

THE MARKETING OF SMALL ENTERPRISES, GUERILLA MARKETING

Mr. sc. Željka Zavišić
Prof. dr. sc. Mane Medić
Faculty of Economics in Osijek

Summary

The work is focused on approaches and techniques used by companies for identifying and fulfilling of the consumers' needs and expectations, while making profit with little or limited resources in various stages of firm development (*start-up* stage) or in small enterprises. Basic marketing principles and categories of conventional marketing shall be compared with the demands of the unconventional one, which is focused on practical and financially limited marketing (*guerilla marketing*). In this work, the accent will be put on direct marketing, new marketing paradigm, face-to-face marketing, relationship marketing, and most notably on guerilla marketing, which sole purpose is to achieve maximal goals with minimal resources.

Keywords: guerilla marketing, new marketing paradigm, direct marketing

1. Classical approach to marketing

Adam Smith declared in 1776 that the consumption was the soul and purpose of the production. As a matter of fact, he actually described something that would later on come to be known as *the marketing concept*.¹

The main idea of marketing is the mediation between the possibilities of a company and consumers' desires, in order to appease both sides.

According to Ph. Kotler², marketing is social and managerial process in which individuals and groups, through making of an offer and exchange of valuable goods with others, get what they need or want. Therefore, the goal of the marketing is to satisfy the needs of the consumers, but also those of the economic subjects.

¹ McDonald, M: Marketing plans, fifth edition, Oxford, Burlington, 2002, p. 2.

² Kotler, Ph.: Upravljanje marketingom, 9., published by MATE d.o.o, Zagreb, 1997, p. 14.

The basis of the marketing concept must be:³

1. market focusing, 2. buyer orientation, 3. coordinated marketing, 4. product profitability

As it is known, the market is most often defined as a total of the relationship between supply and demand in a certain place during a certain time. Because of that fact, it continually has to be researched, in order to have it serve as marketing.

To make the research more efficient, it should be a part of the total marketing process, which consists of the following phases:

1. data research, 2. the defining of the marketing goals, 3. the defining of the marketing strategy, 4. the draw-up of the coming-on-the-market program (marketing mix), 5. marketing control

The controlling of the marketing mix is concerned with the use of different tools and techniques available to managers, in order to implement the marketing concept. To keep it simple, they are often referred to as four Ps: product, price, place, promotion; although it is a tendency now days to use two more Ps: people and processes.

The classic approach to marketing puts stress on the company as an initiator of marketing communication. It developed on the presumptions that all the products were identical (and that the consumers were also believed to be as such), so the basic task of the marketing was to find those that would like or could be convinced to buy those products.

With the rise of strong brand products, everything was aimed at the advertising activities connected to the brand, which led to putting the emphasis on the brand and neglecting the consumers' desires. That traditional approach is still present in many places, and that is observable through mass communication and massive economic advertising, especially in the case of consumer goods.

The basis of this approach is an underlying assumption about the homogeneity of the market, and, by it self, also a belief, that the process of marketing, communication, promotion and economic propaganda, should be aimed at the "convincing" of the consumers.

Here we deal with the one-way flow of exchange of information and communication from the producer, or some other representative of the marketing activities, through the channels of distribution, to the consumer. This is based on the "propagation" of the production and distribution.

³ Kotler, Ph.: Upravljanje marketingom- Analiza, planiranje, primjena i kontrola, Informator, Zagreb 1994, p. 20.

