

## THE REVIVLE OF SMALL AND MEDIUM SIZE ENTERPRICES ACTIVITY THROUGH MARKET RESEARCH

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**Abstract.** The present economical and social situation imposed as necessary the reestablishment of the role of the small and medium enterprises in Romania. One of the most important requirements for revitalization and development of this particular sector consists of the existence of an adequate and coherent legislation. But in the same time important companies' efforts are also necessary. One aspect often neglected by the management of the companies consists of collecting and analyzing the marketing information in order to improve their activity, or to put in other words, the market research. The paper presents the results and the conclusions of a market research conducted for a company that produce synthetic fluids used in a variety of industries.

### 1. INTRODUCTION

In the last 16 years Romania was in a long and painful transition process from a strong centralized economy to a market economy, like other countries in Central and Eastern Europe that were part of the former socialist group. This objective was not fulfilled yet, despite the optimism of the government. In order for this process to take place the existence of a coherent reform system must exist. That will help Romania to overpass the economic and social difficulties. As a result, the role and importance of small and medium enterprises (SMEs) increased within this process. It is necessary to have adequate laws and regulations for revival and development of this important sector of the Romanian economy. Unfortunately, in the last one and a half decades, this requirement either mist or was subject to often and, many times, chaotic changes. Nevertheless, this necessary requirement alone is not enough. In the same time, the management of the SMEs must make important efforts to assure the link between there companies and the economic environment.

One activity, many times neglected, that may conduct to the revival of this important sector is the market research.

### 2. MARKETING RESEARCH AND MARKET RESEARCH

The marketing concept represents a philosophy which statutes that a successful business is that business that satisfy consumer needs [1]. The managers need information to identify those demands and needs and to develop the necessary strategies to satisfy the consumers that form the target market. The environmental changes conduct to the necessity of constantly gather information to monitor the consumers, the markets, and the competition in the same time.

One may identify two approaches to the marketing research concept [2]:

- the theoretical approach (**marketing research**) consisting in a collection of methods and techniques for gathering and analyzing information regarding the existing situation and the trends of an activity, a problem, or a product market;
- the practical approach (**market research**) that defines the problem, gathers and analyzes information, and proposes ways to improve the activities of a company in a specific domain. Generally speaking, the situations that need the development of a market study are: introduction of an existing product on a new market (promotion), launching a new product, sales increasing, improving the company's image, positioning the product, etc.

Usually, a market research is an applied research, sometimes inaccurate, a project that must fit in a given budget of money and time rather than a research on a continuous base.

Even if the market research projects differ, the process has the same steps: defining the problem, establishing the objectives, developing the project, identifying the sources and the types of information, identifying the methods for obtaining data, gathering and analyzing those data, developing and presenting the final report.

### 3. GATHERING THE NECESSARY DATA FOR THE STUDY

One of the most used methods for gathering market information is the survey method. Using this method provides important advantages of standardization, easy administration, simple tabulation, and ability to investigate sub-groupings of respondents [3]

When deciding about using that method, researchers must take into consideration the constraints mainly regarding the available resources and the survey objectives (e.g. the deadline of the project, the available funds for data collection, the desirable quality of those data), certain characteristics of the respondents (e.g. prevalence of the qualified respondents, ability and willingness of the respondents to take part of the survey), and some aspects regarding the questions asked (their complexity, the degree to which the topics touch on sensitive issues).

Researchers must select that particular method of gathering information that is familiar with and will generate the desired quality and quantity of the information without exceeding time and budget constraints.

### 4. PRESENTATION OF THE ANALYZED STUDY

The analyzed company is a small chemical firm that produces a large number of fluids used in many industries like chemical industry, machine construction industry, or extraction industry.

The main goals of the market study developed by that company were the following:

- a better understanding of its market;
- identification of the target clients for their products dedicated to the machine construction industry;
- identification of the strengths and weaknesses of their products comparing with similar products of their competition;
- increasing the sales volume;
- reorganizing the marketing activities within the company.

The study used a sample formed by existing clients (8 companies) and potential clients (100 companies) of the analyzed company.

The necessary information was collected using mail questionnaires. The answers were processed using distributions and cross tabulation.

As a first example, a cross tabulation of two questions is presented.

1. Assess the monthly consumptions of concentrated specific fluids for: (a) mechanical processing, (b) temporary anticorrosive protection, (c) surface hardening, (d) deep hardening, (e) degreasing. Use the following classes: (i) less than 50 kg, (ii) between 100 kg and 500 kg, (iii) over 500 kg.
2. Assess the monthly quantities of products your company manufactures using specific fluids through: (a) mechanical processing, (b) temporary anticorrosive protection, (c) surface hardening, (d) deep hardening, (e) degreasing. Use the following classes: (i) less than 10 t, (ii) between 10 t and 50 t, (iii) over 50 t.

The goal of the tabulation was to identify the “heavy clients” – the most important, the most numerous category of clients that may generate the highest income level.

The answers were grouped in tables 1 to 5. Only the companies that answer both questions were taking into consideration.

