growing area within Ireland as stated by Chamber Ireland (2008). The Chamber has claimed Donegal provides efficient and cost-effective infrastructure, services and employment to attract investment. Donegal has similar traits to other counties in Ireland outside of Dublin as stated by Alan Boyd, Regional Manager of Udáras na Gaeltachta (2008), and therefore this research could be of interest to them.

In an article in the Letterkenny Post (2008), current estimates state that the number of small and medium sized enterprises in Ireland consist of 280,000 firms – up almost 100,000 on levels 10 years ago. Paul Hughes, Regional Director of AIB Bank in Donegal, talks in relation to in-house research carried out using the latest available information, indicates that Donegal now ranks as the seventh highest county in Ireland in terms of small sized businesses only behind the large urban centres of Dublin, Cork, Kildare, Meath, Limerick and Galway. Paul Hughes states the main reason Donegal is performing so well is due to “the peripheral remoteness of the county meant that in the past Donegal people just got on with the job in hand. This tradition of doing it yourself has embedded a strong work ethic within the county. Donegal like most other border counties has also enjoyed a strong tradition of trading which has also instilled entrepreneurial qualities”. He also paid tribute to State Agency bodies such as Enterprise Ireland, the Donegal County Enterprise Board (DCEB), IDA and Udáras na Gaeltachta for the energetic and professional way it has driven the enterprise agenda in recent years.

(Letterkenny Post, 6th March 2008)

The Small Business Forum was set up in 2005 by the Minister of Enterprise, Trade & Employment, Michael Martin T.D., to consider the current environment for conducting small business in Ireland. The forum established that over 97 percent of businesses operating in Ireland today are ‘small’. There are approximately a quarter of a million small businesses in Ireland, employing 777,000 people.

Conclusions

This identified the context of marketing in small firms. It revealed that marketing in small firms is a contentious issue among both academics and practitioners and has been for more than 20 years.

This chapter also identified and clearly defined the target of this study, which is all companies in Donegal that employ 50 employees or less irrespective of their sector and industry. The chapter also illustrates that in other countries the definitions can be much broader.

Also determined was that small firms are also part of a larger group of business classification. This group is small and medium-sized enterprises (SME's) and should be made aware of throughout this study.

The main finding in this chapter suggests that the small business sector is a major contributor to the Irish economy as the Small Business Forum establishes that over 97 percent of businesses operating in Ireland today are 'small'. This percentage identifies the importance of small firms to the Irish economy and employment and how small firms are the engine of the economy. It also reflects their major contribution to the overall quality of life and standard of living in the country.

Chapter 2: Marketing Implications Faced by Small Firms

2.1 The Philosophy of Marketing

Many marketing gurus and business academics have expressed their marketing definitions over the years. However Philip Kotler's (2003) statement that "marketing is not the art of finding clever ways to dispose of what you make. It is the art of creating customer value by focusing on customer needs and long-term profitability" is the authors preferred definition and is reflective of today's business environment.

Doyle (2000) suggests that marketing is the management process that seeks to maximise returns to shareholders by creating a competitive advantage in providing, communicating and delivering value to customers thereby developing a long-term relationship with them. The specific contribution of marketing in the organization lies in the formulation of strategies to choose the right customer, build relationship of trust with them and create competitive advantage.

The increased interest in market orientation has led to several writers to contribute to its operational definition of a construct. The majority of researchers have often derived their definitions from the conceptualization of Kohli and Javorski (1990) and Narver and Slater (1990). Narver and Slater as cited in Keskin (2006) describe market-orientation as a set of behaviours and processes, or aspect of culture to create a superior customer value. By using a cultural framework, Slater and Narver (1995) extended the boundary of the market-orientation concept by incorporating the development of information about competitors, and interfunctional collaboration. In agreement Becherer et al. (2003), refers to market orientation as 'a culture in which organisations strive to create superior value for their customers by focusing on customer needs and long-term profitability.

The golden rule in marketing is to ensure that all the various elements of the marketing mix (product, price, promotion and place) are co-ordinated in a

complementary fashion; working with and for each other in activating the positioning strategy in the marketplace.

The role of each marketing mix may be summarised as follows:

- **Product** – Is concerned with the development of the ‘right’ product and/or service package for the target market, i.e. one which will satisfy customer needs.
- **Price** – Is concerned with ensuring that the product and/or service is offered for sale at a price which makes the whole mix as attractive as possible to target customers and one which, over time, will enable the company to return a profit.
- **Promotion** – Is concerned with all methods of communication, to the target market about the product’s existence and its benefits.
- **Place** – Is concerned with ensuring the product is available to target customers when and where they want it.

(Brooksbank, 2000)

It is believed by academics that a firm with a marketing orientation will perform better than another, similar firm, without such an orientation. Pelham (2000) quoting Levitt (1960) suggests that firms who adopt a marketing philosophy and convert it into actions should have superior performance. Therefore marketing is seen as a key role in organisation’s and should be used predominately in order to grow and develop the business.

Quoting Kotler (2003) he states that “now more than ever before, it is vital that marketing be used to continually strive to meet customers’ needs, because this is the only way to succeed in this increasingly competitive marketplace”. Again Kotler reinforces that marketing is key to organisation success and should be at the forefront of an organisation in order to be in a stronger position to compete and survive.

In the case of research concerning the influence of marketing on the performance of small firms, early studies tended to focus on assessing the degree to which the small firm sector was utilising large firm practices such as applying the strategic planning

orientation models as seen in figure 2. Most of these studies examined the somewhat broader issue of the relevance of classical planning theory within the small firm sector (Chaston and Mangles, 2002).

EXTERNAL ANALYSIS

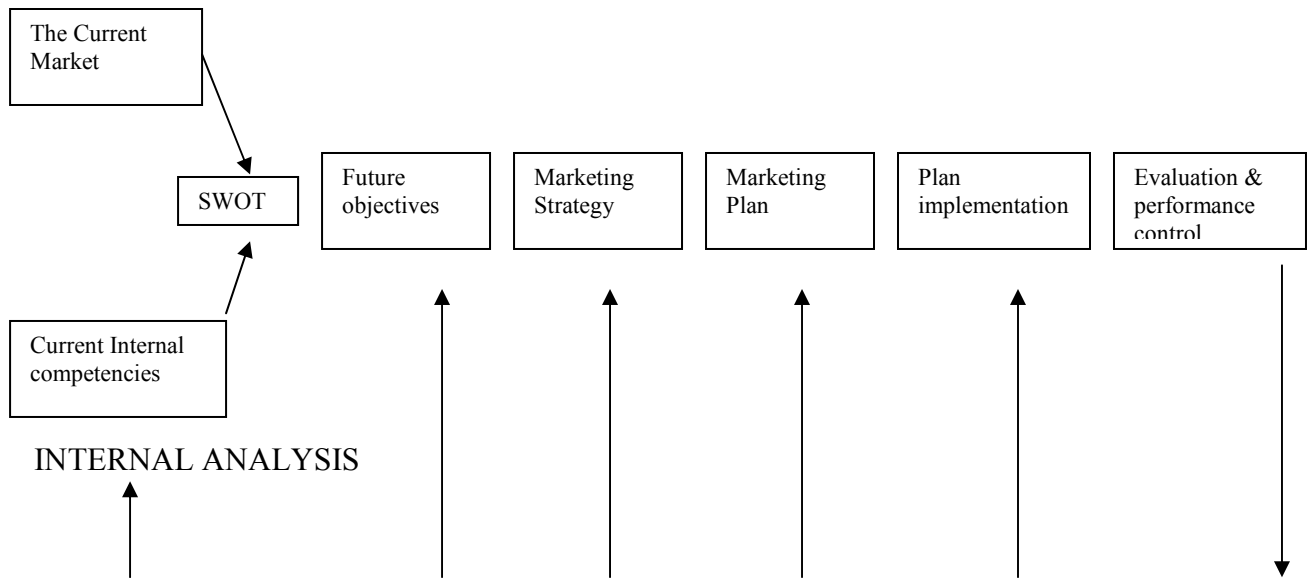


Figure 2 The classical marketing strategic planning process

The common objective of many such studies has been to determine whether a relationship exists between the use of formal plans and the performance of the firm. Unfortunately the outcomes from this field of research are somewhat inconclusive. Whilst some researchers have concluded that development of a formal plan will improve performance, other studies have been unable to demonstrate such a conclusive relationship. One possible reason for this situation is the tendency of some researchers to use ‘big business’ language in their survey tools which are not understood by small firm respondents.

Gibbs and Scott (1992) as cited in Jocusen (2002) suggest that an approach which investigates the personal commitment and vision of the owner/manager is more likely to capture meaningful data on the utilisation of strategic management concepts within the small firm sector.

Carson et al. (2000) proposed that the lack of general management expertise and the limited number of customers will also influence the marketing processes employed by smaller firms.