Linear model (going from their essence that consisted of the “ability to influence the awareness of the consumer”, by the use of even the very sophisticated scientific methods and marketing techniques) was used for the determination of the market profiles as the mechanisms of exchange, where the producers or the trade had the key information needed to decide on the purchases at their disposal. With the support of the advertising agencies, they became the subjects that were in direct contact with the potential consumers. The connection between them was the mass media as a middleman, so that the economic advertising interpolated in that context as the offensive way of realization of the communicative process. The activities in the area of public relations (PR), as a defensive way of communicating, also had their place with the ever more increasing degree of “interferences” that were present in the communicative process on the market, as a result of increased competitive struggle. However, in both cases some genuine problems crop up. The marketing concept and principles were put aside, so that the essence of the marketing communicative process of the company is very often omitted: the immediate consumer, that in the mean time has significantly changed not only his/her profile but also his/her position on the contemporary market, had been forgotten. Globally oriented companies were first to comprehend that fact and they moved their focus considerably to consumers (and the products they need) during the internationalization, globalization and integration of world market in the late '80s and in the '90s. Marketing communication is a part of implementation of integral marketing concept of enterprises that must be in interrelation with other elements of marketing system functioning.⁴

2. New marketing paradigm

Under the influence of ever greater fragmentation of the world market and media, intensifying of the competitive struggle on the global level, technological progress in the area of telecommunications, traffic, production and ways of doing international financial and business operations, it has come to the significant *turn in the profiling of the communicative aspect of marketing* and in the repositioning of the relation of consumers and enterprises as representatives of marketing activities on the communicative level.

⁴ <http://www.ien.bg.ac.yu/kip.htm>

DYNAMICS OF MARKETING PARADIGM

Traditional marketing strategy

- Marketing led
- Production capacity oriented
- Market share oriented
- Mass production
- Mass marketing
- Insistence on existing buyers

New approach to marketing strategy for 21st century

- Market led
- Demand oriented
- Oriented on building of a market
- Mass adjustment
- Face-to-face – relationship building
- Retaining of old costumers and acquisition of new ones

What in the last few years became clear in the contemporary marketing activities has increased the importance of the concept of *Integrated Marketing Communications* (IMC). Namely from the point of view of communicative profiling of marketing activities, i.e. politics and strategy of today's marketing communicating, one can with certainty distinguish between two marketing models: the linear (traditional) one and the integrated (interactive) one. The possibilities, that Internet offers in the area of business and marketing, have greatly speeded up the separation of the two and made it more transparent.

The integrated marketing paradigm, significantly and increasingly supported by the expansion of interactive communicating, has brought two key changes into the communicative aspect of marketing:

- the contemporary consumer will in the process of marketing communication act as a message sender that encodes his needs and wants, and not the other way around like it is the case with the traditional model

- the contemporary companies will increasingly invest in marketing qualification based on the flexibility of technology, knowledge and integrated marketing communication.⁵

3. Relationship building

Economist Peter Drucker said almost forty years ago, that the first task of every company was establishing of client database. That database is now days, when one of the trends of today's marketing is precisely the *database building*, considered to be the greatest asset of a company. Along with the database building, one of the most prevailing trends in market management is *relationship building*. Basic philosophy

⁵ <http://www.iem.bg.ac.yu/kip.htm>

behind this trend can be deduced to a claim that companies do not profit from selling their products and servicing but from their buyers and clients. Because of that, they are increasingly concentrating on the behavior of clients and development of friendly and cooperative relationship with them.⁶

3.1. The “face-to-face” concept

The main idea of this concept is that different clients need different approach. With that kind of approach, mutual cooperative relationship is formed, and it directly affects the loyalty of the clients toward the supplier. This idea is not directly connected to the Internet; it has been implemented much before it.

In some luxury chains of hotels, for example, guests’ special demands are carefully noted down. Therefore it shouldn’t come as a surprise that when these guests come the next time, they find their favorite beverage in their mini-bar or just the right number of pillows and blankets on their bed. Today we come across this concept in banks and insurance companies, but also increasingly in car dealers.

