

Business to Business Marketing Communication in Slovenia

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Abstract

To achieve its objectives an organisation must in the first place adequately present itself in a business environment – with targeted marketing communications, which are becoming one of the key and important factors in business to business operations. Some researchers have studied parts of similar subject matter. So far it has not yet been studied in a broad Slovene territory or from a perspective that I have chosen and for this reason I decided to examine it.

Business to business marketing communication

Marketing mix is the core of the organisational marketing system. The purpose of marketing communications is to inform customers about the marketing mix. However, business to business has some distinguishing characteristics (the technical complexity of products, a relatively small number of potential buyers, the intensity of negotiations, a large number of decision makers and globalisation) and a different approach should be thus applied. Marketing communications management process involves planning, implementation and monitoring. Planning is the process of setting sales and communications goals, strategies and tactics. It is important to take into account all factors in the organisation and environment. Establishing relations with customers is at the heart of the business to business marketing and thus the personal selling is the most used and effective means of promotion. Other instruments of marketing communications mix (sales promotions, public relations and direct marketing) have a specific and important role, which is largely complementary and brings an added value. There is a growing importance of direct marketing (in response to the high cost of personal sales). Implementation of the marketing communications involves organising, staffing and directing. In the business to business there is usually a small number of marketing staff (organisations rely on personal selling). The bigger the organisation and the larger the budget for marketing communication, the more likely the marketing communications will be organised in its marketing or marketing communications department, and the more likely it will hire outside experts. In many cases the means of marketing communications are established before the objectives of marketing communications are set (depending on available funds). Monitoring allows the identification of results to ensure the effectiveness and find the causes for any discrepancies. Complexity of the business to business operations and business communications (technological development) requires the integration of marketing communications instruments with other activities in organisations, and integration is the trend in marketing communications. At the time of writing the thesis the world and

Slovene economy were already in deep recession. Most companies continue to regard marketing communications as costs rather than investment. The most common response by organisations is to reduce any unnecessary costs.

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I have examined the state of marketing communications in the business to business sector in Slovenia and the impact of particular industries, regions and sizes of organisations. The sampling frame of the study is all Slovene organisations included in the database PIRS¹ and having e-mail (32,599). Data was collected using the method of written (electronic) survey. The study involved 522 organisations. I divided the sample into nine activities, eight regions and four size groups. To test hypotheses I used the ANOVA method with significance level of 0.05 and a frequency distribution. Most of the arguments in hypotheses have been confirmed, some only partially and some have been rejected.

The results show no statistically significant differences among the regions. Significant differences among the activities are mainly in the use, importance and the budget for individual tools of marketing communications. The size of organisations is thus important. In Slovene organisations the marketing communications are only occasionally planned. In big² organisations the planning of marketing communications is more frequent than in other organisation types and the marketing concept more adhered to than in micro organisations. Slovene organisations most often spend the largest part of their marketing budget for and attach the greatest importance to personal selling and direct marketing. By frequency of use there follow: public relations, advertising and sales promotions. In regard to the effect, however, the priorities are different, thus following : sales promotions, advertising and public relations. Personal selling is more commonly used in trade than in construction and other various activities. Frequency of use and impact of direct marketing to the most important customers are significantly higher in education, information and communication activities, and other various activities, such as construction. The instruments of marketing communications are more widely used and considered to have greater importance and influence on major customers and are devoted more assets to by large organisations than by micro and small² organisations. Among the various tools of marketing communications³ organisations attach the greatest importance to the advertising on the internet, followed by personal selling and e-mail (they already take advantage of modern technology).

More than 75% of Slovene organisations have organised marketing communications in their sales departments (sales orientation) and employ at least one person. Only large organisations have organised marketing communications in their marketing or marketing and communications departments and employ more people (up to 5). Most organisations implement marketing communications by themselves. The exception is advertising, which large organisations often outsource. Few Slovene organisations regularly carry out market research prior to the implementation of marketing communications campaigns or measure the effectiveness of them. Due to their small size the organisations often neglect preliminary research and follow-up testing of the effectiveness of marketing communications campaigns. Medium-sized² and large organisations devote considerably more attention to research and

measure the effectiveness of campaigns than micro organisations. Satisfaction of customers is the most important indicator of the effectiveness and efficiency of communications (marketing orientation) for the majority of Slovene organisations. Only in Osrednjeslovenska-zasavska and Goriška regions, in information and communication activities and in manufacturing the growth in sales is a more important indicator than customer satisfaction. In Slovenia dominate organisations without an annual marketing budget or annual marketing and communications budget. The most developed Osrednjeslovenska-zasavska region stands out with 40% organisations having budget for marketing, and also by organisation size groups most organisations have marketing budget. Only large organisations have special budget for marketing communications. In large organisations the budget for

¹ PIRS Business Directory of Republic of Slovenia

² Micro-organisation - up to 10 employees, small organisations - from 11 to 50 employees, medium-sized organisations – from 51 to 250 employees, large organisations – more than 250 employees.

³ The organisations determine the importance of marketing communication tool 18. marketing communications is more often decided by the manager or marketing manager than the manager or sales manager. The dominant method of determining budgets for marketing communications is the method of available resources. The method based on the objectives of activities and the cost estimates is used by less than one third of organisations. Despite the recession the Slovene organisations will mostly continue to invest the same funds in marketing activities (42%) and individual marketing and communication tools. Most of them will continue to invest in public relations. Slightly more than 30% of organisations will invest less. Over a quarter of the organisations will invest more (in most other industries, the Gorenjska region, and large organisations). More organisations will increase their investments in personal selling and direct marketing compared to those which will shrink their budgets.

Conclusion

The Slovene organisations largely observe a marketing concept, by which an organisation is successful only if it understands the needs of their customers and performs coordinated activities in order to satisfy them, while reaching their goals. However, many Slovene organisations are not sufficiently aware of the importance of marketing and marketing communications. To maintain competitiveness in domestic and foreign markets they should include more comprehensive marketing communications in their operations.

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