

UNIVERSITY OF CAPE COAST

**A STUDY OF THE MARKETING ACTIVITIES OF SMALL AND
MEDIUM ENTERPRISES IN THE TEMA METROPOLIS**

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2012

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ENTERPRISES IN THE TEMA METROPOLIS

BY

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Dissertation submitted to the Department of Management Studies of the School of Business, University of Cape Coast in partial fulfillment of the requirement for award of Master of Business Administration Degree in Entrepreneurship and Small Enterprise Development.

SEPTEMBER 2012

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: Date.....

Candidate's Name: Seidu Awudu

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:..... Date.....

Supervisor's Name: Mr. Edward Marfo-Yiadom

ABSTRACT

This study examined the marketing activities of 156 Small and Medium Enterprises (SMEs) in the Tema metropolis. The study used primary data obtained through questionnaire. Purposive sampling was used to select the sample. Areas explored included the perception of SME owners about marketing planning, the activities they undertake in marketing their products and services, and the challenges they face in their marketing operations. Results of the study revealed that the SMEs generally perceive marketing planning as an important activity in their business operations. In spite of this perception, not all of them engage in marketing planning. Also, the major tools used by the SMEs in their marketing are product development, pricing, promotion and location as well as people, process and physical evidence.

Marketing challenges identified by the study included the inability of the business owners to undertake and implement marketing plans properly due to financial, logistical and personnel problems, lack of reliable marketing information and too many competitors on the market.

The study recommends that for SMEs in the study area to maximise their marketing gains and remain competitive, they must focus their marketing activities not only on the traditional marketing mix, but also on alternative approaches such as the segmentation, targeting and positioning, and guerrilla marketing.

ACKNOWLEDGEMENTS

Completing this dissertation would have been very difficult without the help of many who are acknowledged. First, I thank my supervisor Mr. Edward Marfo-Yiadom of the School of Business, University of Cape Coast, for his patience, guidance and pieces of advice. I have gained immensely from his experience and tolerance.

Next, my gratitude goes to all lecturers who handled the 2009/2010 batch of students for the MBA, (Entrepreneurship and Small Enterprise Development) Programme, for the dedication and passion with which they mentored the group. Thirdly, I am grateful to all from whom I obtained one form of assistance or another for the compilation of this report, particularly Messrs Ouswin Anaaba Agandaa, Eugene Akuetteh and all other course mates.

I also thank all SMEs which volunteered information to make the project a success. Finally, I am very grateful to Mr Issahaku Abdul-Majeed Mohammed of Bolgatanga Polytechnic, for his immense contribution. May all your endeavours in life be crowned with success.

DEDICATION

This work is dedicated to my parents, Abdul-Muhmin and Mariam Abubakar, my sisters, Fulera, Zeinab and Fusena, my brothers Ali, Munta, Alhassan, my beloved wife Hasia, as well as my children, Husnah, Nusina, Rayyan and Dayyan.

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LIST OF ACRONYMS

| | | |
|-------|---|--|
| USAID | - | United States Agency for International Development |
| UNIDO | - | United Nations International Development Fund |
| NBSSI | - | National Board for Small-Scale Industries |
| R & D | - | Research and Design |
| PR | - | Public Relations |
| STP | - | Selecting, Targeting and Positioning |
| SSNIT | - | Social Security and National Insurance Trust |

CHAPTER ONE

INTRODUCTION

Background to the Study

It is arguably true that a profit-oriented business is as good as dead if it cannot market its products or services. Marketing activities refer to how businesses go about achieving their marketing objectives (Westwood, 1998). Paying attention to marketing activities is thus very important in the survival and growth of a business entity.

However, most small and medium enterprises (SMEs) are faced with the difficulty of marketing their products and services due to fierce competition from their larger rivals, which have huge marketing budgets (Kenny & Dyson, 1989). According to Drucker (as cited by Kotler, 2003), the aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Drucker adds that for the small enterprise faced with limited resources and the day-to-day pressure of business, marketing may sometimes seem an unnecessary luxury. This is because whilst marketing requires time and scarce resources, its results show mostly in the long term and SMEs in general can ill-afford the long wait due mainly to the need for quick turnovers and profits.

The foregoing reason largely explains why SMEs avoid paying attention to marketing activities. However, Kenny and Dyson (1989) maintain that it is important to consider the possible cost of ignoring the issue of marketing and the subsequent long-term effects that may arise.

According to Westwood (1998), marketing activities originally available for businesses were product-related activities, pricing-related activities, promotion-related activities and distribution/place-related activities - originally referred to as the '4Ps' in marketing. As time went by, a fifth 'P' was added - People - and recently, two further 'Ps', (Process and Physical evidence), were added mainly for the service industries. How a business benefits from its marketing activities largely depends on how effectively these activities are mixed, vis-à-vis the business's objectives, strengths and capabilities.

In addition to the above, Zimmerer, Scarborough and Wilson (2008) explain that there are unconventional, low-cost and creative marketing techniques through which small businesses can make as much or more gains from their marketing. This is what they termed guerilla marketing activities. They conclude that with all their financial and resource constraints, SMEs can competitively remain and function in their respective markets if they get involved in the right marketing activities and create a marketing mix that meets customer needs and wants.

In Ghana, it is a matter of public knowledge that majority of SMEs pay little or no attention to marketing, citing financial constraints and other preoccupations they consider priority. A cursory look at their marketing operations reveals a mixed phenomenon. Some appear to be doing fairly well, yet others perform abysmally and eventually die off due to varied reasons; a major one being their inability to stay on the market.

Statement of the Problem

Planning and adhering to marketing activities are undoubtedly very important in the success of SMEs' operations. According to Dalrymple and Parson (2002), the avoidance of long term marketing planning by SMEs, though may be good in the short term, has devastating effects in their long term survival, and SMEs avoid marketing planning at their own peril.

This notwithstanding, SMEs hardly pay attention to marketing (Kenny & Dyson, 1989). This is disturbing because according to Analoui and Karami (2003), planning their marketing activities prepares SMEs to confront challenges, both controlled and uncontrolled. The problem to be addressed by this study is that SMEs do not pay much attention to marketing planning.

A casual observation of the marketing endeavours of SMEs in the Tema metropolitan area reveals broad activities such as direct sales from production sites, engagement of marketing officers and sales persons, occasional sales promotions, participation in trade fairs as well as the use of rented outlets and retailing shops. These are the ways through which their marketing is generally carried out. But real marketing tactics such as product differentiating, price leadership, promotion or distribution activities and networking might differ from one firm to another.

From the foregoing, a number of issues arise. First, it is important to find out what marketing activities are engaged in by SMEs in Ghana generally, and in particular, those in the Tema metropolis. There is also the need to highlight some

other challenges, besides funds, that prevent SMEs from undertaking effective marketing.

The problem is worth addressing because without the use of thought-through marketing activities, SMEs appear lost in the direction of their marketing endeavours, resulting only to reactionary and ad-hoc practices that are not easy to describe even by the SME owners themselves; the result of which are therefore not easy to ascertain.

Objectives of the Study

The objectives of the study are to;

1. To find out what SME owners in the Tema metropolis think about marketing in SMEs in general and in their businesses.
2. Examine the marketing activities of SMEs in the Tema metropolitan area.
3. Identify the challenges, if any, encountered by SMEs in their marketing operations,
4. Recommend possible solutions.

Research Questions

The research seeks to answer the following questions:

1. What do SME owners in the Tema metropolis think about marketing in SMEs in general and specifically in their business?
2. What are the marketing activities of SMEs in the Tema Metropolis?

3. What major challenges do SMEs in the Tema metropolis face in their marketing operations?

Scope of the Study

By and large, the responsibility of marketing a business' product lies with the managers of the business and those who handle marketing. It is therefore true that the marketing direction of a business is derived from its policy makers as well as the marketing handlers.

Therefore the focus of this study is on entrepreneurs, managers and marketing personnel in the studied SMEs. Major issues discussed include the perception of owners and managers about marketing planning and the marketing activities of the selected SMEs. Information is obtained from these persons about their opinions on SMEs marketing in general, how they go about the marketing of their products or services and the major challenges that confront them in their marketing operations.

Significance of the Study

A study about the marketing activities of SMEs is undoubtedly significant for a number of reasons. First, the study highlighted the perception of SME owners about marketing in general. This guides education and serves a good purpose for planning and policy making.

The study also revealed major challenges confronting SMEs in the study area regarding their marketing activities. Such knowledge guides marketers in

their decisions concerning where and how to invest time and money in their marketing operations.

Thirdly, the study recommended solutions, which address the identified marketing challenges faced by the SMEs. Finally, the study adds to the knowledge and literature on SMEs and marketing, which scholars agree, are not large enough compared to that of the large-scale industries.

Limitations to the Study

A major limitation to the study had to do with access to literature on the marketing activities of SMEs in the Ghanaian context. Most of the ‘organized’ literature available related to foreign countries. Those available for Ghana were bits and pieces from various authors and institutions, access to most of which was restricted or difficult. This was a limitation to the extent that it was difficult to obtain literature on the study and also compare the result of the study to a uniform set of standards.

Another limitation had to do with the size of the population sampled for the study. Due to financial, logistical and time constraints, the population size was limited to 200 SMEs. The limitation here is that results from the study cannot be generalised and conclusions cannot be said to be reflective of a country-wide phenomenon since the population was not representative enough.

Methodological problems common to many social science surveys of this nature were also encountered during the study. Some respondents did not answer questionnaires administered to them, mostly stating lack of time as reason.

Organisation of the Study

The study is organised into five chapters. Chapter one, the introduction, looks at the background to the study, statement of the problem, objectives of the study, research questions, the scope and significance of the study, limitations, as well as organization of the study.

The second chapter reviews literature related to the study. Literature is reviewed on global and the Ghanaian definitions of SMEs. Insight is also provided into the nature of marketing in SMEs and marketing practices available to SMEs in general.

Chapter three presents the Methodology. The chapter justifies the use of descriptive survey for the study. Purposive sampling is use in obtaining the population and a detail description is provided for the instrument used to collect data.

Chapter four analyses the results and discusses findings from the study. Findings are presented, analysed and discussed and the results presented according to the objectives of the study.

The final chapter summarises the major findings from the study. Conclusions are drawn based on the findings and recommendations given.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter reviews existing literature that relates to the study. Topics reviewed include meaning and characteristics of small and medium enterprises (SMEs), the nature of planning in SMEs, marketing planning, the marketing planning process, the need for marketing planning, SMEs and marketing planning, marketing practices available for SMEs and challenges in SME marketing.

Existing literature points to the fact that identifying, planning and engaging in the right marketing activities ensure that SMEs are able to compete favourably and attain sustainable growth. However, there exists a clear gap in the sense that, according to Kenny and Dyson, (1989), SMEs are unable to plan and undertake effective marketing activities due to preoccupation with capital acquisitions and quick turnovers.

Definition and Nature of Small and Medium Enterprises (SMEs)

To get focus and direction, there is the need to settle on what constitute an SME so far as this study is concerned. This is because SMEs have not been spared the definition problem that is usually associated with concepts, which have many components. To avoid this confusion, this study has reviewed literature on the subject in order to arrive at an operational definition for SMEs. This is important because it serve as the bases for obtaining the population for the study.