However, only with the Internet has this concept got a new dimension. Not only that it is possible to directly track client’s behavior, by tracking his interest on the web pages of a face-to-face-conscious company, but it is also possible to actively support his/her personal interest. Such communication inevitably leads to the increase of client’s interest, not only in offered products, but also in the corporation that is behind that offer. Client’s interest is such that he/she is ready to make an additional effort by defining his desires, thus teaching his “partner” about his/hers own needs, while in the same time learning new rules of conduct. Mutual effort, from the client on one side and his partner, the corporation on the other, leads into a close cooperative relationship that can hardly be harmed by the simple lowering of prices from the part of the competition, which might try to break it.

What is more, global experiences are telling us that the companies which had successfully implemented the face-to-face concept have succeeded in raising their prices, thanks to clients that are prepared to pay more for that feeling of satisfaction and of being special, secured for them by their partner, while making business.⁷

Therefore, it is about abandoning of mass marketing and orientation on individual one, what would consequently result in greater satisfaction of the buyer on one side, and with greater business success on the other.

⁶ <http://www.poslovna-znanja.hr/default.asp?ID=1227>

⁷ http://infoprofil.info/edu/extranet_edu1.htm

4. Guerilla marketing

Marketing is everything that we do in order to satisfy buyer-consumer's needs, while at the same time we upgrade doing business.

Guerilla marketing is all that and much more.

It is the unconventional approach to marketing in the way that maximal goals are reached with minimal means. Therefore, it is an unconventional way of reaching conventional goals! Through it, one aspires to accomplish greater marketing effect with fewer resources.

Television, radio and other commercials have notably since long ago become a part of our life, so that they, in a way, represent a "background noise" that nobody notices anymore. Advanced salesmen, in order to attract attention of potential buyers, find a way out in guerilla tactics. Due to such kind of promotion, the targeted market is sometimes unaware of being affected by marketing. Hence it is a kind of covert marketing.

It includes a number of decisions about which many people often aren't aware that they are part of marketing domain.

Buyer psychology, conversation, outfit, the relationship to oneself, to a buyer and to nature, the place in space and time, form and color of the product, name, understanding, planning, the visual, the auditory, the conscious and the unconscious, aiming and hitting, not missing the opportunities, overcoming of problems, motivation...

A person that is engaged in guerilla marketing (a guerilla marketer) ought to be creative and to develop unconventional methods of promotion. He/she must make use of all his/her connections, professional as well as personal, and he/she has to explore his/her company and products in order to find the sources of publicity.

Some forms of publicity can be very cheap, while some can be even free of charge.

By using guerilla tactics, small companies are able to achieve publicity easier than the big companies. This is because the small companies are closer to an individual buyer and hence able to act faster.

The guerilla marketing is in the first place meant for:

- small companies
- new companies and
- individuals

It is not enough to be merely present on the market, nor merely price competitive, and at the same time to ignore the knowledge of the today's buyer and consumer, for only a moment of inattention is all that is needed to be run down by the competition.

The mankind has never been progressing so fast, and solely classical methods and techniques are not enough for success anymore. What is satisfactory by today's standards already tomorrow loses its edge and becomes obsolete.

One has to stay up-to-date and aspire to the top.

In order to succeed, it is imperative to present a quality product, for there is no such marketing or guerilla that will convince a buyer to purchase a deficient product or service more than one time.

The guerilla marketing thoroughly explores every possibility and beyond, in order to implement the best possible business combination – the winning combination.

Personal sale, personal letters, telemarketing, circulars and brochures, ads on bulletin boards, section ads, external advertising, billboards, yellow pages, newspapers and magazines, radio and television, mail offers, promotional peculiarities like emblazoned pens, free samples, seminars and promotions, sponsor relationship, exhibitions and fairs, t-shirts with a company logo, public relations, word-of-mouth advertising...

Through selection of marketing strike, the guerilla follows in footsteps of the weapons that hit the target, and not the ones that miss it.

This way, it abandons failed or insufficiently good methods and stresses successful ones, by means of which it can boost the efficiency of marketing budget many times over.

The guerilla often thinks back as to come to the needs and wants that invoke incentive.