Chaston and Mangles (2002) state that a research study survey of small businesses would reveal that only a very tiny proportion of owner/managers purchase market research reports on their sector of industry or use techniques such as focus groups or surveys to gain a detailed understanding of customer attitudes. Yet if one visits many of these firms and persuades the owner/manager to discuss his or her business, one will often be amazed by the depth of knowledge that many of these individuals have accumulated about their market, customer needs and the strengths and weaknesses of their competitors. The reason for this is that successful owner/managers are usually deeply committed to participation in what Carson et al. (1995) as cited in Simpson, (2006), defines as personal contact networks (PCNs). This network will include similar businesses, suppliers, customers and members of the professions such as accountants and solicitors.

The importance of small firms in global economies has been well documented. Martin, (2005), states that marketing is one of the UK's largest professional groups with an estimated 550,000 full time members. There are now more marketers than teachers, engineers, doctors or accountants, according to the Marketing and Sales Standards Setting Board (MSSSB, 2004). The figures for marketing-related graduates are shown in table 1.

Table 1: Estimated number of full time marketing professionals:

Category	Number
Marketing Managers	210,000
Other marketing professionals	130,000
Advertising professionals	90,000
Marketing research managers	45,000
Public relations professionals	45,000
Other	25,000

Source: MSSSB (2004)

In spite of this, the literature indicates that in today's global economy many small firms fail to realise their full potential by not utilising marketing effectively to shape strategy and create competitive advantage (Chartered Institute of Marketing, 2005).

2.2 Business World v's Academic World – Is the balance of knowledge equal

Johnson et al (1996) as cited in Martin (2005) suggests that there is a divide between the “business world” and the “academic world”, a view with which many managers of small firms would agree. The two environments have different cultures, work to different timetables and priorities, and have different objectives and motivations (DFES, 1999). If marketing graduate employment in small firms is to increase substantially, this divide needs to be bridged (Collinson, 1999).

Academia has been criticised for providing industry with graduates who are theoretically strong but lack practical experience, and also for being neglectful of the small firm sector. The marketing literature assumes that small firms are merely a smaller version of their larger counterparts (Pittaway, 2002). Hulbert (2004) suggests that small businesses represent a different paradigm from the “classical marketing approach” and argues that a different framework is required when dealing with small firms, which needs to be appreciated by academics. Graduates are still viewed by many owner-managers as an unnecessary luxury, with many remaining sceptical about whether graduates really meet their needs (Chapman and Martin, 2005).

Many small firms are, however, unaware of the contribution marketing graduates can make to business even when they employ them. Holden and Jameson (2002) suggests that many are left under-utilised and with weak prospects for continuing development. However, when owner-managers are themselves academically or professionally qualified, their readiness to recruit graduates increases. Small firms also differ from large organisations in their decision-making characteristics. Traditionally, larger companies are seen to make decisions in an orderly, sequential and structured manner, whereas small firms decisions are more likely to be clouded by issues and concerns connected with running the business (Gilmore and Carson, 2000). A decision on employing a marketing graduate is therefore as likely to be based on cash flow or cost constraints as on the benefits that new skills might bring to the business.

Within the small firm sector, where secondary research shows that the application of appropriate marketing skills can be advantageous to business performance, many owner-managers are currently reluctant to employ marketing graduates, whose skills could aid small business growth (McLarty, 2000, 2001). Where graduates are employed, it would seem that their skills are often under-utilised (Holden and Jameson, 2002). Consequently many graduates themselves have been unwilling to join small firms. This failure to stimulate graduates to join small firms and for the companies to fail to employ them has important implications for today's business and education environment, particularly given the expansion of access to university education (Chapman and Martin, 2005).

Chapman and Martin (2005) research indicated that marketing graduates are seen by small firms as an "expensive luxury". Also they found that "a lot of small companies do not have the need for a full time marketing graduate; what they might consider is someone with wider business skill" and that "creating a more rounded business graduate with specific wide-ranging skills may be well worth considering."

Owens (2003) argues for placements in industry to overcome some of the "handicaps of education" and Hills et al (2003) for work-based learning including more placements, live projects and part-time employment. Owners-managers still appear to want staff who can "hit the ground running" (Atkins, 1999). Chapman and Martin (2005) support this view. The majority of placement schemes are perceived to be for large companies, possibly because they tend to be better resourced in terms of time and money to manage the process.

2.3 Main Marketing Problems faced by Small Firms

Chaston and Mangles (2002) state that most small firms have to accept that business life is extremely risky. This is due to the fact that events outside the firm's control can determine success or failure and most small firms lack sufficient power within the marketplace to have any real control over their own future destiny. The lack of control over destiny is especially the case in business-to-business markets, where it is often a change in behaviour among larger firms that is the most common reason why owner/managers are forced to totally re-evaluate their future plans.

An inherent problem facing most small firms is that their scarcity of staff resources and minimal experience in market research often mean the business has insufficient capability to rapidly identify and then respond to external threats. In many cases it is only after sales or profits have begun to decline that the owner/manager allocates time to trying to understand the causes of poor performance (Chaston & Mangles, 2002).

The functional management school emphasises the need for the smaller firm to adopt a more formalised approach to activities such as strategic planning and the installation of effective control systems (Brock and Evans, 1989) as seen in the work of Jocumsen (2004). Although this rational decision making approach has received extensive coverage in the literature, there is still only limited evidence to support the view that clear links between the acquisition of these competencies and the subsequent growth rate of the firm (Carland et al. 1989) as cited in Jocumsen (2004).

Stokes and Blackburn (1999) state that small businesses have a problem with marketing and that they consider marketing as something pursued by large organisations. In agreement Becherer *et al.* (2003) stated that this may be due to the owner/manager's education level or decision-making style. Becherer found significantly less market orientation in organisations in which the leader has less formal education, as well as those in which the leaders make all the day-to-day and long-term decisions, as is likely to be the case in smaller firms (Carson et al. 2003). Bearing in mind the importance of business relationships with suppliers and

customers (Kalafatis, 2000), it is asserted that small business owner-managers who understand and appreciate market orientation culture will be in a better position to put in place the necessary tactics and strategies needed to enhance coordination of relationships with suppliers and business customers.

Where ICT (Information Communication Technology) and entrepreneurial activity are strategically linked, a significant relationship is found between Internet usage and the marketing function, often evidenced by 'complex, creative and innovative' relationship (Noh and Fitzsimmons, 1999). Brady et al., (1999) goes on to say that the key to organisational survival and sustainable competitive strategy may lie in the ability of a firm to undergo strategic change; so that the marketing function can respond to ICT related opportunities.

Many small firms have limited financial resources and thus face restrictions on the scale of their promotional activities. Hence successful small firms recognise the critical importance of seeking to persuade third party sources to act as internal sources of information. This behaviour is known as 'word of mouth advertising' or 'customer referrals'. The process offers two major advantages over any other way of seeking to influence customers. Firstly most people place greater trust in recommendations from satisfied customers than in any other source of market information. Secondly word of mouth advertising requires no expenditure on the part of the supplier. Hence it is no coincidence that small firms work very hard on seeking to satisfy existing customers, because owner/managers recognise that such individuals can act as promotional emissaries for the firm in terms of directing new customers to the organisation. For many small firms one of the critical factors influencing the effective communication of promotional messages is the ability of employees to act as providers of information to customers (Chaston & Mangles, 2002).

Conclusions

This chapter set the scene for identifying the philosophy of marketing and the implications faced by small firms. One such implication was the tendency of some researchers to use 'big business' language in their survey tools which are not understood by small firm respondents and hence leads to unmeaningful data. The literature also indicates that in today's global economy many small firms fail to realise their full potential by not utilising marketing effectively to shape strategy and create competitive advantage. This author recognises that this is a major flaw that a lot of small firms are faced with in today's competitive marketplace.

The literature also indicates that there is a divide between the business world and the academic world and if employing marketing graduates is to increase substantially, this divide need to be bridged. Past studies also reveal that many small firms are unaware of the contribution marketing graduates can make to businesses even when they employ them. The factor here could be that the small firms owner/managers themselves are not knowledgeable about marketing and lack of understanding can lead to this problem in the first instance.

This chapter also identifies the continuous problem facing small firms is their lack of time and resources to pursue marketing activities. This is evident throughout the literature. However the most successful firms recognise that marketing is key to achieving competitive advantage and getting ahead in the marketplace in order to gain organic growth. It is evident throughout the literature that small firms are faced with many implications and in order to overcome these problems small firm owner/manager need to have a clearer understanding as to what marketing is all about, how it will benefit their business and how it is not only larger firms that pursue marketing activities.

Chapter 3: Methodology

3.1 Introduction

This research study sought to discover the usage level and effectiveness of marketing within small firms in Donegal. Large firm models applied to small firm settings have been criticised, and small firm researchers are thus urged to conduct studies that are sensitive to the unique characteristics of small firms (Carson, 2002).

Simpson and Taylor (2002) suggest that exploratory research is regarded as an appropriate research approach in the initial stages of a study. This approach can be used to gain greater insight into the topic and partly assist in the preparation for a thorough quantitative assessment of the research at a later stage. This approach is generally accepted but also has the advantages of limiting the commitment of resources when ideas are not fully developed.