Different authors have given different definitions to this category of business. Majority of them use size, (i.e., number of employees, turnover, profitability, net worth and industry) of the enterprises to categorise them. Some use the capital assets whilst others use the level of skill of labour. Yet, others define SMEs in terms of their legal status, ownership and even the method of production.

Kayanula and Quartey (2000) however, note that there is no single, uniformly accepted definition of a small firm. They argue that firms differ in their levels of capitalisation, sales and employment. Hence, definitions, which employ measures of size, when applied to one sector, could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. In their view, this is because enterprises may be conceived of in varying terms. Definition of size of enterprise therefore suffers from a lack of universal applicability.

Wynarczyk, Saini and Sharma (1993) in a different approach, identify the characteristics of the small firm other than size, legal status or skill of labour involved. They argue that there are three ways of differentiating between small and large firms. The small firm has to deal with uncertainty associated with being a price taker, limited customer and product base, and uncertainty associated with greater diversity of objectives as compared with large firms.

Storey (1994) also adds that there are three key distinguishing features between large and small firms. First, the greater external uncertainty of the environment in which the small firm operates and the greater internal consistency

of its motivations and actions. Second, they have a different role in innovation; small firms are able to produce something marginally different, in terms of product or service, and thus differ from the standardised product or service provided by large firms. Third, there is greater likelihood of evolution and change in the smaller firm and that small firms, which become large, undergo a number of stage changes.

In the opinion of the foregoing authors, classifying a firm as small or large must be based more on the firm's characteristics rather than size of employees and capacity of operations. However, a major criticism of this concept is that, the characteristics indicated by the authors are not peculiar to SMEs alone. Large firms equally face the problem of environmental uncertainty and they sometimes become price takers depending upon the demand of their products and other factors. The definitions therefore do not provide a clear and unique attribute to SMEs.

The European Commission (EC) coined the term 'Small and Medium Enterprises (SMEs)'. The sector is made up of three components. First are the firms with between 1 and 9 employees (Micro Enterprises). Second, firms with employees ranging from 10 to 99 employees (Small Enterprises) and third, firms with up to 499 employees (Medium Enterprises).

From then on, the names have basically remained the same. Even then, various individuals, institutions and bodies have offered definitions from different perspectives. The situation has tended to cause some level of confusion in the definition, especially where different criteria are used. This has resulted in a

situation where various writers settle on definitions based on the perspectives from which they take the study and the ideas they intend to put out there.

The above concerns notwithstanding, defining SMEs using the size of employees is the most commonly used criterion in the literature. In using this criterion also, the status of a country plays a role in the definitions. Whilst countries tagged as industrialized have higher number of employees in the various categories, definitions in the developing countries have less number of employees.

Table 1 gives definitions of SMEs from different perspectives of individuals and institutions.

Table 1: Definitions to Small and Medium Enterprises (SMEs)

| Source | Classification | Definition |
|--------------------------------------|-----------------------------------|---|
| World Bank since 1976 | Small | Firms with fixed assets (excluding land), less than US\$250 in value |
| Grindle <i>et al</i> (1989) | Small | Firms with less than or equal to 25 permanent members and fixed assets (excluding land) worth up to US\$50,000 in value |
| USAID in the 1990s | Small | Firms with less than 50 employees and at least half the output sold |
| UNIDO's for Developing Countries | Large Medium Small Micro | Firms with 30 - 99 workers Firms with 20 - 29 workers Firms with 5 – 19 workers Firms with less than 5 workers |
| UNIDO'S for Industrialised Countries | Large Medium Small | Firms with 500+ workers Firms with 100 – 499 Firms with 5 - 99 workers |
| Van der Wijst (1989) | Small Medium | Privately held firms with 1 – 9 people Privately held firms with 10-99 people |
| Jordan <i>et al</i> (1998) | Small and Medium | Firms with fewer than 100 employees and less than £15 million turnover |
| Michaelas <i>et al</i> (2000) | Small | Firms with fewer than 200 employees |
| Lopez and Aybar (2000) | Small | Firms with sales below £15 million turnover |

Source: Kayanula & Quartey (2000).

From the foregoing, it is clear that there is no uniformly accepted definition for small and medium scale enterprises. Definitions vary across industries and also across countries. It is important therefore to examine definitions of SMEs operationally in the context of Ghana.

SMEs Definitions in Ghana

Like elsewhere, small scale enterprises have been variously defined in Ghana, but the most commonly used criterion is the number of employees of the enterprise. In applying this definition however, confusion often arises in respect of the arbitrariness and cut off points used by the various official sources. Contained in its industrial statistics, the Ghana Statistical Service (GSS) considers firms with less than 10 employees as small-scale enterprises and their counterparts with more than 10 employees as medium-scale enterprises.

A more recent definition is the one given by Mensah (2010). In a survey report, he classified firms into micro enterprises, small enterprises, medium and large enterprises. Micro enterprises have less than five employees, small enterprises between five and 29 employees, medium enterprises 30 to 99 employees, and large enterprises 100 and more employees.

However, this approach has been criticised. It is argued that in a developing country such as Ghana, most managers minimise cost by cutting down labour and also greater percentage of firms' resources are held in assets. Therefore classifying a firm using the number of employees without recourse to the value of asset could be misleading

Consequently, an alternative criterion for defining SMEs in the country is the value of fixed assets in the organisation. This approach has also not been fully accepted with the argument that large value of assets almost invariably requires proportionally significance number of labour to handle in order to produce volumes classified as large.

A common platform acceptable in the definition of SMEs in the country has therefore been the combination of the two. The National Board for Small Scale Industries (NBSSI), Ghana, is one such institutions that apply both the number of employees and fixed assets criteria. It defines a small-scale enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Cedis, (or US\$ 9,506.00, using 1994 exchange rate of the cedi to the dollar).

Generally speaking, the interested groups in Ghana settle on the following classifications using both the number of employees and fixed assets of the enterprise:

Micro Enterprise Those employing up to 5 employees with fixed assets (excluding realties) not exceeding the value of \$10,000.

Small Enterprises Employing between 6 and 29 employees with fixed assets of \$100,000.

Medium Enterprises Employing between 30 and 99 employees with fixed assets of up to \$1 million.

One thing worthy of note about the definition with fixed assets in currency terms is that the continuous depreciation of the local currency against major

trading currencies often renders the definitions outdated (Kayanula & Quartey, 2000). Hence the desire to maintain the figure in a more stable currency.

Mensah (2010) has noted that in Ghana, available data from the Registrar General's Department indicates that ninety per cent of companies registered are micro, small and medium enterprises based on the criteria above. This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment. It is worthy of note that data from the Social Security and National Insurance Trust (SSNIT) reflects that by size classifications, the Ghanaian private sector is highly skewed, with ninety per cent of companies employing less than twenty persons, and a small number of large-scale enterprises. Data on this group, according to Mensah (2010), is however not readily available.

In conclusion, it is discernable that the most widely used criteria for defining SMEs by researchers in Ghana and globally, are the number of employees and the level of performance reflective in the capital outlay of the enterprise in question. This study does not intend to depart from the norm. However, more attention would be paid to the number of employees rather than the value of asset of the enterprise.

Thus for the present research, SMEs are defined based on the following classifications: Small enterprises, employing between 5 to 29 employees, and medium enterprises, engaging between 30 to 99 employees.

The Nature of Planning in SMEs

The marketing activities embarked upon by a business are largely derived from the overall plan of the business about its marketing. Marketing planning is therefore an integral part of the overall marketing activities of a business. It is therefore important to look at the issue of marketing planning in SMEs.

Some authors believe that the level of planning in SMEs is generally minimal. Godwin and Hodget (1991) conclude that many medium-sized companies confuse planning with long term budgeting and miss out on its benefits. Ward (1996) also concludes that SMEs may not plan if the founder is preoccupied with a previously successful way of doing things and that planning is based on the owner-manager's subjective interpretations of the day-to-day situations of the firm.

However, recent research, according to Rue and Ibrahim (1996), argue that SMEs are normally engaged in more planning than previously thought. Curran (1996) also supports the criticism, saying that some authors are skeptical about the possibility of the existence of a clearly visible planning process in many small business settings. In a survey of 3,033 small and medium businesses, Anderson and Mutal (1997) discovered that 69 per cent of small businesses had no written plans. However, a question they did not answer is whether the absence of written plans means absence of planning. In other words, the avoidance of written action plans and, consequently resulting to ad-hoc and situational methods of dealing with issues may well be the plan for some SMEs.

It is important to note that in practice, some small businesses may simply keep doing what they have done before, assuming the market conditions will continue much as before and hoping for the best. This is their plan but the skeptics may see and interpret it as absence of planning. There is the need for this study to find out the level of marketing planning engaged in by SMEs in the Tema metropolitan area.

Generally, literature reveals that in small firms, planning may be less formal in nature, usually applied top-down since the owner-manager is the key decision maker. Small firms do not normally have written statements of plans. Most owner-managers are concerned with the operations in the day-to-day functional areas of the business which ultimately reflect in their activities, actions and decisions that constitute the plans for these functional areas. Therefore their actual plans have to be deduced from resource allocations and evolving patterns of behaviour. Thus planning in most small firms may or may not be intentional and generally emerges from a series of adjustments to the opportunities and threats confronted by the firm over time.

Suffice to say that most small firms' plan represents a network of interactions among the various constituent elements (functional areas). These functional area activities are interrelated and therefore do not usually permit the independent study of the various constituent elements. Consequently, most small firms' plans must be based on the realised or implemented activities since these give a more accurate picture of their plans than that based on intended or planned activities.

Analoui and Karami (2003) categorised SMEs in terms of planning into four groups as follows: No planning at all, financial planning alone, combined formal financial and informal planning, and formal planning. The first group neither employs formal nor informal activities. No mission or objectives, whether short or long term, are developed. Things simply follow as they are. In the second group, only financial planning is undertaken. They tend to develop short (up to one year) to medium (up to two years) financial objectives. There is no planning per se but a short-term forecasting plan such as a quarterly budgeting exercise. The third group includes those involved in both formal, financial and informal planning. They believe in the importance of formal planning. In this group of firms, mission statement, objectives and business activities are not formalised in a business plan but clearly they are communicated and are known by all staff throughout the firm. The fourth group is categorised as those concerned with formal planning. Here management stresses the importance of a formal planning process, written mission statements and establishment of long-term objectives over two to five years planning period.

Analoui and Karami (2003) suggest that there is the need and necessity to develop all the necessary tactics by SMEs such as marketing, pricing, technology development and budgeting, which will put the firm's overall plan into action. All these must be put together in a document commonly referred to as the business plan.

SMEs and Marketing Planning

Marketing is typically seen as the task of creating, promoting and delivering goods and services to consumers and businesses (Kotler, 2003). Kotler argues that the process of selling goods is but only one of the marketer's tasks. Other functions include skillfully stimulating demand for a company's product or services and the sale of experience, events, persons, places, properties, organisations, information and ideas.