The guerilla contemplates the trends, for the client dedicated businesses will be increasingly developed.

Free time, elderly persons, health and healthy life, recreation, women, time savings in industry, cheaper materials, pet care, vegetarian nutriment, help for those depressed, environmental protection, pregnancy prevention, diet beverages, babysitting, bold people... are just some of the opportunities.

Besides a better idea, one has to have a better argumentation and focused strategy.

The foundation of successful guerilla marketing is also control, correction and problem overcoming.

The guerilla marketing is not:

blasphemously expensive, easy, common, empty, schoolbook defined, recognized by the competition, inefficient, unserious, easily copied... and it is good to be so.

To be guerilla means to be present in consumer consciousness, to be able to understand it and influence it, and to be always close-at-hand for the buyer.

Levinson states the following facts as the basics of guerilla marketing:⁸

- guerilla marketing is especially suitable for small companies
- it should be based upon human psychology instead on experience, judgment and conjecture
- instead of money, the prime investments in marketing should be time, energy and imagination
- the measure of business success is benefit, not sale
- marketer should also have in mind monthly number of new contacts made
- it is necessary to forget about competition and concentrate on cooperation with other companies
- guerilla marketers should always make use of combination of marketing methods for a campaign
- of great importance is also the use of modern technology as an instrument for improvement of company marketing

In order for the guerilla marketing to yield desired results, a plan should be devised first:⁹

1. Select a strategy.
2. Focus on existing advantages.
3. Set the target market or markets.
4. Decide what marketing tools to use.
5. Determine the market share.
6. Establish the company's identity

⁸ Levinson, J. C.:Marketing gerila, p. 36

⁹ Levinson, J. C.:Marketing gerila, p. 38.

7. Work out the resources/budget for marketing.

The plan should not be too elaborate, but also not too simple. The more it is compressed, the easier it will be to follow as a manual in doing business.

Levinson also provides ten most important secrets of marketing, which are of great importance for the guerilla, and these are:¹⁰ obligation, investment, consistency, fait, patience, choice, sequence, suitability, surprise, gauging.

1. You have to be obliged to your marketing program.
2. You should look upon it as an investment.
3. You must make sure that your program is consistent.
4. You must have fait in your company's future.
5. You must be patient in order to accomplish your mission.
6. You must fathom that marketing is a selection of various procedures.
7. You have to know that the profit follows the sales.
8. You ought to manage the company in a manner that it is suited to buyers.
9. You must integrate the element of surprise in your marketing.
10. You must take measurement as to gauge the efficiency of your methods.

The performance in a guerilla manner can also be seen through the so called *minimedia* and *maximedia marketing* as well as *out-of-media marketing*.

The **minimedia marketing** includes:¹¹

- personal sale
- personal letters
- telemarketing
- circular letters and brochures
- indicator for advertising
- small and large messages
- yellow pages

Because the big companies seldom use minimedia marketing, there is little competition for the guerilla in this area.

¹⁰ Levinson, J. C.: Marketing gerila, p. 27.

¹¹ Medić, M: Bilješke s predavanja, Poduzetnički marketing – gerila marketing

It is of paramount importance for the guerilla marketing to be en sync with the marketing plan, talent and style.

The maximedia marketing refers to mass marketing media like:

- newspapers
- weeklies, magazines, reviews
- television
- radio
- mail promotion
- external advertising

the “new media”

- cable media
cable TV
- emitting media
satellite TV
- audiovisual media
video panels, plasma screens

Errors with that media are very expensive. However, maxi-marketing should not be perceived as an expensive one, for the expensive marketing is the one that does not work.¹²

The **out-of-media marketing** refers to business promotion without the presence of media, and that is mostly:

- own spokespersons
- group programs
- exhibitions
- cooperation with dealers and entrepreneurs
- sessions on the ways of trading for own dealers
- education from the part of the supplier

Methods such as these demand care for even the smallest details and that makes them appear more complex than they really are. But success is possible even with the use of only out-of-media marketing. It affects people without investing money in media, but for the optimal results the combination of these methods is recommended.