Qualitative research offers a variety of methods. Based on the specific aims of this research, in-depth interviewing was deemed to be the most appropriate means for collecting the relevant data. In-depth interviews are thought to be one of the best methods to investigate an individual's behaviour and attitudes (Tull and Hawkins, 1990), and semi-structured or unstructured interviews have been found to be particularly effective for collecting data from owner-managers of small enterprises (Curran and Blackburn, 1994) as cited in Simpson et al (2005).

Given that the study of small firms is a relatively new branch of social science research (Churchill *et al.*, 1986; Brockhaus, 1987; Bygrave 2001) and the relative lack of understanding of small firms, it is argued that emphasis should be placed on research of a phenomenological nature. This points to a qualitative approach where the aim is to explain rather than predict phenomena (Leavy, 1994) and to understand things rather than measure them (Gordon and Langmaid, 1988). Qualitative research attempts to gain an understanding of the underlying reasons and motivations for

people's attitudes, preferences, or behaviour (Malhotra, 2007). Furthermore qualitative methods are considered to be particularly suitable for gaining an understanding of decision making in small firms (Carson et al., 1998).

Quantitative research involves the analysis and manipulation of facts and figures. In other words the collection of enough data to allow for statistical analysis. In most cases surveys are the main tools used for gathering data for analysis. Surveys are a systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspect of behaviour of the population of interest. It involves the administration of a structured questionnaire. The main methods used of survey research are telephone, personal, and mail (Malhotra, 2007).

Although it has often been emphasised that qualitative and quantitative methods should be combined to use their complementary strengths and non-overlapping weaknesses, both methods may be used appropriately with any research paradigm. These techniques should co-exist as potential tools of the research. Instead of worrying about justifying the less highly regarded method both can be used in conjunction to overcome any potential weaknesses (Turner, 2003).

Gummesson *et al.*, (2005) states that as much research, whilst clearly focused on one main approach, nevertheless uses several techniques, often mixing the quantitative and the qualitative. This may occur, for example, when a modest number of interviews are used to orient questions used in a survey

Having studied the literature and taking into consideration the research objectives that the author is investigating the research takes the form of a two stage process in order to get the most valuable outcome from the research. The first phase of the research consisted of depth interviews of small firm key deciders of marketing implementation in Donegal and the second phase consisted of quantitative research resulting in distributing a survey to small firm owner/managers/marketers in Donegal.

3.2 Research Design

A research design is a framework or blueprint for conducting the marketing research project and specifies the details of how the project should be conducted. There is never a single, perfect research design that is the best for all marketing research projects, or even for a specific type of marketing research task (Malhotra, 2007). Keeping this in mind the author carried out this study in two stages as this was deemed to be the most viable way to gather the information that was required.

The overall objective of this study is to identify the usage level and effectiveness of marketing within small firms in Donegal.

1. First Phase of the Research (Qualitative Research-Depth Interviews)

The research objectives for depth interviews included:

- To identify the usage levels of marketing within small companies in Donegal.
- To identify marketing support that is available to small companies in Donegal.
- To define the gaps, if any, between the implementation of marketing planning and theory studied during the literature review.

The decision was made to carry out semi-structured interviews due to the nature of the method and how it could be used to uncover greater depth of insights than focus groups through concentrating and developing an issue with an individual. These interviews can attribute the responses directly to the respondent, unlike focus groups where it is often difficult to determine which respondent made a particular response (Malhotra, 2007).

The discussion results in a free exchange of information that may not be possible in focus groups because there is no social pressure to conform to group responses. Finally, depth interviews are easier to arrange as it only involves one meeting with one person in comparison to a focus group in which you have to organise eight to ten people to be in the same place at the same time (Malhotra, 2007).

2. Second Phase of the Research (Quantitative Research- Mail Survey)

Mail survey of small firms in Donegal

- To identify current marketing practices employed by small firms in Donegal.
- To identify the usage level and effectiveness of implementing marketing strategies by business key decision makers within the selected firms.
- To identify marketing support that is currently available to small firms.

The decision was made to carry out a survey after the depth interviews were conducted due to the fact at this point the author would have a much clearer understanding of the research objectives and build on this when designing the questionnaire and therefore leading to a better outcome as Simpson and Taylor (2002) suggested previously.

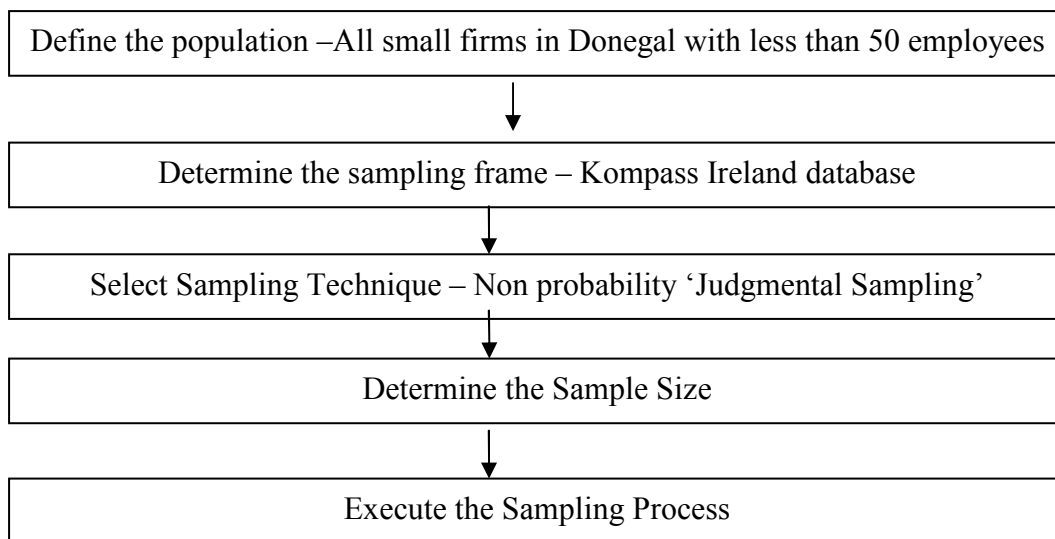
Surveys are a systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspect of behaviour of the population of interest. It involves the administration of a structured questionnaire. The main methods of survey research are telephone, personal and mail (Malhotra, 2007). The author proposed to distribute a mail questionnaire as this method allows the respondent to work at their own pace, the respondents are not subject to interviewer bias as they make their own decisions without any influence, it tends to be the best for answering personal and sensitive questions and it ensures anonymity of respondents (Churchill, 1995). The author proposed to send the questionnaire out via e-mail due to cost and time benefits. However, the author did not have each of the respondents e-mail address and given the well documented low response rate of e-mail the author used her own judgement and choose to take the postal survey route.

Malhotra (2007) states that mail surveys have the poorest response rate. In a mail survey of randomly selected respondents, without any pre-or post mailing contact, the response rate is typically less than 15%. Keeping this in mind the author understands that the design of the questionnaire is vital in order for the research to be a success.

3.3 *Sample Design and Collection of Data*

The sampling design process includes five steps, which are shown sequentially in Figure 3. These steps are closely interrelated and relevant to all aspects of the marketing research project, from problem definition to the presentation of the results and therefore, sample design decisions should be integrated with all other decisions in a research project (Malhotra, 2007).

Figure 3: The Sampling Design Process – Malhotra (2007)



In order for this research to be a success a valid sampling frame had to be found that would take into consideration all of the small firms in Donegal that operate with less than 50 employees. In 2008 having done extensive research it was found that a company in Dublin specialising in business directory databases, Kompass Ireland, was the most reliable source and therefore the author purchased this database that contained 1,132 small companies in Donegal. The Donegal County Enterprise Board (DCEB) also use this database and Rachel Wasson – Business Information Executive, states that ‘it is definitely a reliable source and updated on a continuous basis. The database received from Kompass Ireland included the company name, address, number of employees, contact name: owner/manager/marketer and telephone number.

The database included the entire population of the target of interest to the author and therefore due to the cost and time restrictions the author proposed to select a sample of this entire population using a nonprobability sampling technique “Judgmental Sampling”. The author sought advice from business and marketing specialist along with her own expertise and judgement before finalising to use this sampling method. Judgmental sampling is a form of convenience sampling in which the population elements are purposely selected based on the judgment of the researcher (Malhotra, 2007).

In consultation with Paul Mc Fadden, regional director of Donegal County Council (DCC) he advised that sub dividing County Donegal into five electoral areas is a valid breakdown of the population as every member of the population is included. The areas include Letterkenny, Inishowen, Glenties, Donegal and Stranorlar. See appendix 1 for breakdown of County Donegal

Having analysed the sampling frame obtained from Kompass Ireland it was evident that a high density of small companies were located in Letterkenny and therefore keeping this in mind along with the authors own judgement and expertise the author proposed to breakdown the sample as seen in table 2. Paul Mc Fadden agreed with the author’s assumption.

Table 2: Breakdown of County Donegal

Donegal Region	% of respondents Targeted
Letterkenny	40%
Inishowen	15%
Glenties	15%
Donegal	15%
Stranorlar	15%

Determine the Sample Size

The next step in this research process was to determine the respondents that were to be targeted in relation to carrying out the first phase of the research - depth interviews and then determining who the respondents would be in relation to carrying out the survey.