However, Jain (1995) views marketing not from the sales point of view alone. To her, it is 'an endeavor by a business to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs, in a given environmental setting' (p. 122). To achieve an enterprise's marketing goals, some authors have advocated the need for good marketing planning.

According to Zimmerer, Scarborough and Wilson (2008), as a result of major societal forces such as technological advances, globalisation and deregulation, the market place is changing rapidly and radically. For instance, customers increasingly expect higher quality service and some customisation, brand manufacturers are facing intense competition from domestic and foreign brands whilst small retailers are succumbing to the growing powers of giant retailers. These major forces have created new behaviour and challenges. According to them, this has brought in its wake the need for marketers to respond and adjust appropriately. Marketers all over the world are therefore rethinking their philosophies, concepts and tools. The results have been that marketers now

see the need to better utilise their strengths whilst minimising threats, to better their services to customers and sustain corporate–customer relationship through positive contributions. This activity has been termed marketing planning.

Walters (1993) notes that majority of firms miss a lot when they fail to engage in formal marketing planning. Though he does not find any statistical differences between planners and non-planners, he notes that those firms with the poorest sales growth plan the least. Smith (1998) (as cited by Analoui & Karami, 2003) concludes that to achieve and sustain competitive advantage, SMEs should follow a number of formal measures which can be incorporated into their planning process. Some, empirical researches have shown that marketing planning in SMEs has benefits such as guiding the business about what where, how and when to market, and it is associated with improved organizational performance (Aram & Cowan, 1990; Smith, 1998; Beal, 2000 as cited by Analoui & Karami, 2003).

In another study by Berry (1998), it is reported that a significant correlation exists between perceived importance of business plan formulation, accompanying planning formality and company size. Collaborating, Analoui and Karami (2003) in their study of planning formulation, reveal a significant relationship between firm size and planning. In other words, as the small businesses grow, they become more involved in planning activities.

In sum, it is said that marketing planning is about developing a good marketing mix, involving all aspects of the product or service to be marketed and the market itself. It involves among others, selecting the target client/market,

studying the client with respect to his/her buying motives and behaviour, segmenting the market using relevant bases, evaluating each of the segments and selecting the appropriate segment as a target (Kotler, 2003). This is what Kotler refers to as the segmentation, targeting and positioning (STP) model of marketing.

On the contrary, some studies tend to down-play the importance of formal marketing planning in SMEs. Shuma (1985) found from an empirical investigation that, of 500 of the fastest growing privately-owned SMEs in the United States, 95 per cent of firms without a formal and written business plans were operating at a profit in comparison to 84 per cent with formal business plans. In a study by Kenny and Dyson (1989), they indicate that for small enterprises faced with limited resources and day-to-day pressures of business, marketing planning may sometimes seem an unnecessary venture. This is because planning requires time and scarce resources, yet its results are not realised immediately. The study thus suggests that success of the marketing activities of an enterprise does not depend so much on formal and written marketing plans.

From the discussions, it is evident that opinion is divided regarding marketing planning in SMEs. Whilst the majority contend that marketing planning is used by a considerable number of them and has positive influences, few argue that formal marketing planning is not critical to the achievement of marketing objectives in SMEs.

It is significant to note that the developmental stage of a country such as Ghana also has a role to play in SMEs involvement in marketing planning. The reviewed literature dwells on studies mostly based in the United States and

Britain. In both countries, the levels of formality and literacy are higher compared to the situation in Ghana. It is arguably true that small businesses' decision to plan their marketing activities largely depends on formal structures and literacy that make it possible to learn about and adopt marketing plans. It is therefore important to state that the largely informal situation in a country such as Ghana, coupled with the high rate of illiteracy can also have considerable influence in SMEs' decision to engage in marketing planning or otherwise.

The aforementioned gaps in the literature justifies the need for the present study to confirm or deny the assertion that SMEs in Ghana, or at least in the study area, plan their marketing activities or just follow trends.

The Need for Marketing Planning in SMEs

The need to study about small and medium enterprises and marketing planning is paramount for a number of reasons. According to Jain (1995), marketing planning gives direction to a small-scale business in the following dimensions:

Where to Compete (Market)

Resources are so scarce for business that they can hardly afford to use them on try-and-error bases. Marketing planning thus provides direction as to which market to compete in and the segment of the market to concentrate on for maximum benefits.

How to Compete (Means)

Ways and means are devised through marketing planning for SMEs to market their products. For example, a business may decide to compete through the introduction of a unique product onto the market or engage in the production of an improved brand of competitor's existing brands.

When to Compete (Time)

Marketing planning calls for undertaking studies on competition in the market and continuously test-marketing before making a move. This considerably minimises the risk of failure. It also gives the marketer the opportunity to adapt to changing trends in the markets, making it dynamic and relevant to the needs of the consumer.

This is supported by Dalrymple and Parsons (2002), indicating that planning helps organisations orient themselves towards key external factors such as consumers and competition instead of just projecting past trends. This helps to build market-driven plans that reflect customers' concerns and anticipate changes in the environment rather than just react to competition. This importance supports the decision of the present study to research into SMEs and marketing activities.

The Marketing Planning Process

Scholars have proposed various models in the process of marketing planning in businesses. The models are generally similar in the various phases. In devising plans, Westwood (1998) contends that though some plans may seem to

follow logically and obviously from the general business objectives, others evolve in a flash of inspiration. It is therefore common practice in many businesses to have 'brain-storming sessions' to devise a list of plans and this should be encouraged. It is important, for marketing planning purposes, to differentiate between marketing plans and marketing tactics. Westwood (1998) explains that in the process of marketing planning, once the initial objectives have been set, it is necessary to consider how they can be achieved. Marketing plans are the broad methods chosen to achieve specific set objectives. They describe the means of achieving the objectives in the time-scale required. The details of individual course of action that will be followed on a day-to-day, week-to-week or month-by-month basis are the tactics.

Westwood (1998) concludes that when the list of alternative plans has been prepared, they should be evaluated to determine and select which will best satisfy the objectives, and can be implemented with the resources and capabilities that the business has. Dwyer and Tanner (1999) opine that there is no formula or rigid mechanism for the process of selecting the key elements of the marketing planning process. However, they agree that some of the important elements in the planning process are situational analysis, comprising the organisation's vision, mission, capabilities, constraints, aspirations and resources as well as constituencies in the external environment. These, they contend, guide the business in its selection of the best alternatives from the environment.

Figure 1 gives a summary of the elements that go into the marketing planning process according to Fifield (1999).

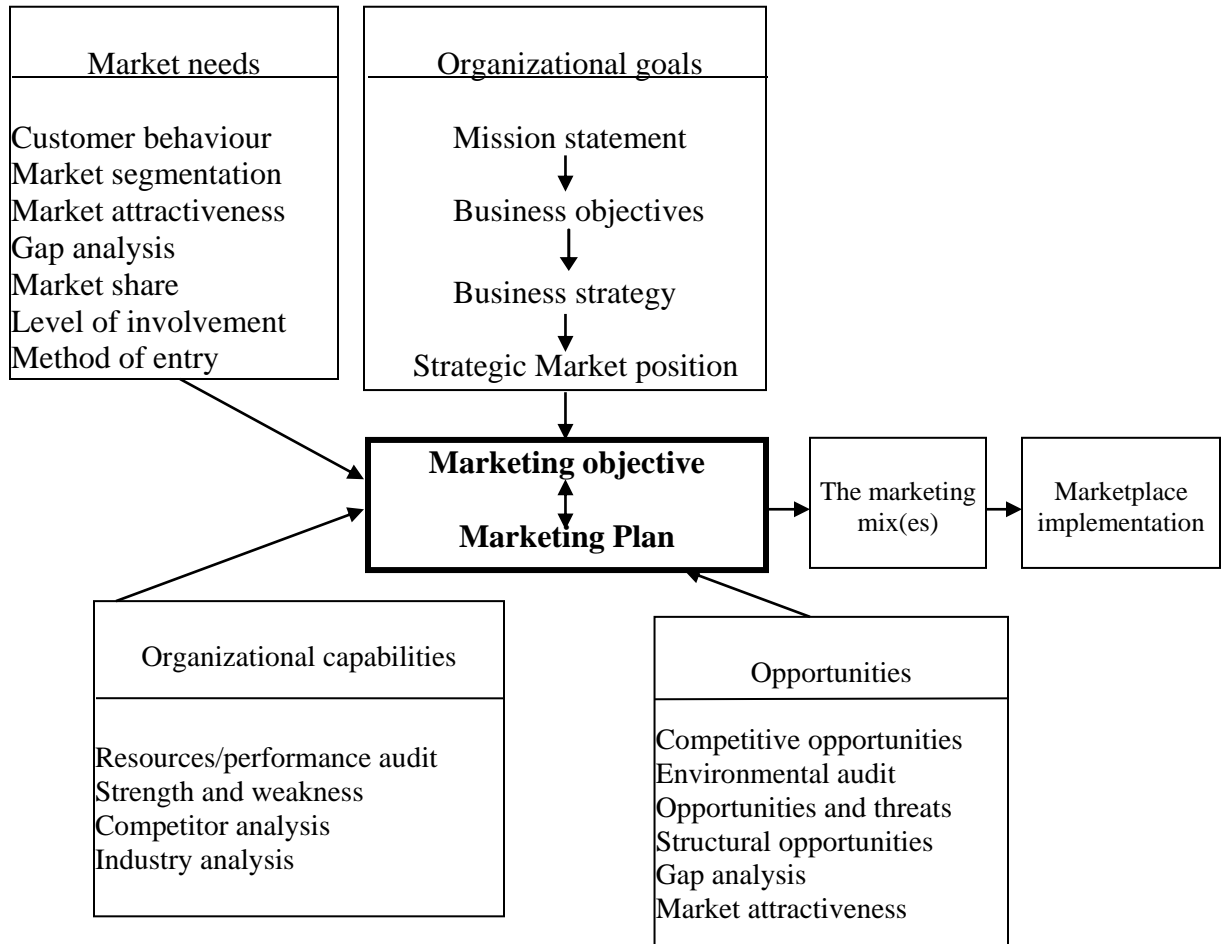


Figure 1: Developing Marketing Plans
Source: Fifield (1999)

The next level in the marketing planning process is implementation. Having developed marketing plans, successes for marketing depend on implementation. This involves adjustments and revisions to on-going strategies, selection or changing of marketing methods, development of product policy and organising promotional support. Particular care should be given to the implementation for it is said that for the marketing plan to be successful,

implementation is as important, if not more, as devising the plan itself (Fifield 1999).

Kashani (1989) as cited by Doole, Lowe and Phillips (1994) has attributed failure in implementing plans to five pitfalls. The first is insufficient research such as not getting to know the details on the ground before implementing a plan. Then there is over-standardization evidenced in the avoidance of the need for local innovation and adaptability. Third is the problem of poor follow-up and lack of constant monitoring and review of procedures. Narrow vision on the need for specific structures that work in specific situations is the fourth pitfall and finally, the rigid implementation that ignores local reservations. The major stages in the marketing planning process are shown on Figure 2.