With the guerilla marketing, psychology plays a very important role. It is useful to know that decisions about purchasing are made mostly unconsciously. But still,

¹² Levinson, J. C.:Marketing gerila, p. 132

both targets should be aimed at: the consumers that react on logical impulses as well as the ones that react on emotional appeal.

Basic emotional appeals that need to be considered are:

Success, satisfaction that comes from owning, security, self-improvement, status, style, comfort and ease of pressure, ambition, power, love.

Buyers also need to be educated (how to become more successful in their work), because the educative marketing is efficient, powerful and exceptional, as well as suitable for the guerilla.

Nonverbal marketing is also of great importance (the right posture, the correct face expression, smile, etc.).

Persons involved in guerilla marketing should strive to make everyone feel important, and also to look upon themselves through the eyes of the others.

All of this says us that every person, be he/she a small entrepreneur, a businessperson, an auto-mechanic, a farmer, a doctor or a professor, can by all means find the way to persona or business success, by playing in guerilla style.

- the applicable guerilla marketing

One of the best characteristics of guerilla marketing is its applicability. It is not a “visual” marketing where everything depends on the logo, slogan or image of the product. Instead, the guerilla marketing includes the search for fresh and original ways of luring new buyers, retaining the old ones, and influencing buyers to spread the word to others.

If buyers develop loyalty to our way of doing business, they will more probably choose us before any other new and exciting competitor. Long-term keeping of the customer is also cheaper than winning of the new one. Finally, to maintain the loyalty is the key to long-term success.

The consumer that will always use our services is invaluable. If our way of doing business pleases the buyer in every transaction, many of them will become lifelong clients.

Conculsion

Under the influence of ever greater fragmentation of the world market and media, of the build-up of competitive struggle on global level, of technological development in the area of telecommunication, traffic, production and way of doing international financial and business operation, it has come to massive *turn in profiling*

the communicative aspect of marketing and in repositioning the relationship between the consumer and the firm as the bearer of activities on communicative level.

Basic philosophy behind the relationship marketing can be deduced to a claim that companies do not profit from selling their products and servicing but from their buyers and clients. Because of that, they are increasingly concentrating on the behavior of clients and development of friendly and cooperative relationship with them.

The face-to-face approach is used for building of mutual cooperative relationship, and that in term directly affects customer's loyalty toward his supplier.

The need for guerilla marketing today can be observed through three facts:

- Because of the decrease in large business deals, government's decentralization of arrangement relief, low-cost technologies and a fact that the people in the world are more inclined to small businesses.
- The decay of the small businesses also reaches record figures and one of the main reasons for this decay is inability to understand marketing.
- The guerilla marketing has proven its suitability for small businesses all over the world. It works because it is easy to understand and apply and is of course inexpensive.

The guerilla marketing is needed, for it gives an advantage to small companies: definition in an undefined world, economy in a highly respected world, simplicity in a complicated world, marketing awareness in an idea-deprived world.

Literature

1. Levinson, J. C.: Marketing gerila, Naklada Edo, Zagreb, 1999.
2. Kotler, Ph.: Upravljanje marketingom, 9. izdanje, MATE d.o.o, Zagreb, 1997.
3. Kotler, Ph.: Upravljanje marketingom- Analiza, planiranje, primjena i kontrola, Informator, Zagreb 1994.
4. McDonald, M: Marketing plans, fifth edition, Oxford, Burlington, 2002.
5. Medić, M: Bilješke s predavanja, Poduzetnički marketing – gerila marketing, Osijek 2005.
6. INTERNET
<http://www.ien.bg.ac.yu/kip.htm>
<http://www.poslovna-znanja.hr>
http://infoprofil.info/edu/extranet_edu1.htm