Depth Interview

In relation to the depth interviews the author thought that interviewing one person out of each region selected with the exception of Letterkenny where two small firms would be interviewed would create a viable source of information. However due to time and cost restrictions the author found it difficult to interview a firm in the Inishowen peninsula and therefore interviewed two respondents in the Glenties area instead. The second interview conducted in the Glenties area was a member of a Government body as the author sought to establish a different perspective and gather thoughts from a different angle. The author again used judgemental sampling when considering the appropriate firms to interview and used different industries to get broader view of the population given her own knowledge and experience.

Depth Interviews Conducted Included:

Donegal Region	Company	Contact	Industry
Letterkenny	Morris Communication	Michelle Morris Managing Director	Communications Company
	Nvolve Limited	Lee Tedstone Sales and Marketing Director	Government Body
Inishowen	n/a	n/a	n/a
Glenties	Donegal Airport	Pauline Sweeney Marketing Director	Transport
	Udaras na Gaeltachta	Alan Boyd Divisional Manager	Government Body
Donegal Town	Safetech	Maria Sweeney Managing Director	Training
Stranorlar	Centra	Eddie Mc Fadden/Sales Manager	Retail

Mail Survey

Using the authors own judgement and advice from academics specialising in business and marketing the author sent 250 questionnaires to small firms in Donegal. See table 3 for amount of questionnaires distributed to each region in Donegal.

Table 3

Donegal Region	% of respondents Targeted	No. of Questionnaires
Letterkenny	40%	102
Inishowen	15%	37
Glenties	15%	37
Donegal Town	15%	37
Stranorlar	15%	37

3.4 Question Design and Analysis

Depth Interviews

Semi-structured interviews were undertaken and the research objectives mentioned earlier were covered. Curran and Blackburn (1994) as cited in Carson et al (2001) state that semi-structured interviews have been found to be particularly effective for collecting data from owner-managers of small companies. The interviews were organised by the author at the respondent's premises and lasted between 45 minutes to one hour. The theme sheet utilised is included in Appendix 2.

Mail Survey

The second phase of the author's research consisted of the administration of a mail questionnaire which included an outgoing envelope, cover letter, questionnaire and return envelope – see appendix 3 for copy of the questionnaire and cover letter utilised. The design of the questionnaire was short, simple and easy to understand.

Before the questionnaires were sent out it was pretested on four small firms face to face in order to detect any obstacles that could have a negative effect on the results of the survey. The locations of the respondents in this case ranged from two in the Letterkenny area, one in Glenties and one in Donegal Town. A lot of changes were made as these respondents identified potential difficulties that could have been vital in destroying the quality of the research having not been detected by the author.

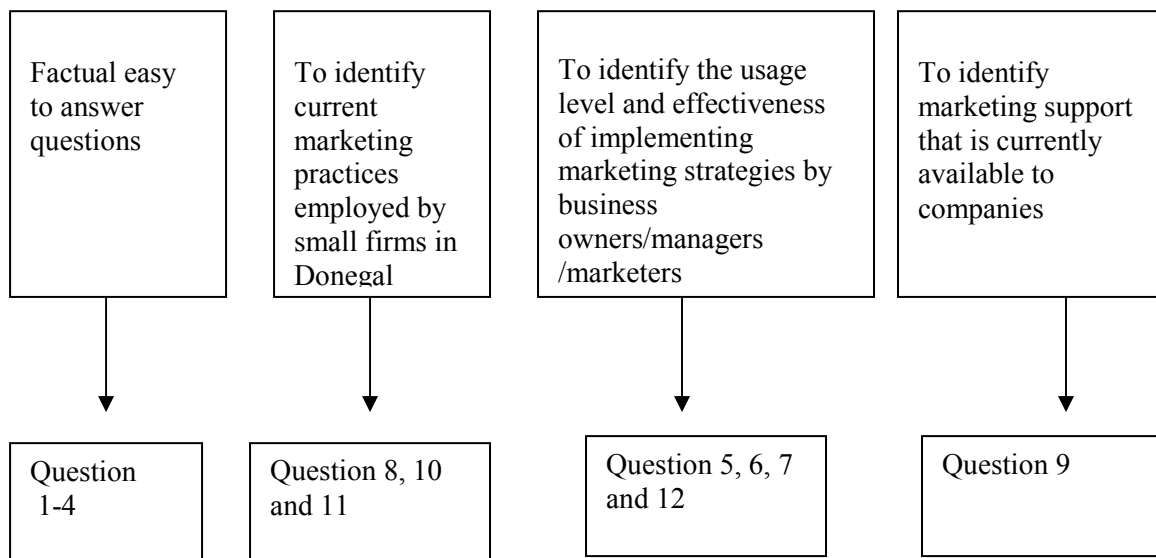
Outline of Questionnaire:

The questionnaire was used to gather information regarding the three objectives mentioned earlier. Question one to four were used as factual, easy to answer questions. Question three was drawn from the depth interviews conducted previously. The findings from these interviews sparked a suggestion with three of the interviewees suggesting that the amount of marketing carried out is dependent on the

industry the firm operates. The author wanted to investigate this more and by adding a question in the survey the author could confirm this theory.

The author used continuous rating scale and a likert scale in order to illicit maximum amount of information from the respondents. Figure 3 below gives details of how the objectives match the questions throughout the questionnaire.

Figure 3: Objectives that match questions in the survey



Conclusions

The methodology sought to find out the usage level and effectiveness of marketing within small firms in Donegal. The author's own judgement along with the opinion of marketing/business specialists, and past literature reviewed was used to come to a conclusion that mixed method research techniques would be used in order to elicit the greatest amount of information from the applicants. Depth interviews and the administration of a questionnaire deemed to be the most suitable data collection method and this was utilised in the study.

The main problem the author was faced with in carrying out the depth interviews was arranging a time that suited both the author and the interviewees. As the interviewees are extremely busy people and their schedule may change at a moment's notice the author had to have patience and will know for future reference that when planning for interviews to be conducted adding a few weeks onto the deadline date is appropriate. In total the author had to reschedule three of the interviews twice.

The main limitation of carrying out the mail questionnaire was that it was extremely time consuming and costly in comparison to depth interviews. The author was aware that if the questionnaire was to receive a positive response rate the design and content of the questionnaire and cover letter had to be of high standard and quality in particular as the target audience were managers/owners/marketers of small firms in Donegal.

Overall the methodology used in the study proved to be a success. The interviews went well and the author extracted a lot of information from the participants. The survey also proved a success with a positive response rate of thirty eight percent in total.

Chapter 4: Findings from Qualitative and Quantitative Research

Churchill (1995) suggests that researchers may amass a mountain of data, but this data is useless unless the findings are analysed and the results interpreted in light of the problem at hand. The author took this into consideration when preparing the data for analysis. Care exercised at the data preparation stage can substantially enhance the quality of the statistical results. The quality of statistical results depends on the care exercised in the data preparation phase. Paying inadequate attention to data preparation can seriously compromise statistical results, leading to biased findings and incorrect interpretation (Malhotra, 2007). The following reveals the finding from the depth interviews conducted.

4.1 First Phase of the Research (Qualitative Research-Depth Interviews)

In total six depth interviews were conducted on small firm owner/manager/marketers /government body within small firms in Donegal. All interviews followed the same format of the theme sheet utilised in appendix 2. The following includes the key findings from the interviews conducted.

Question 1: Current Marketing Practices Employed by small Firms

Amount of Marketing carried out

- Three of the six interviewed agreed that the amount of marketing activities carried out depends on the industry the firm operates. For example one of them said ‘a firm who operates a public relations-communication firm will carry out more marketing in comparison to a local retail owner’.

How Companies in Donegal Perceive Marketing

- Two of the participants agreed that small companies are more aware of marketing now and realising that they have to compete in this marketplace in order to survive.
- Two of the participants said that the amount of marketing they carry out is limited. However the authors' perception changed when the participants described in detail what they do. Both of them had great knowledge of their market and the customers they serve. One of these participants said 'I know who my customers are every week and treat my local customers very well and make sure the staff follow in my footsteps'.
- Two of the interviewees agreed that in order for marketing to be successful you need to keep the message that you are trying to get across consistent and role this out in every aspect of marketing within the firm. It is all about building awareness and attaching credibility onto the brand. They also agreed that marketing is vital from an awareness point of view, and the value that marketing can add to a company cannot be understated.
- Three interviewees said that there isn't a culture of marketing in Donegal. Similarly these participants went on to say that they feel that there is a misunderstanding and lack of education with respect to marketing in Donegal. People think that marketing is for larger firms and that a lot of money has to be spent in order to make it work

Who carries out the marketing activities?

- Of the six participants interviewed table 3 summarises who is responsible for the marketing function:

Table 3:

Respondent	Position	Responsible for Marketing
1	Managing Director/Owner	Managing Director/Owner
2	Sales and Marketing Director	Marketing Executive
3	Managing Director/Owner	Managing Director/Owner
4	Marketing Executive	Marketing Executive
5	Regional Manager	Marketing Executive
6	Sales Manager	Managing Director

- In total three of the companies interviewed the managing director carries out the marketing function. The other three companies have a marketing executive.