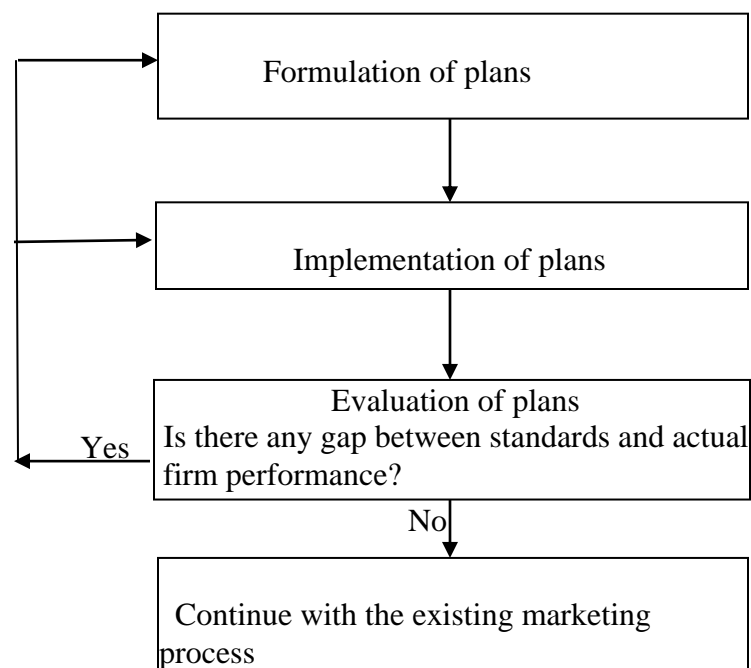


Figure 2 - Stages in the Marketing Planning Process

Adapted from Dalrymple and Parsons (2002) and Analoui and Karami (2003).

During the implementation, there should be regular evaluation of activities to monitor progress. Where it is found that performance meets the standards set, there is continuation of the activities, but where there exists a gap between the set standards and actual performance, there is the need to revisit the plans and implementation with the view to making the necessary adjustments.

It therefore follows to conclude that marketing plans are derived from a business' overall objectives as well as through special thought-out sessions that analyse internal and external environments. This enables the business to conduct strengths, weaknesses, opportunities and threats (SWOT) analysis. Plans are then selected based on the business' strengths and weakness as well as threats and opportunities in the environment. The selected plans are implemented given due attention to monitoring, controlling and necessary adjustments.

Marketing Practices Available to SMEs

For small and medium enterprises, not much research is available as regard specific marketing activities peculiar to them. Westwood (1998) has noted that until authoritative study suggests otherwise, the same marketing activities continue to be studied for both small and large scale enterprises despite the marked differences in their nature and operations.

Kotler (2003) however argues that SME marketing has a number of characteristic features such as the following: It tends to be more flexibly and informally managed as against the usually rigidly formal marketing procedures in large business. Also, it mostly emanates from and therefore relies heavily on

personal acquaintances and relationships rather than formal advertisement and promotional activities. Additionally, its success tends to rely heavily on the integrity, honesty, intimacy, connections and other personal attributes of the owner-manager or the person(s) in charge of marketing. Moreover, snow-ball fashion word-of-mouth recommendation to prospective buyers plays a major role. There is the tendency of limiting the market to selling within their countries. It is easily manipulated and characterised by unconventional activities (guerrilla tactics), e.g. use of mobile vans at not-so-easily-penetrated areas.

In the mist of the uncertainties surrounding specific marketing activities peculiar to SMEs and LSEs, most SMEs have played it safe by engaging in marketing activities in which they find comfort and achieve their marketing goals. According to available literature, marketing activities available include the '7Ps' marketing mix, segmentation, targeting and positioning, as well as guerrilla marketing activities. These are looked at more closely as follows.

The Marketing Mix

Westwood (1990) notes that marketing activities are the means by which marketing objectives will be achieved. They largely relate to product, pricing, advertising/promotion and place/distribution. Once activities are developed, the detail of the individual course of actions (tactics) that will be followed must also be developed. According to Fifield (1999), if we stop to think about it, there is no other way that the marketing objectives of an organisation can possibly be

achieved other than through the traditional classification of the marketing mix: product, price, promotion and place, known as the McCarthy's 4Ps marketing mix.

In order for firms to be competitive and remain in business, their products, prices and promotional activities must be satisfactory and offer as good a value as their rivals and industry leaders (Mujtaba & McFarlane, 2007). Successful marketing depends upon addressing a number of key issues. These include what a company is going to produce; how it is going to develop its products or services to the customer; how much it is going to charge; how it is going to tell its customers about its product and services; and where it is going to make it available to consumers.

Traditionally, these considerations were the 4Ps – Products, Price, Promotion and Place (Figure 3). The traditional marketing mix model was primarily directed and useful for tangible products. These have remained the most common variables used in constructing marketing mix.

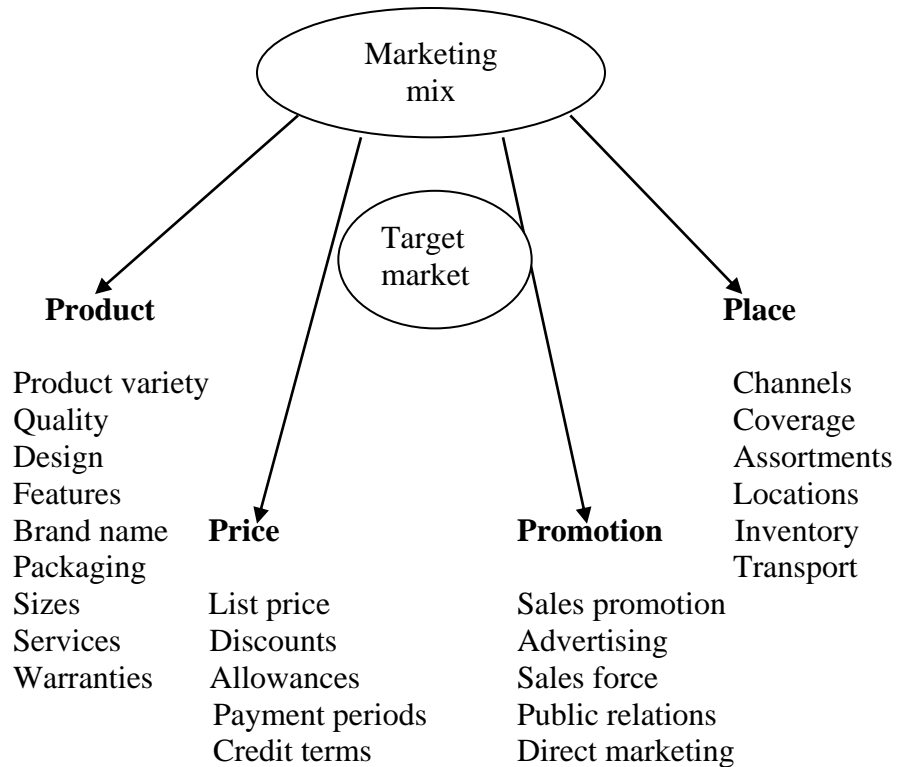


Figure 3: The Traditional Marketing Mix.

Source: Kotler (2003)

The McCarthy's 4Ps mix however has increasingly come under attack with the result that different marketing mixes have been put forward for different marketing contexts.

Subsequently, according to the African Journal of Business Management (2011) as retrieved from <http://www.academicjournals.org/AJBM>, Booms and Bitner's in 1981 theorised the 7Ps marketing mix comprising the traditional 4Ps and further 3Ps, (People, Process and Physical Evidence,) especially for services. This has culminated in what is known in marketing parlance as the '7Ps of marketing'. According to Booms and Bitner, the marketing mix is not a theory of management that has been derived from scientific analysis, but a conceptual

framework which highlights the principal decisions that marketing manager's make in configuring their offerings to suit customers' needs. The 7Ps model is more useful for the services industries and also for knowledge-intensive environments.

Mohammed and Pervaiz (1995) as retrieved from <http://www.academicjournals.org/AJBM> suggests that the 7Ps framework has already achieved a high degree of acceptance as a generic marketing mix. Overall, they provided a fairly strong support for the view that Booms and Bitner's 7Ps framework should replace McCarthy's 4Ps framework.

The marketing mix can be used by marketers as a tool to assist in defining the marketing activities. Marketing managers use this method to attempt to generate the optimal response in the target market by blending variables in an optimal way. It is important to understand that the Marketing Mix principles are controllable variables. It can be adjusted on a frequent basis to meet the changing needs of the target group and other dynamics of the marketing environment. Each element of the 7Ps marketing mix is discussed in the following details.

Product-related activities. These are activities that have to do with the product as the focus of marketing actions. For example, a business may decide to change its product portfolios, drop, add or modify products, change design quality or performance as well as consolidate or standardised products (Shama 1985). Other tactics that may be employed include offering one product line, expanding product line to cover wider markets, developing separate products for different

markets, making different versions of the product with different names for different markets, launching modified products or dropping expensive specialties.

According to Kotler (1999), product marketing activities involve decisions with respect to what product to produce, making a market assessment for the product to be developed, carrying out a feasibility study on the product to be developed in terms of availability of skill, technology, tools/equipment, raw material and skilled labour and whether quality raw materials can be used. The rest are what the design, model, appearance and style of the product should be, what the brand name of the product should be, whether the product can be of better quality than others and whether warranty can be provided for the products?

It is said that the most basic practice related to product policy in a competitive market is to withdraw weak items from the market. Since consumers place emphasis on the durability of the products, characteristics such as economy, durability, and functionality should be given high priority in the development of new lines, (Shama, 1985). It is further advisable to allocate extra effort to research and development (R&D), in support of new products (Williamson, 2001). During competition, businesses that were found to spend proportionately more on research and development were found to have performed significantly better than others which did not, (Morbey & Dugal, 1992). DeDee and Vorhies (1998) found that an increase in product/service development capabilities, and careful control over the types of research and development (R&D) expenditures, were positively correlated to the change in the return on common equity. R&D must reflect positively in the following product activities among others:

Packaging. A package is described as a container made of cardboard, plastic, foil or other materials in which goods are packed for sale, storage, or transportation. Packaging focuses on how a product can be made sellable using its package. According to Shama (1985), packaging is a competitive tool and an important factor in marketing. The use of appropriate packaging can improve sales.

The packaging methods for SMEs have to be very much cost-effective due to the limited access to finance. A good packaging container should be able to communicate a message of quality, convenience and reliability. The packaging should have a relevant graphic design on its outside. In the event of the enterprise considering a new packaging, it is better to choose the one that can be used over a longer period of time. This is due to the fact that constructing a new one can be an expensive venture for SMEs (Shama 1985).

Branding. According to Morbey and Dugal (1992), branding is the association in the mind of the consumer, specific products or services with a specific manufacturer using advertising, distinctive design and other means. Some buyers are impulsive and make their shelf-choices quickly. Hence, the brand mark has to be clearly written. Most buyers are brand-oriented. In most cases it is difficult to try or taste the quality and standard of a product or service at the point of sale. Therefore, buyers concentrate on brands of packaging or label design.

