

MARKET(ING) THE SMALL

HOW DOES MARKETING WORK FOR UK SMEs?



**London
South Bank
University**

EST 1892

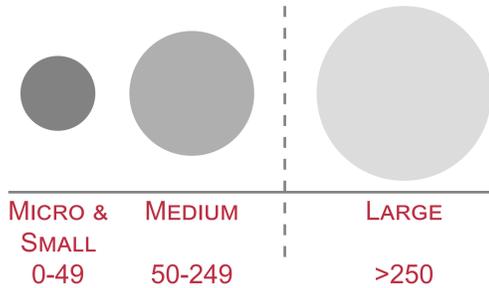
KATRIN FRANKE

THE EHRENBERG CENTRE FOR RESEARCH IN MARKETING

WITH THANKS TO DAG BENNETT, CHARLES GRAHAM, & STEVEN BARBER

BACKGROUND

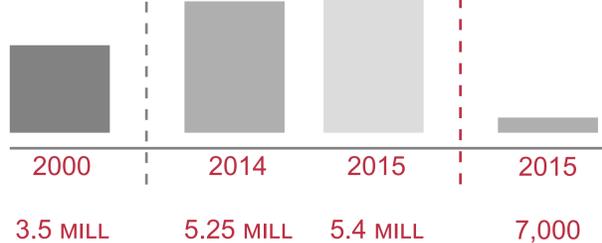
SME PAYROLL CHARACTERISTICS



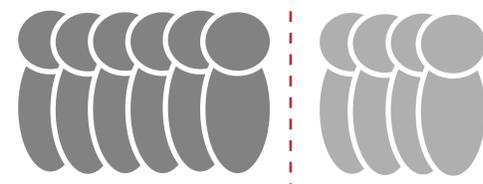
SME CHARACTERISTICS	
ANNUAL SALES	BALANCE SHEETS
< 50 MILL EUR	< 43 MILL EUR

SME TURNOVER: £1.8 TRILLION
(47% OF UK PRIVATE SECTOR)

GROWTH IN UK SME NUMBERS



99.3 % OF ALL UK BUSINESSES ARE SMEs



TOTAL EMPLOYMENT:
15.6 MILL IN UK PRIVATE SECTOR (60 %)

LARGE

INTRODUCTION

SME CHARACTERISTICS

- HIGH FLEXIBILITY
- LOW BUREAUCRACY
- SPECIALISATION
- HIGH EMPLOYMENT RATE
- SHORTER REACTION TIME

(FSB, 2016)

ANNUAL PENETRATIONS & PURCHASE RATES

INSTANT COFFEE USA 1992	MS (%)	PERCENT BUYING		PURCHASES PER BUYER	
		O	T	O	T
Folgers	24	11	12	3.2	3.1
Maxwell House	22	10	11	3.1	3.1
Tasters Choice	17	9	9	2.8	3.0
Nescafé	11	6	6	2.7	2.9
Sanka	9	5	5	3.0	2.8
Maxim	1	0.3	0.8	4.5	2.6
Other brands	16	8	8	3.0	3.0

O= observed; T= theoretical Dirichlet

(ADAPTED FROM EHRENBERG ET AL., 2004)

LITERATURE REVIEW

1/5 SMEs SEE MARKETING AS KEY TO GROWTH

1/5
(CHAHAL, 2015)

SME FAILURE RATES WITHIN 3 YEARS

30%
(MCGREGOR, 2005)

8/10
(WAGNER, 2013)

METHODOLOGY

ADUCTIVE

MOVE BACK & FORTH BETWEEN THEORY & EXISTING BRAND CHOICE ASSUMPTION

MIXED-METHOD APPROACH

FACILITATING FINDING WITH MORE THAN ONE METHOD TO GENERATE RICH FINDINGS & PROVIDE A BETTER UNDERSTANDING OF THE RESEARCH PROBLEM

STRATEGIES & METHODS

QUALITATIVE QUANTITATIVE
SEMI-STRUCTURED INTERVIEWS CONSUMER PANEL DATA
FOCUS GROUPS SURVEY

CROSS-SECTIONAL

DIFFERENT BUT SUBSEQUENT TIMES TO GET A SNAPSHOT OF INDUSTRY & ACADEMIC PERCEPTIONS HELD

CONTRIBUTION TO KNOWLEDGE

- MARKETING LAWS: HIGHLY INVESTIGATED, UBIQUITOUS, & ALL-PERVASIVE
- SMALL BRANDS UNDER-RESEARCHED
- RESULTS DERIVED FROM BIG BRANDS (SHARP ET AL., 2012; PARE ET AL., 2006)
- WHAT CHALLENGES THE SMALL?
- WHAT ARE SME DYSFUNCTIONS?
- LIMITED RESEARCH OF FAILURES
- MARKET STRUCTURE ANALYSED AT NEW COMPETITIVE LEVEL
- SMEs UNLIKE SMALL BRANDS?
- GENERALIZABLE RESULTS POSSIBLE?
- SUFFER TWICE?

LITERATURE REVIEW

- IS A BRAND A SME & VISE VERSA?
- RELEVANT PERFORMANCE METRICS?
- WHAT DISTORTS RESULTS?
- FOCUS: SLOW & VERY SLOW SHARE BRANDS/SMEs
- UNIQUENESS OR CLOSE SUBSTITUTES?
- MENTAL & PHYSICAL AVAILABILITY?



(BOYD, 2016
WAGNER, 2013
SHARP ET AL., 2012)

MAIN AIMS IN CONTEXT OF SMEs

1. EXAMINE BRAND BUYING BEHAVIOUR LAWS
2. DEVELOP APPLICABILITY HYPOTHESES
3. TEST THOSE HYPOTHESES AGAINST PANEL DATA & PERCEPTIONS HELD
4. DEPENING & EXTENDING BRAND CHOICE & SME LITERATURE & UNDERSTANDING
5. SHIFT AWAY FROM MARKET LEADER FOCUS

RESEARCH QUESTIONS

- WHAT CAN BE DONE?
- WHAT NEEDS TO BE AVOIDED?
- WHAT IS THE KEY TO SUCCESS?
- WHAT PUNISHES THE SMALL?
- WHAT MAKES THEM FAIL?
- WHAT MAKES THEM GROW?
- DO MARKETING LAWS APPLY TO SMEs?

CEASELESS DEBATES ON SEGMENTATION DIFFERENTIATION
(RUZZIER ET AL., 2015)

DEFLECTION, SWITCHING, STOCHASTICAL WOBBLE IS NORMAL, BUT TO WHAT EXTEND DOES THIS APPLY TO SMEs?

THE STUDY CANNOT PROVIDE

EXHAUSTIVE EXPLANATIONS & ELABORATIONS OF RESULTS & THEIR LIMITATIONS

THE STUDY STRIVES FOR

SELF-EXPLANATORY, SYSTEMATIC, & EMPIRICAL GENERALISATIONS OF RESULTS