How do Firms view Marketing: Scary/Complicated/Return on Investment?

- Five of the six interviewed all stated that marketing is vital for survival of their business and fundamental in order to grow the business. One of the participants disagreed and said that marketing is not at all vital and something that larger firms do.
- Four of the participants view marketing as something that promises return on investment. One of these interviewees contributed that if she doesn't have an advertisement in the local paper on a Friday she is confident that sales will decline. Another interviewee suggests that marketing can sometimes be a leap of faith and that you have to gain confidence in marketing to make it work.
- Two of the participants view marketing initially as scary due to the difficulty in measuring return on capital.

New Trends affecting marketing

- Two of the interviewees said that the changing economic climate has made people more aware that marketing isn't just a nice to have it is a must have.
- Four participants said that changing economic climate hasn't hit Donegal yet but it will. One of the participants goes on to say that there isn't a heritage of marketing here, this region was dependent on farming and manufacturing in past. Again she says lack of education has a major impact on the lack of marketing and advises that more education and help from government bodies initiatives would rectify this problem. The final participant stated that this economic factor will not affect Donegal, in particular the proactive companies who have always invested in marketing and are always thinking ahead.

Question 2: Main Problems faced by small firms

- All of the participants agreed that the major problem they encounter is that they have limited time and resources to pursue as much marketing as they would like. One participant recognises for his company now as a start up they have to be very careful and smart from a cashflow point of view, however the participant knows that marketing is going to play a vital role in the future to verify success of the business.

Stage in Life Cycle

- Five of the participants remarked that marketing in the introductory stage of the companies' life cycle was vital. However, three of these respondents stated that although they know the importance of this, limited time and cash flow issues can have a negative effect on the marketing spend and this is the reality for a lot of firms in Donegal.

Question 3: Marketing Support

Marketing Support and Advice available from Government Bodies?

- Three of the participants suggested that the Donegal County Enterprise Board (DCEB) were very helpful in offering a lot of soft support, mentoring and advice. They didn't receive any funding from any bodies and suggested that for funding to be available for start-up firms would be very helpful. Also one participant suggested that there is a lot of support and funding available for start up firms not so much for existing firms.

Question 4: Gaps between Theory & Practice

- Four of the six interviewed believe there is a mismatch between marketing theory and practice. Two of the interviewees suggested that marketing theory is great but should only be used if it applies to the situation at hand. These also agreed that a lot of theory is targeted at larger firms and therefore not relevant to small firms marketing as such.
- Another two participants agreed in relation to theory versus practice that experience is key. An interesting contribution from one of these participants suggested that marketing should be very focused and clear with a very simple message but marketing by its very nature is very creative. And therefore he believes that the message can sometimes be obscured due to the creative aspect of marketing. Therefore obscuring the message you are trying to portray which ultimately can impact on the effectiveness of marketing.

Views on Graduates

- Two of the participants state that graduates should only be employed by firms that already have knowledge of marketing and how the function should be run in order to get the full benefit from the graduate. Two participants agreed that the reality for a lot of small firms that do not have a marketing background they are afraid to take people on as they themselves will be going into unknown territory and he stated that having work placement as part of a marketing or business studies course could solve this issue.
- Another participant stated that in the past he has taken on graduates but finds that they lack experience as they have a lot of theory and try to apply this to situations within the company that are not relevant and should not be applied. The final interviewee went on to say that for his company there is not enough work to employ graduates and feels that graduates with work experience are more attractive to employ.

4.2 Second Phase of the Research (Quantitative Research- Mail Survey)

In total 250 questionnaires were sent out and 95 responded leading to a positive response rate of thirty eight percent. The following summarises the findings from the survey.

Question 1:

What Position do you hold within the firm?

What Position	
Managing Director	56.8%
Marketing Manager	14.7%
Other	28.4%

Question 4:

Responsibility for Marketing?

Managing Director	61.1%
Marketing Manager	28.4%
Marketing/Business Graduate	0.0%
No Opinion	0.0%
Other	10.5%

As you can see from question one in the table above more than half of the total number of respondents who filled in the questionnaire were managing directors. Question four is also linked to question one as the figures show that 61.1% of the total number of respondents who is held responsible for carrying out the marketing function was managing directors.

Question 2:

How many people are employed within the firm?

<5	25.3%
6 to 15	26.3%
16 to 30	23.2%
31 to 40	9.5%
41-50	15.8%
>50	0.0%

As you can see from the table above the first three categories are very much similar in relation to percentages and gives the author factual information. The 31 to 40 category seems rather low ranging in at nine and a half percent leading to the conclusion that not many businesses in Donegal operate within 31-40 employee. However, the author most consider that non-probability sampling was used and this could have affected the outcome.

Question 3:

Indicate which industry your firm operated?

Manufacturing	9.5%
Construction	18.9%
Whole/retail	20.0%
Hotel/Restaurant	10.5%
Trans/stor/comm	5.3%
Financial	5.3%
Education	2.1%
Health/Phar/Med	4.2%
Technology/IT	1.1%
Other	23.2%

As you can see from the above table a vast amount of respondents ranged from the construction, wholesale/retail and other industry. A selection of the other category ranged from photography, office supplies, management consultancy, publishing and design and print. The author used this question to try and extract information that was gathered during the qualitative research that suggested that the amount of marketing carried out within a firm is dependent on the industry the firm operated. However due to time and cost restrictions the authors did not achieve her goal but notes that if in a larger scale study she would investigate this further.

Question 5:

Indicate the extent to which you agree with the following statements?

	Strongly Dissagree	Disagree	n/a	Agree	Strongly Agree
Marketing is vital for survival of our firm	2.1%	4.2%	11.6%	30.5%	51.6%
We could do more with regards to marketing activities	1.05%	4.2%	16.8%	52.6%	25.3%
Our firm view marketing as a complicated challenge	10.5%	23.2%	17.9%	42.1%	6.3%
It is difficult to put marketing theory into practice	10.5%	21.1%	23.2%	35.8%	9.5%
Marketing is about understanding and satisfying customer needs	1.1%	6.3%	9.5%	42.1%	41.1%
Marketing is a waste of investment	63.2%	29.5%	5.3%	2.1%	0.0%
It is difficult to evaluate and monitor effectiveness of marketing activities that are carries out within the firm	6.3%	18.9%	22.1%	41.1%	11.6%

The above table contains seven statements that the respondents had the option of agreeing or disagreeing. The first statements ‘marketing is vital for survival of our firms’ shows that 51.6% strongly agree and 30.5% agree.

The second statement 'we could do more with regards to marketing activities' shows that 52.6% agree while 25.3% strongly agree. The third statement 'our firm view marketing as a complicated challenge' shows that 42.1% agree with this statement. The fourth statement 'It is difficult to put marketing theory into practice' shows that 35.8% of total respondents agree with this statement. The fifth statement 'marketing is about understanding and satisfying customer need' shows that 42.1% agree and 41.1% strongly agree. The sixth statement 'Marketing is a waste of investment', shows that a significant number of applicants strongly disagree with the statement with 63.2% and 29.5% disagreeing with the statement. The seventh statement 'It is difficult to evaluate and monitor effectiveness of marketing activities carried out within the firm' shows that 41.1% agree with the statements.

Question 6(a):

In recent years are there any trends that have affected your business in relation to the amount of marketing carried out by your firm?

The majority of respondents commented on the increase in relation to the medium of advertising via radio and newspapers that is available within Donegal and thus increased the likelihood of more companies using this medium to communicate their product offerings to current and potential customers.

The majority of respondents also made aware to the author that they carry out more marketing activities now due to increased competition and in order to keep market share.

Sixteen percent of the respondents also made reference to the changing economic climate particularly those related to the construction industry, and how this has had a negative effect on business. Thirty percent of the respondents stated that financial control and staff shortages were highlighted as an implication faced by small firms.

Question 6(b):

What would improve the amount of marketing carried out by your firm?

More help and advice from government bodies	15.0%
More funding from government bodies	21.1%
Employee/employers more educated	30.6%
More free sources to carry out marketing activities	29.3%
Other	4.1%

The above table shows that the majority of respondents stated that educating employees and employers and making available more free sources to carry out marketing activities would improve the amount of marketing carried out within a firm.

Question 7

What are the main problems you encounter within your firm in relation to carrying out marketing activities?

Limited time	44.7%
Limited resource	30.9%
Company size	7.9%
Limited knowledge	13.2%
No opinion	2.0%
Other	1.3%

As you can see from the table above the main problems that small firms encounter in relation to carrying out marketing activities include limited time and resources.