Pricing-related activities. Price is understood as the value customers pay to acquire a product. The pricing process must explore ways and means of using

the price of a commodity as a means of achieving competitive advantage over others. There is the economic theory that reducing the price of a commodity entices consumers to buy more but according to Kenny and Dyson (1989), there are times when quality and performance are, in the customer's mind, linked with price and thus an unexpectedly low price may indicate inferiority in some way.

A basic principle is that the relationship between the price of a product and the value it gives to customers has to be fair and proper. Customers know how much they have to pay for their commodities and, they are interested in comparing the value they attain by the product or service to what they paid for it.

Some price-related activities that could be adopted by SMEs are changing price or the terms and conditions for particular market segment, using penetration pricing strategy, (introducing the product at a low price) and skimming pricing strategy, (selling at a higher-than-normal price in an effort to quickly recover the initial development and initial cost of the product). Others are odd pricing, (setting prices that end in odd numbers to create the psychological impression of low prices). The rest are pricing the product low and obtaining maximum profits on (spare) parts (e.g. mobile telephony dealers), setting low price for new products to discourage competitors from entering market and offering quantity discount to encourage larger unit purchases (Zimmerer *et al* 2008).

In the words of Kenny and Dyson (1989), in order to carry out a sound pricing policy, some facts on marketing and simple accounting have to be prepared. The firm needs to refer to the enterprise's objectives, calculate costs of operation separately from family and other expenses, study if the product is

unique or is available in the vicinity, decide on profit maximisation in the short-term or profit optimisation in the long-term, keep parity with competitors, and decide on cost-based pricing, demand-based pricing, competition-oriented pricing, affordability-based pricing or differentiated pricing.

Promotion-related activities. Strong (2007) explains promotion as a technique that is designed and utilised by businesses as a way of enhancing their brand perception as well as to encourage customers use their products and services. It is a means of informing customers about products and services and how to attract customers to buy them. The focus in this marketing activity is on the various promotional activities suitable and effective to the strengths and opportunities of the SME to take advantage of. Promotional activities in marketing include advertising, public relation activities, exhibition, participation in trade shows, transportation and location.

To ensure effective marketing promotion, an SME can change sales force, reduce or increase advertising or other promotional activities, change (public relation) PR policies and increase or decrease exhibition coverage. It may strengthen sales organisations, start new advertising campaign as well as increase attendance and stand size at major industry exhibitions.

Strong (2007) adds that a product or service can be promoted through the product life cycle. As a product or service moves through the four stages of the product life cycle, (introduction, growth, maturity and decline), different promotional activities should be employed at each stage to ensure success in sales. This is explained in details below.

Stage 1: Introduction. When a product is new, the originator's objective will be to inform the target audience about its entry. Television, radio, magazine and coupons may be used to push the product through the introduction stage of the lifecycle.

Stage 2: Growth. As the product becomes accepted by the target market, the organization works to further increase brands awareness to encourage loyalty. Mass media advertisement is emphasized.

Stage 3: Maturity. At this stage there is increased competition, the organization takes persuasive tactics to encourage consumers to purchase the product or service over their rivals'. Any differential advantage should be clearly communicated to the audience to inform them of their benefits over the competitors.

Stage 4: Decline. As the product reaches the decline stage, the organization's promotional activities will be aimed at reminding people of the product, to delay the inevitable – extinction

Additionally, Wolf and Aurner (2010) are of the view that one successful way to stimulate and guide buying behavior is through the use of the AIDA model. The AIDA model consists of four promotional tasks: Gain and capture **A**ttention, hold **I**nterest, arouse **D**esire, and elicit **A**ction.

Internet promotion. The development of the World Wide Web has changed the business environment forever. The e-commerce revolution promises to deliver a more efficient way of conducting business. Shoppers can now purchase from the comfort of their home 24 hours a day, seven days a week.

Owning a website should now be emphasised as a crucial ingredient to the marketing mix of any business. Consumers can now obtain instant information on products or services to aid them in their crucial purchase decision. Advertisers in developed countries especially, have now moved their monies over to the Internet as customers are on average spending more time online than watching television.

Place/Distribution. According to Kotler (2003), place represents the location where product can be purchased. Place determines where a business should be located in a way that it can best reach the target customers and at the same time minimise operational problems. Location of the business is essential to reduced costs, or increases the chances of customers stopping at the business to look at the products or at least make inquiries. Kotler continues that in general, the following guidelines are suggested. If the product is a consumable, such as food and beverages, the shop can be located in residential neighborhoods. If the product or service is aimed at a particular target, locate it at a place of interest to them. For example, a product for student's consumption can be located near schools and universities. If the product or service is for a category of population, for example, hairdressing for young girls, the shop can be located in areas that can be reached easily and comfortably by them. If shops are for the upper class, the best location for the shop may be in a clean, safe and expensive area. If many competitors are situated in the same area, it may be an advantage or disadvantage, all depending on the products and buyers – so analyse them.

Other factors pertinent to the location of the firm include availability of labour, transportation, raw materials, insurance, warehousing and other such facilities. Distribution may also include setting up own and direct distribution outlets, changing distributors for an area, increasing number of warehouse for products, setting up networks and partnering existing distribution networks.

People. ‘People’ refer to all who directly or indirectly influence the perceived value of the product or service, including workers, employees, management and consumers. Kotler (2003) observed that it is very important to develop the habit of thinking in terms of the people inside and outside of the business. An area central to business success therefore is good relations between management and employees. Recruiting the right staff and training them appropriately in the delivery of their service is essential if the organisation wants to obtain a form of competitive advantage.

Employees are arguably the most important resource. Managers are to work with employees and communicate with them regularly. They must be educated on pertinent aspects of the business, including the value of their goods/services to customers. Again it is advised that financial and educational incentives are given to employees for doing their jobs well. A sound employee retention programme pays back big dividends for it is said that it costs twice, perhaps more, as much to train a new employee than retain the old one.

The ability to select, recruit, hire and retain the proper people, with the skills and abilities to do the job needed, is very important. Collins (2009) indicates that the most important procedure applied by the best businesses was

that they first of all ‘got the right people on the bus and the wrong people off the bus.’ Once these companies had hired the right people, the second step was to ‘get the right people in the right seats on the bus’ (p. 78). Hence to be successful in business, one must develop the habit of thinking in terms of exactly who is going to carry out each task and responsibility. In many cases, it is not possible to move forward until ‘the business can attract and put the right person into the right position’. Many of the best business plans ever developed sit on shelves today because the key people who could execute those plans are mostly not found (Collins, 2009). From the outside, consumers make judgments of service based on the employees they interact with. Staff should have the appropriate interpersonal skills, attitude and service knowledge to provide the service that consumers are paying for. Questions are however asked regarding SMEs ability to hire the right people for the right positions. Suggestions are that hiring could be done on part-time bases or by pooling resources with other SMEs.

Outside of the business, all people that are directly or indirectly involved in the consumption of a product or service are an important part of the ‘Extended Marketing Mix.’ In short, knowledged workers and consumers often add significant value to the total product or service offering.

Process. According to Kenny and Dyson (1989), process is the direct sensory experience of a product or service that allows a customer to measure whether he or she has received value. That is, the intangible experience of existing customers and the ability of the business to relay that perceived customer

satisfaction to potential customers. Examples might include the way a customer is treated by a staff member and the length of time a customer has to wait.

Procedure, mechanisms and flow of activities up to when products or services are consumed (customer management processes), are an essential element of the marketing process. Here emphasis is placed on efficient service delivery, effective communication, timeliness, usefulness, ability and customer satisfaction (Wolf & Aurner, 2010).

Although the customer cannot in many cases experience a service before purchase, he or she can talk to other people for their experience of the service. Such testimony is credible, because the customers' views do not come from the company. Some companies engage these customers and ask for their feedback, so that they can develop reference materials. New customers can then see these testimonials and are more likely to purchase with confidence. (Kenny & Dyson, 1989).

Physical evidence. Fifield (1999) explains that physical evidence is the physical elements that attract to the business as well as the environment in which the service is delivered. It is the element of the service mix which allows the consumer to make concrete judgments on the business. Features such as clean environment, choice of colour, types of buildings, design of letterheads, status symbols (class of vehicles etc), and dress codes among others are powerful evidence which communicate silently yet very effectively and sometimes emotionally to both existing and prospective customers (Kotler, 2003).

In conclusion, it can be said that there are many activities that could be undertaken in SME marketing operations. It is however possible and essential to narrow down the alternatives by considering those activities that offer the greatest chance for success. It is important to add that each of the 'ingredients' of the marketing mix is a key to success. No one element can be considered in isolation. It is important for SMEs to ensure that all their marketing activities are consistent with other objectives of the business.

In an apparent disagreement with Fifield (1999) that there is no other way that the marketing objectives of an organisation can possibly be achieved than the traditional McCarthy's 4Ps marketing mix, Kotler (2003) postulates another marketing theory, known as the STP model.

The STP Marketing Model

According to Kotler (2003), in the Segmentation, Targeting and Positioning (STP) model, a market research is conducted to identify the various segments of customers in the market, for example, high class earners against low class earners; value-seeking customers against affordability-seeking customers. The enterprise then targets the segment it can conveniently serve, considering its competences and comparative advantages. Then through the quality of its products, design, advertisement and so on, the enterprise positions or implants its key benefits and differentiations offered by its products as well as its physical presence in the customers' mind. To easily achieve this, the products should be well branded and offer what Kotler (2003) refers to as the 'value proposition',

which answers the question usually posed by customers: ‘Why should I buy your brand?’

Guerrilla Marketing Strategies

As small businesses face intense marketing competition from their larger counterparts, the general assumption is that using their scanty resource on building and sustaining marketing activities is an unbearably expensive venture. The contrary is however true that as competition for customers becomes more intense, small business owners must understand the importance of developing creative marketing practices because their survivals depend on it.

According to Zimmerer *et al* (2008), another marketing activity available to SMEs is guerrilla marketing. A guerrilla marketing, according to them is any creative unconventional, low-cost yet effective marketing practice designed to give small business an edge over larger, richer and more powerful rivals. The assumption underlining this marketing practice is that, by their very nature and operations, most large-scale firms simply cannot operate at levels that satisfy all categories of customers. For instance, furniture outfits in Ghana have furniture that is imported for schools, etc. These are invariably made of foreign materials and designs. Consumers are left unsatisfied when it comes to preferred designs and choices of material simply because they are too distanced from the manufacturer or they are not the target of the production. This is where a marketing opportunity is created for the small business owner to satisfy these customers’ designs and demands. In the wisdom of guerrilla marketing

proponents, an effective marketing campaign does not necessarily require an entrepreneur to spend large amounts of money. What makes it successful is creativity, ingenuity and an understanding of customers' buying habits.

Like all plans, no set of principles constitute a guerrilla marketing activity. Indeed what would work for one small enterprise successfully, would spell the doom for the other. According to the proponents however, in general terms, for a guerrilla marketing plan to be effective, it must accomplish four objectives; it should identify the specific targets that the small company wants to serve; it should determine customer needs and wants through market research; it should analyse the firm's competitive advantages and build the guerrilla marketing around them; and it should aim at creating a marketing mix that meets customers' needs and wants.