**Table 1. Cross tabulation between consumptions and production for mechanical processing**

Consumptions [kg/month]	Production [t/month]			Total
	Less than 10 t	Between 10 and 50 t	Over 50 t	
Less than 100	10	0	1	11
Between 100 and 500	6	6	3	15
Over 500	2	4	7	13
<b>TOTAL</b>	<b>18</b>	<b>10</b>	<b>11</b>	<b>39</b>

**Table 2. Cross tabulation between consumptions and production for temporary anticorrosive protection**

Consumptions [kg/month]	Production [t/month]			Total
	Less than 10 t	Between 10 and 50 t	Over 50 t	
Less than 100	14	2	1	17
Between 100 and 500	5	4	1	10
Over 500	2	3	3	8
<b>TOTAL</b>	<b>21</b>	<b>9</b>	<b>5</b>	<b>35</b>

**Table 3. Cross tabulation between consumptions and production for surface hardening**

Consumptions [kg/month]	Production [t/month]			Total
	Less than 10 t	Between 10 and 50 t	Over 50 t	
Less than 100	11	0	0	11
Between 100 and 500	3	0	0	3
Over 500	4	1	1	6
<b>TOTAL</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>20</b>

Table 4. Cross tabulation between consumptions and production for deep hardening

Consumptions [kg/month]	Production [t/month]	Less than 10 t	Between 10 and 50 t	Over 50 t	Total
Less than 100		9	1	0	10
Between 100 and 500		4	5	0	9
Over 500		2	4	6	12
<b>TOTAL</b>		<b>15</b>	<b>10</b>	<b>6</b>	<b>31</b>

Table 5. Cross tabulation between consumptions and production for degreasing

Consumptions [kg/month]	Production [t/month]	Less than 10 t	Between 10 and 50 t	Over 50 t	Total
Less than 100		17	0	0	17
Between 100 and 500		5	2	1	8
Over 500		2	6	7	15
<b>TOTAL</b>		<b>24</b>	<b>8</b>	<b>8</b>	<b>40</b>

The first approximation conducts to the idea that the main category of clients consumes less than 100kg/month of concentrated specific fluids for a production less than 10 t/month (except for mechanical processing where the answers have a great dispersion).

Nevertheless, for fluids used in mechanical processing, in deep hardening and even in degreasing, the companies that have a monthly consumption of specific fluids over 500 kg and a production greater than 50t/month have an important weight and represent potential "heavy" clients.

The second example represents the answers' distributions for other two questions are presented. The answers were on a scale from 1 (less important) to 7 (very important) for the first question, and on a reverse scale for the second:

1. Arrange the following commercial criteria based on your importance order: price, quality, way of payment, technical assistance, size of order, delivery terms, and warranties.
2. Arrange the following technical criteria based on your importance order: usage duration, working concentration, using conditions, elimination of the flat fluids, using spectrum, storage condition, and compatibility.

The answers' distributions are synthesized in tables 6 and 7.

Table 6. Distribution of the commercial criteria

Criterion	Scale	1	2	3	4	5	6	7
Price		1	1	0	2	4	18	12
Quality		1	1	0	0	0	11	26
Way of payment		5	3	13	7	8	2	0
Technical assistance		15	13	5	0	2	1	1
Size of order		17	15	2	1	1	1	1
Delivery terms		1	3	11	13	10	0	0
Warranties		1	1	6	14	11	5	0

Table 7. Distribution of the technical criteria

Criterion \ Scale	1	2	3	4	5	6	7
Usage duration	30	4	0	0	0	1	4
Working concentration	1	10	7	5	9	4	2
Using conditions	2	10	11	3	6	5	7
Elimination of the flat fluids	2	2	10	10	8	4	2
Using spectrum	0	10	4	10	3	7	4
Storage conditions	2	2	3	4	4	11	12
Compatibility	0	0	1	6	7	5	19

The responses analysis leads to the following findings:

- The majority of the questioned companies uses all alloy types and executes all the usual types of mechanical processing;
- The fluids they usually used need special work conditions;
- The majority of the survey participants uses less than 100 kg specific fluids and manufacture less than 10 t of products monthly;
- The flat fluids need special treatments;
- The most important commercial criterion is quality followed by price;
- The most important technical criterion is usage duration.

The main conclusions of the study were the following:

- There is a market that has high potential for that kind of fluids;
- The products of the analyzed company have important advantages comparing with similar products of the competition, both from commercial and technical points of view;
- The company has correct price and quality politics;
- The company relatively less known on the market.

Based on those conclusions, the following recommendations were made to the management of the company:

- A greater scope and coherence of the marketing activities in order to better use the market potential;
- An improvement of the price and quality politics;
- Maintaining and developing the relation with the potential clients that already express their availability in a future cooperation with the analyzed organization;

## 5. CONCLUSIONS

The findings of the market study are very important for all the activities at the company level. That information can be used in different ways like: marketing forecasts, market segmentation, identifying the target clients, identifying "heavy" clients, products and company positioning, understanding the consumer behavior, etc.

The findings of a market study may be applied immediately with significant results over a sort period in the sells volume. Therefore this activity must continue for the rest of the company's products.

As a recognition of the importance of this type of activities, the management decided to build a market research team within the company to assure a higher coherent of the marketing activity at the company level.

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