Question 8

In relation to your firm please choose 1-5 as to the level of marketing activities that is carried out at each stage of your business life cycle (1 being very little and 5 being a lot)

	5	4	3	2	1	0
Introduction	72.6%	4.8%	9.5%	3.6%	9.5%	0%
Growth	11.9%	33.3%	34.5%	11.9%	8.3%	0%
Maturity	2.4%	13.1%	46.4%	23.8%	14.3%	0%
Saturation	3.6%	19.0%	40.5%	25.0%	11.9%	0%

In total 84 of the respondents answered this question. This author is of the agreement that the question could have been asked in a more simplistic format and recognises that those respondents who did not answer could of being confused. However of the respondents who did answer the findings revealed that a lot of marketing is carried out at the introduction stage; this is also consistent with the finding from the depth interviews. The authors choose not to add the decline stage as she felt that respondents would not admit to entering the decline stage of business due to human nature.

Question 9(a)

How would you rate your satisfaction with the level of marketing support that is available from government bodies to small businesses in Donegal?

Very satisfied	0.0%
Satisfied	11.5%
n/a	15.6%
Dissatisfied	43.8%
Very Dissatisfied	29.2%

As you can see from the above table the majority of respondents were dissatisfied with the level of marketing support this is available from government bodies to small businesses in Donegal, while 29.2% were very dissatisfied.

Question 9(b)

How would you rate your satisfaction with the level of funding for marketing that is available from government bodies to small businesses in Donegal?

Very satisfied	0.0%
Satisfied	4.1%
n/a	18.4%
Dissatisfied	45.9%
Very Dissatisfied	31.6%

The above table shows that 45.9% of respondents are dissatisfied and 31.6% of the respondent are very dissatisfied with the level of funding available for firms in Donegal.

Question 9(c)

If you have received help and advice from government bodies please indicate below which organisation has helped you?

DCEB	15.1%
Enterprise Ireland	7.5%
Failte Ire	13.2%
Udaras na Gael	4.7%
IDA	2.8%
Lookwest	0.0%
N/A	53.8%
Other	2.8%

The above table shows that more than half of the total respondents who filled in the questionnaire have not received help and advice from government bodies. The DCEB and Failte Ireland appear to be the most likely candidates to give help and advice to companies.

Question 10(a)

Does your firm:

	Yes	No	N/A
Have a marketing plan	43.2%	53.7%	3.2%
Marketing Audit	11.6%	85.3%	3.2%
SWOT	62.1%	34.7%	3.2%
PEST	13.7%	83.2%	3.2%
Employ marketing graduates	14.7%	83.2%	2.1%
NPD	18.5%	70.8%	10.8%
Use any other	13.7%	74.7%	11.6%

The above question shows that more than half of the respondents do not have a marketing plan while 43.2% do have a marketing plan. The figures also show that a significant amount of respondents (82.5%) do not undertake a marketing audit. In relation to the SWOT analysis 62.1% of respondents do use this technique. The PEST analysis shows that only 13.7% of respondents use this technique. In relation to employing marketing graduates only 14.7% of firms would employ graduates.

Question 10(b)

If you **do not** have a marketing plan in place within the organisation please state reasons for not having a plan in place?

Limited time	20.3%
Limited resources	17.0%
Limited knowledge	10.5%
Company size	7.8%
Not seen as adding value to the business	11.1%
No opinion	33.3%
Other	0.0%

As you can interpret from the findings above the majority of companies do not have a marketing plan. The main reason for not having a plan consists of limited time, limited resources and not seen as adding value to the business as the key dominators. This again is in agreement with the literature review and the qualitative research conducted.

Question 11

How does your firm set the marketing budget for the year?

Percent of sales	16.8%
An amount decided by the managing director	51.6%
Fixed every month	4.2%
Don't have a budget	24.2%
Other	2.1%
N/a	1.1%

The above findings show that more than half of the respondents set the marketing budget for the year based on an amount decided by the managing director. This again ties in with question one and four that the managing director plays a dominant role in relation to the marketing function.

Question 12

Please state any other additional comments you would like to make?

Five of the respondents noted that they would be grateful for marketing help and advice. Ten percent of the respondents stated that it is very important to track and monitor marketing activities carried out within the firm to determine what works for your business and what doesn't. Eleven percent of the respondents stated that the sales team play an important role in the marketing strategy. The reason for this is that they both rely on each other in order to survive and grow the business. The author is of the assumption that sales and marketing do hold a strong connection within small firm with shorter lines of communication visible.

Chapter 5: Analysis of Research Findings

5.1 Depth Interviews

A lot of relevant information was drawn from the interviews as seen in the previous chapter. The author analyses the key finding under the objectives as follows:

- **Identification of the usage levels of marketing within small companies in Donegal.**

The majority of participants agreed that marketing is vital for survival of their business and fundamental in order to grow and develop the business. They also view marketing as something that promises return on investment. The author is aware that their limitations regarding time and resources leads to a firms marketing function not being utilised to its full potential. In further analysis two participants revealed that initially they considered the concept of marketing as scary due to the intangible and complex nature of marketing. One of the participants stated that ‘those firms who see the bigger picture for example not the money that you spend but the return on investment’ are in a better position to grow and develop.

All of the participants interviewed use some form of marketing in the day to day running of the firm. A lot of small firms are unaware that they are actually a marketing orientated firm which is in agreement with the literature that is currently available. Two interviewees suggested that they do not carry out much marketing however further consultation with these individuals revealed that they carry out a lot more than they assume. This leads the author to believe that there is a lack of knowledge and education within small firms in Donegal regarding marketing. Further analysis revealed that there is also a misunderstanding of marketing within small firms in Donegal. A lot of firms believe that it is for larger organisations and that you have to spend a lot in order to make it work. This is coherent with the literature that is currently available.

Another common theme that was revealed by the majority of firms was that over time people gain confidence in marketing. One of the participants claimed that if she does not have an advertisement in the local newspaper on a Friday, she is certain that sales will decline. Over time firms understand what works for their company and what doesn't. The advantage for the small firm is that they can easily change the marketing plan at a moments notice due to short communication lines, in comparison to the larger organisations.

All of the participants stated that they have limited time and resources to pursue as much marketing activities as they would like. All of the respondents remarked that marketing should have played a vital role in the introduction stage of their lifecycle but again due to their time and resource constraints this was not possible. Another participant made an interesting remark in that as the company grows the amount of marketing must grow also.

- **Identification of marketing support that is available to small companies in Donegal.**

The majority of the interviewees suggested that the amount of marketing support that is available is limited. They said that the DCEB was very helpful in offering a lot of soft support, mentoring and advice.

The amount of funding for small companies is also limited. Two participants suggested that funding in the early stages of business would be a great help. Another participant suggested that there is a lot of help, advice and funding available for start-up companies and not so much for existing firms.

- **To define the gaps, if any, between implementation of marketing planning and theory studied during literature review.**

The majority of the participants believe that there is a mismatch between marketing theory and practice. Another interesting contribution revealed that marketing theory is great but should only be applied if it suits the dynamics of the company in question. Three of the participants also suggested that a lot of the time marketing theory is targeted at the larger firm, which is consistent with the current literature available.

Two of the interviewees agreed that in relation to theory versus practice experience is key. Two of the participants agreed that graduates should only be employed in firms that owner/managers are themselves academically or professionally qualified in the area of marketing and have an understanding of how the function should be run in order to get the full benefit from the graduate. This is also consistent with the literature currently available. Those firms who do not have an understanding of marketing are less likely to recruit graduates.

Overall Conclusion from the Interviews

The overall conclusion that was witnessed by the author during the interviews was that the majority of participants agreed that marketing was vital for survival of their firm but due to time and resource constraints they are limited as to the amount that can be carried out.

Another issue that was highlighted by the participants in relation to employing graduates was that firms that have a knowledge and understanding of marketing are more likely to employ graduates than those that don't. The author believes that educating key business decision makers on the importance of marketing could be key to increasing the amount of graduates employed within Donegal.

And finally the lack of support and funding that is available for small firms in Donegal from government entities was also recognised.

5.2 Questionnaires

Again a lot of relevant information was drawn from the survey. The author analyses the key finding as follows:

- **Identification of current marketing practices employed by small firms in Donegal.**

The managing director plays a dominant position in relation to carrying out the marketing function within small firms which is agreement with the literature currently available. In relation to setting the marketing budget more than half of the respondents set this by an amount decided by the managing director. Again this shows the dominance of the managing director in small firms in Donegal.

More than half of the respondents identified that they do not have a marketing plan. Of those that do the author considers the validity and accuracy of the plan that they have implemented. The majority of respondents don't undertake a marketing audit, PEST, employ marketing graduates, and undertake NPD.

- **Identification of the usage level and effectiveness of implementing marketing strategies by business key decision makers within the selected firms.**

In agreement with the interviews and the literature currently available the survey results showed that the majority of respondents stated that 'marketing is vital for survival of our firm'. These figures lead the author to suggest that marketing plays an important role in small companies in Donegal.

The majority of respondents agree (52.6%) that they could do more with regards to marketing activities within their firm. The author considers the reason why these firms are of this mentality and the barriers that they face.

Again the majority of respondents (42.1%) agreed with the statement 'our firm view marketing as a complicated challenge'. The author is of the assumption that educating these respondents could be the way forward by increasing key influencers knowledge of marketing which will in time have a strong influence on the return on investment within the firm.