The golden principle therefore is that the small firm should be able to identify its opportunities and potentials, and more importantly, use them to create and keep customers. Once this is done, competition or none, the rest will take care of itself (Zimmerer *et al* 2008).

Concluding, it is important to stress that the 7Ps marketing principles, the STP model and the guerrilla marketing practices are not mutually exclusive. Indeed they can be perfect complements. A small enterprise can, for example, categorise customers into various segments, target one segment, pursue the segment using guerrilla tactics, and then position itself through its product quality, price differentiation or physical evidence.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter looks at the methods and procedures used for the study. Issues considered are the research design, population, sample and sampling procedures, source of data and instruments used for data collection, validity and reliability of instrument used, procedure for data collection and data analysis. Justification is provided for designing the work as a descriptive survey and the use of the attribute sampling method in obtaining the sample population for the study.

Research Design

The study is designed as a descriptive survey. Survey is a statistical study of a sampled population from a very broad and general perspective. According to Gay (1992), the descriptive survey focuses on eliciting information about nature and status of specific phenomena at a given time. It involves collecting data in order to test hypothesis or research questions about the current state of affairs of the subjects under study. Newman (2003) adds that survey systematically asks subjects the same questions about the situation or a programme, and measures several variables for purposes of gaining insight about previous behaviour, experience or characteristics.

In the opinion of the researcher, the descriptive survey was appropriate because it allowed several SMEs spread across the entire study area to be included in the study.

Though the survey method is weakened by the fact that data collected may not be true representative of the views of the entire population, yet, as postulated by Malhotra (2007), the survey is by far the most common method of primary data collection in doing research. In addition to that survey has the advantage of being relatively less expensive in terms of funds, time and number. It is also very useful for generalising from a sample to a population so that references can be made about the characteristics, attribute or behaviour of the population (Gay, 1992).

Study Area

The study focused on the Tema Metropolis in the Greater Accra region of Ghana. The Tema metropolis is one of 10 districts in the region. Its capital is Tema. According to Wikipedia, the free encyclopedia, the metropolis covers an area of 565km² and it is grouped into 26 communities. The most populated and busiest communities are Communities 1, 2, 4, 7, 9 and 13 (Sakumono).

According to ghanadistricts.com, Tema, which serves as the administrative capital of the metropolis is a coastal city situated 25 kilometres east of Accra, the national capital. The Greenwich Meridian (00 Longitude) passes through the city of Tema. The metropolis shares common boundaries with the Accra Metropolis on the west, the Ga Municipalities on the north-west and the

Dangme West District on the northern and eastern borders. To the south, it is bordered by the Gulf of Guinea.

Until 1952, when the Government of Ghana decided to develop a deep seaport there, Tema was a small fishing village. Tema became an autonomous council in 1974 and was elevated to the status of a Metropolitan Assembly in December, 1990.

Tema has tremendous investment and business potentials. The industrial sector represents the most important productive sector in terms of local revenue generation in the metropolis. Currently, there are three steel manufacturing companies in Tema, a large aluminum smelter, and several major food and fish processing companies such as Nestle, Ghana Cocoa Processing Company, Pioneer Food Cannery and Ghana Agro Food Company. There are also two large textile manufacturing companies.

Beside the heavy industries, there are also numerous light industries, with over 250 factories in the municipality engaged in eight major areas: chemicals, textiles, food processing, engineering, paint, fish cold stores, printing and wood working.

The municipality has a huge port, and has been designated a Free Port and Export Processing Zone, whereby special facilities are accorded to imports and exports without payment of customs duties or local taxes. Utilities and social services are quite modern.

Efficient and good economic and social infrastructural facilities are in place and are continuously being upgraded, which provides the largest and most

affluent market for both consumer and intermediate goods in the country. Perhaps this has been the reason for the location and localization of many large and small-scale industries.

Additionally, modern fishing for export has its base at the Tema Fishing Harbour. This has resulted in the existence of several large cold stores and other modern facilities for the fishing industry, making the municipality's southern coastal section the best place for investment in this area of activity, in the whole country. There are three main markets in the municipality, located in Tema itself, Ashaiman and Tema Manhean. There are also several satellite markets.

The service industry comprises of banks, insurance firms, hotels, legal firms, postal and communication services and transport. Others are recreation and freight services.

Due to the designation of a sizeable portion of Tema as an enclave for the Free Zone Programme in the county, a number of industries are taking advantage of the generous concessions granted to acquire space to operate in the zone. The choice of Tema for this study is due to the fact that it is considered as the industrial hub of Ghana with the largest concentration of big, medium and small-scale enterprises than any other place in the country.

Population

The population for the study consisted of all SMEs in the Tema metropolis. However, efforts to get a complete and authentic list of all SMEs in the metropolis from official sources such as the National Board for Small-Scale

Industries (NBSSI), the Association of Ghana Industries (AGI) or the Ghana Statistical Service yielded no results. Therefore the student, with the help of two research assistants embarked on a preliminary investigation, which revealed 279 enterprises, thus obtaining a population for the study.

SMEs were then sampled for the study in proportion to the numbers identified in each community and more importantly to meet the criteria set out in the study, which was enterprise with employees ranging from 5 to 99.

Sample and Sampling Procedure

According to Saunders, Lewis and Thornhill (1997), at 95% level of certainty that data are collected from all cases in a population, the appropriate sample size for a population of 250 is 151. For a population of 300, a sample size of 168 was recommended. Using that as the bases, a sample size of 200 was chosen from the population of 279 for the present study. The sample was so chosen in order to make room for misplaced and non-returned questionnaires.

The attribute sampling method was used to sample the 200 SMEs for the study. This sampling procedure simply involves selecting elements that display certain characteristics different from other elements. According to Kumeckpor (2002) in attribute sampling, the units of the sample are selected by intentionally picking them for study because of their characteristics or because they satisfy certain qualities which are not randomly distributed. That is, where some units rather than all the population exhibit some of the characteristics of the study or where is it known that certain individual units by their very nature and characteristics, will provide more and better information on a particular subject

than randomly selected units, then it is better to use the attribute sampling. The attribute in the present study was that selected SMEs must have employee strength of between 5 and 99.

In the opinion of the researcher, the attribute sampling method was appropriate for the study in two major ways. First, the enterprises identified consisted of both large and small-scale enterprises. There was therefore the need to sample those which met the criteria set out in the present study. The second reason was that the attribute sampling method is important for studies that aim to establish the nature of, the cause of, the reason for, the interest in, the indifference in, opposition to etc, and as it was the aim of this study to establish the nature of marketing activities of SMEs, the method was deemed appropriate.

By the end of the exercise, the population sample for the study was obtained from Communities one, two, five six and nine in the proportions indicated in Table 2.

Table 2: Sampling Distribution of SMEs in the Tema Metropolis

| Community | Number of SMEs Identified |
|-----------|---------------------------|
| One | 40 |
| Two | 40 |
| Five | 40 |
| Six | 30 |
| Nine | 50 |
| Total | 200 |

Source: Fieldwork, 2012

Community One is the central business district hosting the main market of the metropolis. SMEs located in the community though sparsely distributed, include hotels, laundry services, supermarkets and micro finance operatives. Community Two also has a number of SMEs such as cosmetics shops, furniture outlets and sachet water plants and it is the seat of Adom FM, a popular Radio station in Ghana. Another area which boasts of SMEs is Community Five. It is about the area with the largest concentration of freight forwarders, playing an important role of linking the port city of Tema and importers who use the harbour.

Community Six though serves as a residential area, has quite a number of enterprises such as hotels, restaurants and pharmaceutical outlets. The community with the largest concentration of SMEs is Community Nine. Commonly referred to as Light Industrial Area, it is the home to several enterprises such as light industrial machine producers (metal shops), welders, steel benders, block

manufacturers, bottled and iced water producers, agro-processing plants, hotels and laundry services. Table 2 gives the distribution of SMEs which were sampled for the study and their locations in the study area.

Sources of Data and Instrument Used

Primary data from owners and marketing officers of SMEs was relied upon for the study. Questionnaire (see appendix) was used as the instrument for collecting the data. Though questionnaires have certain disadvantages such as the inability to interpret the mood of the respondents compared to interviews and other face-to-face data collection methods, they are appropriate because they allow a wide range of respondents to be reached at the same time. They again offer the chance for respondents to answer at their own convenience.

Designing the questionnaires was supervised by my supervisor. Advice was also sought from a statistician. Colleagues were then called upon for proofreading after the initial design. Defects pointed out had to do with typographic errors, presentation and comments on content and formatting. These were worked on, resulting in the final questionnaires.

The questionnaire contained 27 items involving open-ended and close-ended items and was divided into four parts. Part one had questions on perceptions of SME owners about marketing planning. Five questions were posed under the section. Part two dealt with marketing activities of SMEs, and it contained 15 questions. The third part had five questions on the challenges

confronting SMEs in their marketing activities. The final section, using four questions, sought to find out the biographical information of respondents.

The open-ended questions offered respondents the opportunity to express their opinions about issues raised in the questionnaire. Closed-ended questions such as those demanding 'Yes' and 'No' responses made it easier for respondents to answer. Such items on the questionnaire, for example questions 1 and 2, were measured using 'Yes' for affirmation and 'No' for rejection of statements on the questionnaires. Some of the items were also designed with multiple-choice statements for respondent to choose from. This was useful because it allowed the researcher to focus responses on the issues under study. Multiple-choice items, e.g. questions 3 and 4, were measured using respondents' choice of statement from alternatives offered on the instrument, relating to the issue being measured. To avoid restriction however, respondents were given the opportunity to provide comments about why they responded in a particular way.

Other items used the Likert-type scale. The Likert-type scale was adopted because it was easier to construct and score. It also allowed the subjects to indicate the degree or intensity of feelings. Likert-type scale items (21c) were measured using such scale as 1 - Very Influential, 2 - Influential, 3 - No Influence, 4 - Not Influential and 5- Not Very Influential.

Validity and Reliability of Instrument

The initial design of questionnaire was supervised by my supervisor and edited by a statistician. To ensure validity, items on the questionnaire were

thoroughly examined to ensure that they elicited responses needed to answer the research questions posed in the study.

Not much was done on reliability due to time constraint. Testing for reliability required administering the instrument to the same population on more than one occasion over a period of time in order to ascertain whether it measured the same way in each administration. Time did not allow this. However, close associates were called upon to give responses to items on the questionnaire as a way of testing reliability. Responses were the same or similar. This gave some assurance of reliability in the questionnaire.

Procedure for Data Collection

The Association of Ghana Industries and the NBSSI offices in Accra were visited to obtain some material on registered SMEs in the Tema metropolitan area. Their respective websites were also visited for some information.

As indicated earlier, questionnaires were the main instrument for data collection. Two hundred questionnaires were administered to the selected SMEs spread across the length and breadth of the study area. This necessitated the use of field assistance on paid terms.

In the month of April, 2012, three field workers were briefed on the ethics of the job at hand and relevance of each question item. On the field, the questionnaires were, in some instances, read and explained in order to meet the particular need of respondents. Five working days after administering, a follow-up was made to encourage completion and return of the questionnaires. The

completed questionnaires were collected back within a two-week period in April 2012.