The following statement 'It is difficult to put marketing theory into practice' shows that 35.8% of total respondents agree with this statement. This leads the author to identify that there is a gap between the marketing theory and practice as witnessed in the qualitative research and as documented in previous literature.

The figures also reveal that 42.1% agree and 41.1% strongly agree that 'marketing is about understanding and satisfying customer need', leads the author to believe that small firms in Donegal know the foundation of marketing and familiar with the concept and use it in day to day operations within the firm.

The statement 'Marketing is a waste of investment', shows that a significant number of applicants strongly disagree with the statement with 63.2% strongly disagreeing and 29.5% disagreeing with the statement. This leads the author to believe that small firms view marketing as a function that promises return on investment and vital for survival of the firm.

The following statement 'It is difficult to evaluate and monitor the effectiveness of marketing activities carried out within the firm' shows that 41.1% agree with the statements. The author draws from this that key decision makers find it difficult to evaluate and monitor activities that they carry out. This is also in tune with the literature currently available and the qualitative research undertaken. Marketing by its very nature is very intangible and difficult to define and measure. The author is of the assumption you gain confidence in marketing over time and get to know what works for your business and disregard with doesn't

work. Again for smaller companies this is much easier with less lines of communication visible

▪ **To identify marketing support that is currently available to small firms.**

The majority of respondents were dissatisfied with the level of marketing support that is available from government bodies to small firms in Donegal, while 29.2% were very dissatisfied.

Likewise in relation to funding the figures reveal that the majority of respondents were again dissatisfied with the level of funding available. This leads the author to believe that there is a serious lack of support and funding available for small firms in Donegal.

In total 53.8% of total respondents do not receive help and advice from government bodies. Of those who do the majority received help and advice from the DCEB and Failte Ireland.

Overall Conclusions from the Survey:

Overall the survey revealed that small firms in Donegal have a strong sense of marketing, they know their market, competition, and know that in order to maintain growth and market share they most continue to communicate their product offering to the right people at the right time via marketing techniques. It is evident that the changing economic climate has not had a significant impact (excluding the construction industry) on small firms in Donegal but they should be thinking ahead and have an action plan in place if things change. The author believes that for small firms in this climate by thinking ahead, keeping ahead of competition and using innovative ways to do business more efficiently and effectively than before, businesses have the opportunity to overcome these challenging times and be in a stronger position to compete.

The overall assumption the author felt from analysing the 94 questionnaires was that there is definitely a need to be satisfied in relation to providing small businesses with marketing support and help, whether it be consultancy work from business/marketing specialists, marketing companies, or support and guidance from government agencies, the need is visible. Limited time and resources to pursue as much marketing as a firm would like was again identified in this survey.

Chapter 6: Conclusions and Recommendations

6.1 Conclusions

This study sought to discover the usage levels and effectiveness of marketing within small firms in Donegal. The author is confident that she has reached her goal and the dissertation has enabled her to answer questions outlined in the introduction and to obtain a deeper understanding and knowledge of marketing within small firms in Donegal. A review of the past literature is consistent with the authors' findings.

Marketing in small firms is a contentious issue and the author is of the belief that it will remain a controversial issue for years to come. The overlapping issue faced by small firms is their limited time and resources to pursue marketing activities. The level of government support and funding that is available in Donegal for small firms is also limited. The literature reveals that small firms in Ireland are the engine of an economy and the author is of the belief, particularly in this economic climate that more should be done to capitalise on small firms as Kotler (2003) states that 'now more than ever before, it is vital that marketing to used to continually strive to meet customers needs, because this is the only way to succeed in this increasingly competitive marketplace.

Another issue that has been highlighted throughout the qualitative and quantitative research is the lack of marketing/business graduates that are employed within Donegal. The survey results revealed that of the total number of applicants that took part in the survey 83.2% do not employ graduates. This is also consistent with the literature that is currently available. The author is of the assumption that providing work placement as part of a graduates course work is a step in the right direction as not only does the graduate receive valuable experience but it also bridges the gap between theory versus practice, which has been well documented in the literature.

6.2 Recommendation

The following are recommendations proposed by the author:

- Having analysed the qualitative and quantitative research it has emerged that limited time and resources to undertake marketing activities is seen as the biggest barrier faced by small firms in Donegal. The author is of the assumption that this issue will never be fully solved. However with the aid of government agencies, that have the ability to supply funding to small firms this could immensely help increase the usage level of marketing carried out within Donegal.

- This study has also made the author aware of the lack of marketing support and funding that is available for small firms. In total the majority of the respondent from the survey were dissatisfied with the level of support and funding available. It is the authors' belief that this must be substantially increased particularly in this current economic climate. The literature has revealed that the small business sector is a major contributor to the Irish economy and therefore should be allocated resources to help increase the usage level of marketing within the firm. Also revealed from the qualitative research was that there is currently a lot of support and funding for start-up firms and not as much for established firms. The author proposes that this area be further investigated.

- The author also proposes that educating employees and employers who are not aware of marketing practices and how the function should be run is the way forward in terms of increasing their readiness to recruit marketing/business graduates within Donegal. This study shows that employers who have an understanding of marketing are more likely to recruit graduates. The author proposes that courses such as 'Introduction to Marketing' and 'Marketing on a Shoe String', should be introduced and targeted at small firm owners/managers. This study has also established that the managing director/owner plays an important role in the marketing function within small firms in Donegal. It was also found that 51.6% of the respondents who took part in the quantitative

research concluded that the marketing budget was set based on an amount decided by the managing director. The author suggests that these individuals will be the key target audience in relation to increasing the usage level of marketing in the years ahead.

- Also in relation to employing graduates what has emerged from this study and in agreement with the current literature is that work placement should be mandatory in terms of a graduates learning programme. This also has the potential to bridge the gap between theory and practice. The author's own experience having gained work experience from a Masters Programme and now holds a permanent position with the firm validates this theory.
- This study has also revealed that 53.7% who took part in the quantitative research do not have a marketing plan. The author finds these statistics distributing particularly in this current economic climate. An interesting contribution from an interviewee who did not have a marketing plan in talks stated that 'I planned to have an event where all my loyal customers would be invited last year, but it never happened'. The author is of the assumption that if this interviewee had a documented marketing plan this event would of taken place – is this the reality for a lot of small firms in Donegal? Also in relation to the 43.2% of firms that do undertake a marketing plan the author is curious about the validity and accuracy of the plan utilised and how often the plan is revisited. In a larger scale study the author would investigate this issue further. The author has a strong belief that a plan is vital for determining where the firm wants to go and how they are going to get there; otherwise they are planning to fail. The author suggests that implementing a marketing plan should be a priority for small firms.
- The overall assumption the author gathered from analysing the quantitative method of research was that small firms in Donegal are in strong need of marketing help and advice. Firms are now recognises for the first time that marketing is vital for survival and promises return on the investment. They are

also recognises that marketing is not just about placing an advertisement in a local newspaper once a week, it is about so much more. It is a continuous and evolving process that must be monitored and evaluated in order to determine success. An interesting contribution from one of the participants in the interviews stated that marketing 'is about knowing who your customers are and knowing how to target them at the right time. This study has revealed that small companies in Donegal are seeking help with implementing marketing strategies and a need is there to be satisfied.

- The author is also aware from the findings of the study that respondents gain confidence in marketing over time and they can determine what works for their organisation and leave behind those activities that don't work. The author assumes that this is much easier for smaller firms in comparison to larger organisations with broad lines of communication visible. The author is of the assumption that small firms should use this to their advantage in order to grow and develop the business.
- What has been identified from the literature and this study is that a lot of the theory available for marketing is targeted more so for the larger organisation. The author recommends that information on small firm marketing should be more readily available. The authors own experience in gathering information on small firm marketing in Ireland and Donegal proved difficult and the scarcity of such information was evident.

In conclusion the author is confident that she has reached her objectives in carrying out this research and believes that there is scope for other researchers in this area to further analyse and investigate the findings to a larger extent.