On the whole, out of the 200 respondents sampled, one hundred and fifty-nine (159) completed questionnaires were retrieved. Eighteen (18) could not be retrieved due to misplacement by respondents and twenty-three (23) respondents were not available upon several visits. This represented a retrieval rate of 79.5%. Three of the retrieved questionnaires were improperly answered and consequently rejected. Therefore, a total of 156 valid respondents were used for the analysis.

Data Analysis

The answered questionnaires were first edited and coded for analysis. They were sequentially identified with numbers, making it possible for responses to be inputted for processing using the Statistical Product and Service Solutions (SPSS) software. Statistical tools used for the analyses include frequency tables and bar charts. Conclusions drawn from the analysis and discussions.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

Introduction

This chapter presents the analysis and discussions of results from the study. First, the demographic information of respondents is analysed. Results of the study are then presented according to the objectives of the study. Thus each research question is answered in this chapter using information obtained from respondents.

Background Information of Respondents

The respondent with the highest number of employees had workers whilst the one with the least number had five. Thus considering the number of employee as the criteria for categorising, the figures imply that all 156 valid responses were obtained from firms justifiably classified as SMEs. It is also important to note that these employee figures confirm the assertion by the Social Security and National Insurance Trust (SSNIT), Ghana, that by size classifications, the Ghanaian private sector is highly skewed, with majority of companies falling within the ‘small-scale’ category.

In terms of capital outlay, the highest range of GHS62,000.00 was recorded among respondents with GHS2,100.00 as the least capital range obtained. It must be stated however that most respondents refused to state their capital. Business operations of respondents included agro-processing,

pharmaceuticals, supermarkets, food and beverages, furniture, car washing bays, cosmetics, laundry and hotel services etc.

The highest number of respondents (13.46%) engaged in agro-processing such as the production of fresh juice drinks, shea butter processing, vegetable preservation and supply. Food and beverages, consisting of imported as well as locally manufactured food items and drinks such as flour-based pastries that usually provide quick meals for customers, constituted 12.82 per cent.

Tema is noted for the number of freight forwarding agencies who act as clearing agents for businesses and individuals who import through the port. They constituted 9.62 per cent of enterprises studied. Those involved in the multi-stores, also constituting another 9.62 per cent, were basically into the import and sale of various kinds of goods ranging from household items, sports equipment, simple machines and many more.

Table 3 summarizes the employee figures, capital estimates and nature of business of respondents.

Table 3 – Characteristics of Respondents

| Item | Frequency | Percentage |
|--------------------------------|------------|---------------|
| Permanent employees | | |
| 5 – 20 | 116 | 74.36 |
| 21 – 40 | 38 | 24.36 |
| 41 – 60 | 2 | 1.28 |
| Total | 156 | 100.00 |
| Capital estimates (GHS) | | |
| Up to 15,000 | 8 | 5.14 |
| 16,000 – 30,000 | 1 | 0.64 |
| 31,000 – 45,000 | 4 | 2.56 |
| 46,000 – 60,000 | 4 | 2.56 |
| 61,000 – 75,000 | 1 | 0.64 |
| No response | 138 | 88.46 |
| Total | 156 | 100.00 |
| Nature of business | | |
| Agro processing | 21 | 13.46 |
| Commercial block manufacturing | 10 | 6.41 |
| Pharmaceuticals | 5 | 3.21 |
| Freight forwarding | 15 | 9.62 |
| Supermarkets | 15 | 9.62 |
| Welding | 10 | 6.41 |
| Food and beverages | 20 | 12.82 |
| Micro finance operatives | 7 | 4.49 |
| Furniture | 6 | 3.85 |
| Sachet water production | 5 | 3.21 |
| Car washing bay | 8 | 5.13 |
| Cosmetics shops | 9 | 5.77 |
| Business development services | 6 | 3.85 |
| Laundry services | 7 | 4.49 |
| Hotel services | 5 | 3.21 |
| Machine shops | 5 | 3.21 |
| No response | 2 | 1.28 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

Those involved in furniture engaged in the importation and manufacture of office and domestic furniture as well as furniture for institutions. The pharmaceutical category comprised the manufacturers and sellers of over-the-counter drugs and medicines.

Car washing bay outlets constituted 5.13 per cent of the businesses studied. It must be stressed here that the washing bays selected for the study were not the usual ones normally sited along our roads. These were comparatively high standards washing bays sited at highly patronised fuel-pumping stations with mechanised operations.

Cosmetics dealers focused on the sales of different kinds of body pomades and lotions, beauty items such as body sprays, deodorants and chemical-based body and hair moisturizers. Services studied included business development services, laundry, micro and non-banking financial institutions.

It can be seen from the results that SMEs in Ghana as unit organisations do not employ many people. However, it is also clear that their activities cut across all sectors of the economy. In view of this, they collectively constitute a big employment avenue in the country.

An important issue is the level of capitals revealed by the study. In spite of the fact that many of the respondents declined to disclose their capital, it is evident from the few provided that the capital base of the studied firms are generally low with one respondent having the highest figure of GHS62,000.00. This has direct negative consequence on the remuneration of employees. No wonder many Ghanaian employees complain about low salary levels. A major

explanation is that because they are employed by SMEs which are generally not well resourced in terms of capital, it is difficult to remunerate them well.

Opinions of SME Owners and Managers about Marketing Planning

The first research question was to ascertain the opinions of SME owners about marketing. This research question was aimed at finding out whether the SME owners and operators saw marketing as an important activity that deserved attention in their businesses. The output for the frequency analysis of SME owners and operators' responses regarding this question is displayed on Table 4.

Table 4: SMEs that see Marketing Planning as Important

| Response | Frequency | Percentage |
|----------|-----------|------------|
| Yes | 145 | 92.95 |
| No | 11 | 7.05 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

From the analysis 145 (92.95%) of valid respondents saw marketing planning as an important activity in the operations of their business. Of the remaining 11 respondents who perceived planning of marketing activities as not important, three, representing 27.30 per cent indicated that planning and executing marketing activities were expensive, two or 18.20 per cent gave their

reason as marketing planning being time consuming, whilst 54.50% could not give any reason.

It is realised from the results that SMEs generally see marketing planning as an important activity in the achievement of their objectives. Even for the few who do not engage in marketing planning, it is evident from the results that they have not taken the trouble to assess the effects on their businesses, hence their inability to offer any reason for not engaging in marketing planning.

To ascertain how best SMEs owners and managers put what they see as important into practice, a further question was asked to find out how many of them have ‘marketing departments’ in their business and the responses are captured in Table 5. The responses indicated that 114 respondents representing 73.08 per cent of valid respondents had ‘marketing departments’ or at least permanent offices dedicated to marketing. Forty representing 25.64 per cent did not have any such department or office. Two (2) respondents or 1.28 per cent gave no indication about who was or were responsible for marketing their products or services.

Table 5: SMEs that have ‘Marketing Departments’/Marketing Officers

| Response | Frequency | Percentage |
|-------------|-----------|------------|
| Yes | 114 | 73.08 |
| No | 40 | 25.64 |
| No response | 2 | 1.28 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

This implies that the majority of SMEs do not only believe that marketing planning is very important in the operations of their business, but they also engage in practice. This assertion is consistent with the claim by Rue and Ibrahim (1996) that SMEs are normally engaged in more planning than previously thought.

Of the forty respondents who did not have 'marketing departments' (Table 8), four (10%) hired sales staff on commission, six (15%) used permanent sales staff, seven (17.5%) employed marketing persons on casual bases and 50 per cent employed all the above in the sale of their goods or services. 7.5 per cent did not indicate how they market their goods and services.

This means that although SMEs may not have established departments solely for marketing, they still find alternative means of ensuring that their goods and services get to the market. This still underscores the fact that marketing cannot be ignored in the operations of SMEs.

Requested to make a general comment about marketing in their businesses, SMEs gave the responses shown on Table 6. Whilst some, (17.95%) contended that it was good to pay attention to marketing activities, others (3.85%) said it did not pay as expected to spend so much on marketing activities. Others, (17.30%) also had the opinion that producing quality products or services increases the demand of a business' products. Yet few, (3.85%) were worried that too many competitors on the market had rather reduced the benefits their businesses must derive from marketing. Many (57.05%) of them however had no comment to make about marketing in their businesses. The implication here is

that some SMEs have simply failed to plan their marketing activities without any valid reason.

Table 6: General Observation on Marketing by SME Owners and Operators

| Comment | Frequency | Percentage |
|--|-----------|------------|
| Marketing is good | 28 | 17.95 |
| Marketing is expensive | 6 | 3.85 |
| Quality products leads to good marketing | 27 | 17.30 |
| Too many competitors reduce sales | 6 | 3.85 |
| No response | 89 | 57.05 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

It can be concluded from the foregoing that the perception of SME owners and operators about marketing planning is positive. Majority see it as generally good and essential for the survival and development of their business. Few see it as essential but are of the view that it is rather expensive to engage in marketing planning and execution regarding the resulting benefits that are derived by their businesses. They do not discard the importance of marketing. However they believe that more could be done to derive further benefits from marketing.

Marketing Activities of SMEs

The second research question was to find out the activities that SMEs undertake to sell their goods and services. The aim was to identify the various activities that preoccupy them in the sale of their goods and services.

To ensure consistency with reviewed literature, responses received were categorised according to the marketing mix. Thus activities involved in SME marketing were analyzed along the lines of product development, pricing, promotion and distribution, people, process and physical evidence.

Product Development

SME owners have in mind the need to make their products and services marketable right from the developmental stage. To this end, issues that were given priorities, according to the respondents, included quality of the product or service, its affordability, convenience and satisfaction as well as how user friendly the product or service was to customers, as shown on Table 7.

Table 7: Issues that are Given Priority in SMEs Product Development

| Response | Frequency | Percentage |
|----------------------------|-----------|------------|
| Quality | 96 | 61.54 |
| User friendliness | 8 | 5.13 |
| Affordability | 33 | 21.15 |
| Convenience & satisfaction | 19 | 12.18 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

In examining the extent to which businesses pay attention to these issues, quality was ranked high among the other items considered. It constituted 96 responses representing 61.54 per cent with user friendliness being ranked the least with eight respondents or 5.13 per cent.

The results suggest that SMEs pay attention to the needs of their customers during the development of their products or services. This is expected to have a positive effect on marketing, and it is a reflection of owners and managers' confirmation of findings from DeDee and Vorhies (1998) that an increase in product/service development capabilities were positively correlated to the change in the return on profit.

Respondents also indicated that product packaging was one means of selling their products. Sixty seven of them, (42.95 %) said designing the container of their products to depict quality sells their product. Twenty-three, (14.74%) used attractive or special labels or words to attract customers. Thirteen, (8.33%) designed their products or depicted their services with bright colours to attract attention whilst forty-five or 28.85 per cent used all the above-mentioned. Eight respondents, (5.13%) did not indicate anything done in packaging as a way of attracting customers. The responses are summarized in Table 8. It can be concluded from the foregoing that manufactures and service providers use variety of mechanisms in an attempt to get the attention of customers. One such mechanisms is derived from the perception of manufacturers and service providers that a decision by a customer to patronise a product or service is

influenced not only by the satisfaction derived from its usage, but also by the perceive ‘beauty’ of the product or service.