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APPENDICES

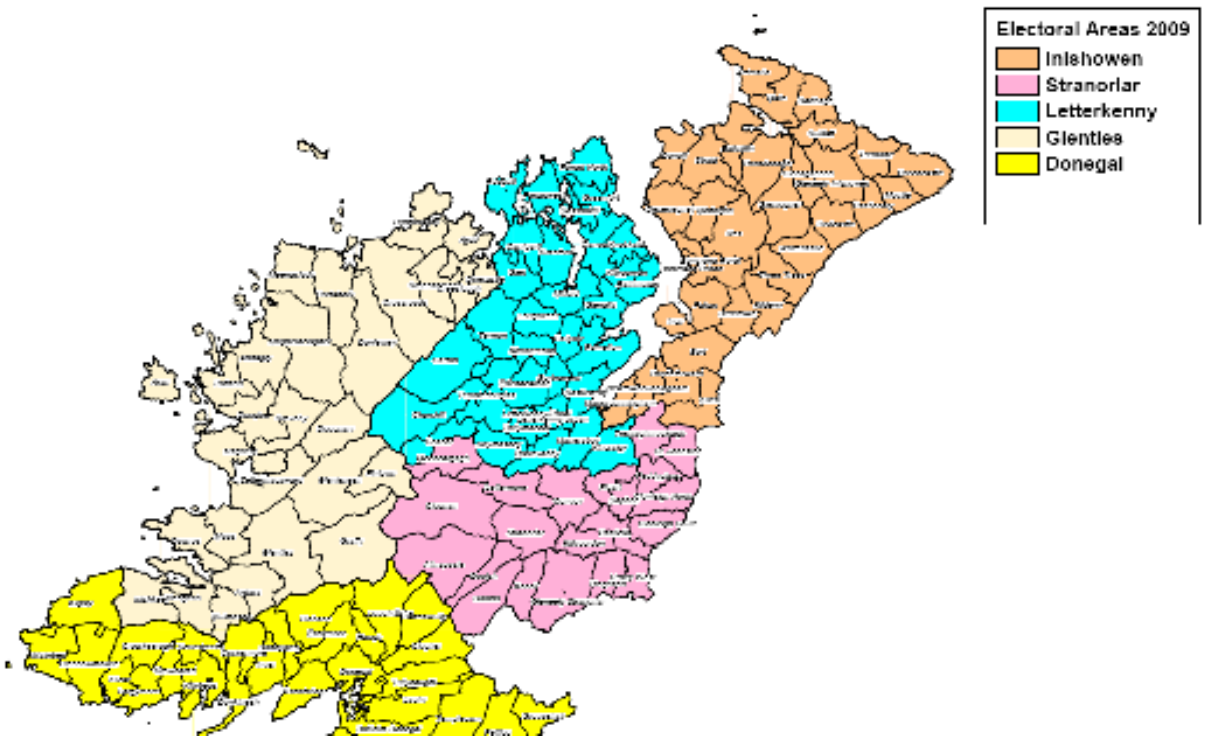
***Appendix 1:** Breakdown of Donegal Electoral Areas*

***Appendix 2:** Theme sheet utilised in interviews*

***Appendix 3:** Cover letter and questionnaire utilised in the survey*

APPENDIX 1

Breakdown of Donegal Electoral Areas



APPENDIX 2

Copy of theme sheet utilised:

Sub-Objectives

First Phase Qualitative Research

6 Depth Interviews

- To identify the usage levels of marketing used within small firms in Donegal.
- To identify marketing support that is available to small firms in Donegal
- To explore the gaps, if any, between the implementation of marketing practice in small firms and the theory studied during literature review.

Theme Sheet for Depth Interviews

1. Current marketing practices employed by small businesses/Usage

- How marketing is perceived at present- something that is vital for survival or something that can be done without.
- Is marketing managers/owners assigned to carry out marketing/ is marketing carried out by manager himself/ no marketing is carried out.
- Do the managers/marketing managers view marketing as something scary/complicated/ investment that promises good return?
- New trends in recent years that has perhaps multiplied the amount of marketing carried out in business/ or perhaps reduced amount of marketing is carried out.

2. Main Problems faced by small Firms in utilising marketing

- Limited time and resources to pursue marketing strategies.
- Does the firms stage in business lifecycle have and impact on amount of marketing carried out. For example a new business in the introduction stage of lifecycle will not have a lot of marketing spent in relation to a business that is well established.

3. Marketing support that is available to small firms in Donegal

- What is the help and advice that is currently available to small businesses? Does government bodies such as the County enterprise board, Udaras na Gaeltachta and IDA provide much support. Does this have an impact on the amount of marketing carried out?

- Is there much funding available for small businesses to pursue marketing activities?

4. Gaps between marketing theory and practice

- What are the main gaps between marketing theory and practice? What was established during literature review and how big is this gap with “reality”.
- How do the selected people feel about the theory and how it fits with the reality of business?
- Do businesses employ business/marketing graduates?

5. Formal Marketing System in place

- Do the selected firms have strategic marketing planning in place- formal/informal.
- Do they have a marketing audit- new product development system in place/ if not would they consider in the future having a formal system in place.
- Do they use any marketing models that have been very useful and would recommend to others?

APPENIX 3



Mr Paul Kelly
Gleneany House Ltd
Port Road
Letterkenny
Co. Donegal

25th of July 2008

Dear Paul,

I am currently undertaking a Masters in Marketing Practice in Letterkenny Institute of Technology and as part of the learning a thesis is to be submitted. The area of research that I am investigating is the use and effectiveness of marketing within small firms in Donegal.

My main objectives in carrying out this survey Include:

- To determine the effectiveness of marketing activities within small firms in Donegal.
- To identify current marketing practices employed by small firms in Donegal.
- To identify the pros and cons of implementing marketing strategies by firms in Donegal.
- To identify marketing support that is currently available for small firms in Donegal.

The questionnaire will take 10 minutes to complete and I would really appreciate if you could take the time out of your busy schedule. Also I must insure you that the results of the questionnaire will be confidential and will not be sent on to any other internal or external bodies.

Please find attached the marketing information questionnaire and a self addressed envelop that must be sent back to me in order for this research to be a success. The quality of this research is dependent on the amount of questionnaires that are returned and therefore I would be very grateful for your co-operation.

Kind Regards,

Annemarie Doohan (LYIT)

Marketing Information Questionnaire

1) What Position do you hold within the firm? (Please tick)

Managing Director Marketing Manager Other (please state)

2) How many people are employed within the firm?

Full time and Part time

Less than 5 6-15 16-30 31-40 41-50 More than 50

3) In the list below tick which industry your firm operates?

- a. Manufacturing
- b. Construction
- c. Wholesale and retail trades
- d. Hotels and restaurants
- e. Transport, storage and communications
- f. Financial services
- g. Education
- h. Healthcare, Pharmaceutical, Medical Devices
- i. Technology & IT
- j. Other Services (please state) _____

4) Who is responsible for carrying out marketing activities within the firm?

- a) Managing Director
- b) Marketing Manager
- c) Marketing/Business Graduate
- d) No opinion
- e) Other (please state) _____

5) Please indicate the extent to which you agree with the following statements?
(please enter appropriate number in the box provided)

(1) Strongly Disagree (2) Disagree (3) Neither Agree nor Disagree (4) Agree (5) Strongly Agree

- Marketing is vital for survival of our firm
- We could do more with regards to marketing activities within the firm
- Our firm views marketing as a complicated challenge
- It is difficult to put marketing theory into practice
- Marketing is about understanding and satisfying customer needs
- Marketing is a waste of investment
- It is very difficult to evaluate and monitor the effectiveness of marketing activities that are carried out within the firm

6) a) In recent years are there any trends that have affected your business in relation to the amount of marketing carried out by your firm? (Please elaborate)

b) What would improve the amount of marketing carried out by your firm?

- More help and advice from government bodies'
- More funding form government bodies'
- Employees/Employers more educated
- More free sources to carry out marketing activities
- Other (please state) _____

7) What are the main problems you encounter within your firm in relation to carrying out marketing activities? (please tick one or more)

- Limited time
- Limited Resources
- Company size
- Limited Knowledge
- No opinion
- Other (please state) _____

8) In relation to your firm please choose 1-5 as to the level of marketing activities that is carried out at each stage of your business life cycle (1 being very little and 5 being a lot)

Start-up Growth Maturity Saturation

9)

a) How would you rate your satisfaction with the level of marketing **support** that is available from government bodies to small businesses in Donegal?

Very Satisfied Satisfied Neither Satisfied nor Dissatisfied Dissatisfied Very Dissatisfied

b) How would you rate your satisfaction with the level of **funding** for marketing that is available from government bodies to small businesses in Donegal?

Very Satisfied Satisfied Neither Satisfied nor Dissatisfied Dissatisfied Very Dissatisfied

c) If you have received help and advice from government bodies please indicate below which organisation has helped you? (please tick one or more)

- Donegal County Enterprise Board Enterprise Ireland
- IDA Fáilte Ireland
- Lookwest Udarás na Gaeltachta
- Not applicable
- Other (Please Indicate) _____

10) Please tick the appropriate boxes

a) Does your firm:	Yes	No	Not Applicable
▪ Have a marketing plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Undertake a marketing audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Undertake a SWOT Analysis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Undertake a PEST Analysis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Employ marketing graduates?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Have a new product development process in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Use any other marketing methods? (Please state) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b) If you **do not** have a marketing plan in place within the organisation please state reasons for not having a plan in place?

▪ Limited time	<input type="checkbox"/>
▪ Limited resources	<input type="checkbox"/>
▪ Limited knowledge	<input type="checkbox"/>
▪ Company size	<input type="checkbox"/>
▪ Not seen as adding value to the business	<input type="checkbox"/>
▪ No opinion	<input type="checkbox"/>
▪ Other (please state) _____	<input type="checkbox"/>

11) How does your firm set the marketing budget for the year?

▪ Percentage of sales	<input type="checkbox"/>
▪ An amount decided by the managing director	<input type="checkbox"/>
▪ Fixed figure every month	<input type="checkbox"/>
▪ Don't have a budget	<input type="checkbox"/>
▪ Other _____	<input type="checkbox"/>

12) Please state below any other additional comments you would like to make?

Thank you for taking the time to complete this questionnaire.

Go raibh maith agat !