Table 8: How Packaging is used to Attracts Customers

| Responses | Frequency | Percentage |
|--|-----------|------------|
| Design container to depict quality | 67 | 42.95 |
| Catchy design on package | 23 | 14.74 |
| Use bright colors to attract customers | 13 | 8.33 |
| All the above | 45 | 28.85 |
| No response | 8 | 5.13 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

Even though the results suggest that SMEs pay attention to packaging, this does not adequately reflect situation on the grounds as issues have been raised from many quarters concerning the quality of packaging. There have been several criticisms on the fact that packaging from Ghanaian SMEs falls below international standards. This is an indication that, though SMEs believe that packaging is a means of enhancing their marketing, they need to do more to meet customer and international requirements in that regard.

Pricing

In an answer to a question seeking the factors that determine the prices of their goods and services, 55.77 per cent of respondents indicated the cost of producing the product or service as the most important factor, followed by the forces of demand and supply (16.3%), customers' ability to pay for the commodity or service (12.8%), the profit motive of the business (11.54%) and the prices of their competitors (4.49%). The results are shown in Figure 4.

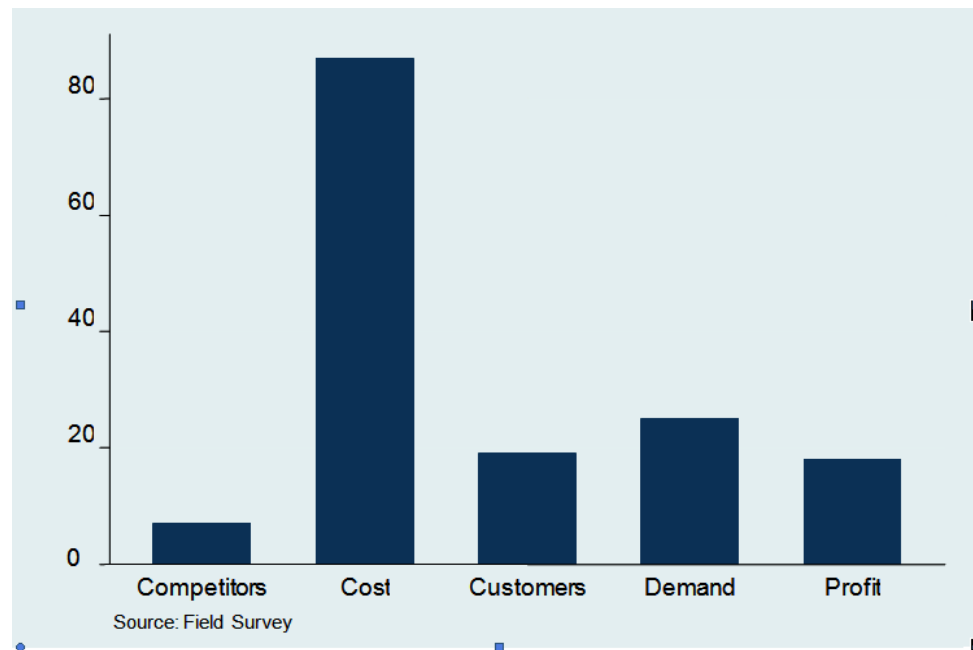


Figure 4: Factors that Influence Pricing in SMEs

Source: Fieldwork, 2012

The implication of this analysis is that most SMEs consider the cost of production as the most important determinant of the price of their goods/services. This means SMEs are guided by the principle of cost recovery in pricing their

products/services. They normally would not price so low just for the purpose of selling large volumes. Considering the fact that cost of production in Ghana is generally said to be high, this situation explains why goods and services produced in Ghana are generally highly priced. The effect of this is obvious; people patronise imported goods to the neglect of locally produced ones. The result is that local SMEs are unable to compete effectively and attain the needed growth. Many SMEs in the country have had to wind up as a result.

The issue of quality and/or affordability was also given prominence. The summary in Table 9 gives an indication of what happens so far as quality and pricing of the product is concerned. It was found out that 87.18 per cent of the valid respondent indicated that they produce goods and services of high quality and charge correspondingly high prices. The remaining 12.82 per cent believe in producing ‘low quality’ goods or services and selling them at a low price.

Table 9: Pricing Dynamics of SMEs

| Response | Frequency | Percentage |
|----------------------------|-----------|------------|
| High quality, high pricing | 136 | 87.18 |
| Low quality, low pricing | 20 | 12.82 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

The findings demonstrates SMEs believe that consumers will pay high for goods and services if they perceive quality and performance rather than getting

attracted just by low prices. This is consistent with the conclusion by Kenny and Dyson (1989) that low prices sometimes portray inferiority of the products/services involved. The conclusion is also demonstrated practically by the general perception that high quality products/services are expensive than those of inferior quality.

However the finding runs contrary to the obvious situation in Ghana where low quality products at relatively cheaper prices are comparatively patronized more than quality and expensive products and services. The implication is that quality is not the only deciding factor in consumers' decision to patronize goods and services. Other factors such as affordability, convenience, satisfaction and user friendliness also play major roles.

Again, it is worthy to note that even though the responses indicate that SMEs prefer the delivery of quality goods and services to enhance sales, they have generally been criticised for their low quality standards in production. According to the respondents, this situation could be attributed to two major factors. First, some SMEs know the need to produce quality goods and services but are unable to do so due to constraints such as funding, skilled personnel and capacity. The second reason is that the Ghanaian market, for which most of the SMEs are producing, is mainly dominated by low income earners who arguably, prefer affordably-priced goods and services without much regard to quality.

Promotion

Promotion in the questionnaire was captured to include interviews, newspapers and adverts, as well as exhibitions and talk shows. Figure 5 shows the methods of publicity SMEs adopt in their businesses.

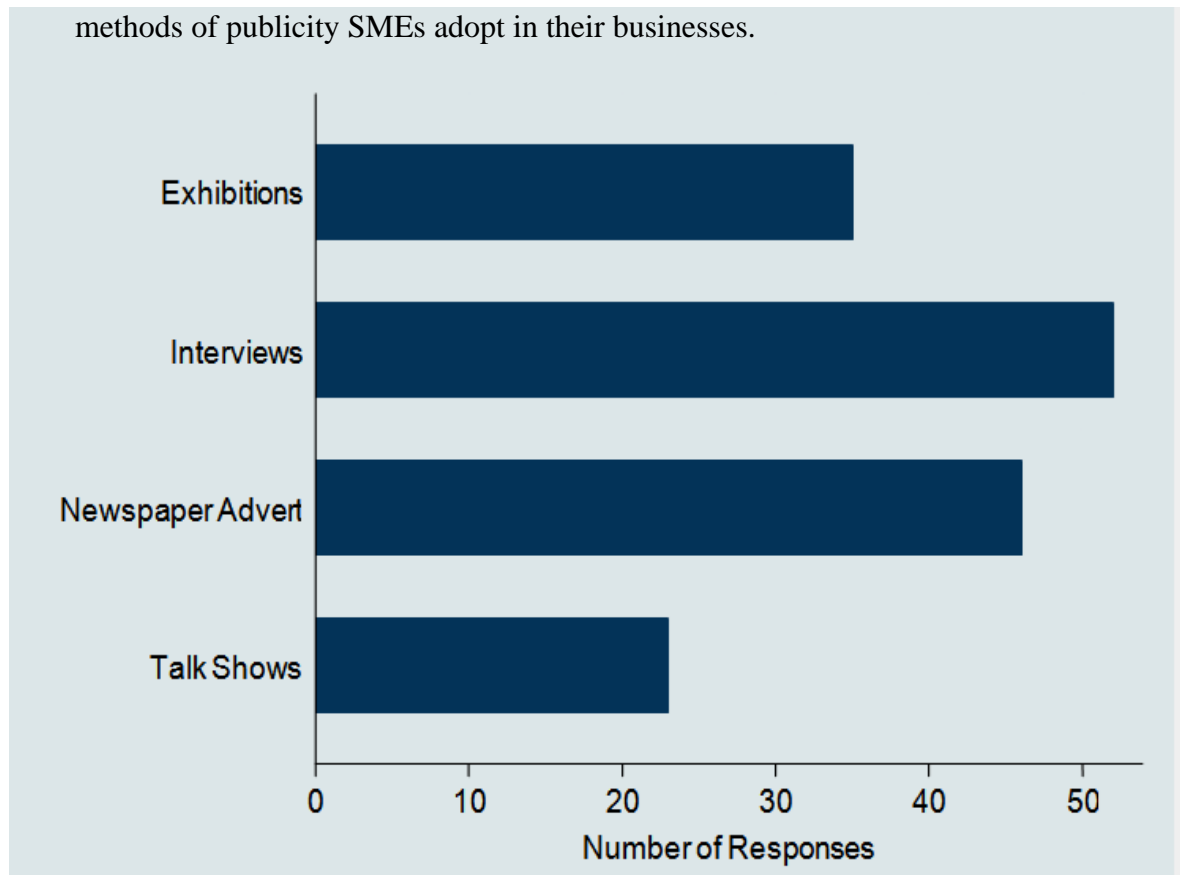


Figure 5: SMEs Mode of Publicity

Source: Fieldwork, 2012

Valid responses received indicated that interviews served as the most widely used means of publicising SMEs goods and services. It is important to state that interview as captured in the questionnaire comprised of a number of things. According to the respondents, 33.33 per cent of both formal and informal verbal interactions were undertaken to ascertain customers' perception about goods and services. Interviews also included word-of-mouth recommendations

made to prospective customers about goods and services. It also involved marketers giving education as well as correcting wrong perceptions about goods and services to customers. Additionally, interviews are granted to radio stations which have recently become the most convenient means of mass communication in our communities.

Newspaper and advert were the next widely used medium through which sampled SMEs make their products or services known to customers. Up to 29.49 per cent of valid respondents used newspaper and other forms of adverts such as the mounting of bill boards. About fifth, (22.4%) saw participation in exhibitions as essential in enhancing marketing, whilst 14.74 per cent also said talk shows were important in making their goods and services known. Talk shows here manifested themselves in organised programmes where targeted groups were invited and exposed to particular products or services and all they needed to know about them. However, there were indications that SMEs which participated in marketing talk shows were comparatively 'big' in terms of capital, structure and organisations.

Realities on the ground rather point to the use of newspaper, billboards and posters as the most used form of advertisement by businesses. However, the findings here is an indication that the use of verbal interactions, word-of-mouth communication, education and radio stations by SMEs as marketing tools is more than it is acknowledged in the country, especially with the proliferation of FM stations in the various Ghanaian dialects.

An interesting finding from the analysis was that, comparatively few of the sampled SMEs rather advertised on the Internet. The results shown in Table 10 depicts that 42.31 per cent of the respondents advertised their products on the internet. 57.69 per cent do not use the internet to advertise.

Table 10: SMEs Advertisement on the Internet

| Response | Frequency | Percentage |
|----------|-----------|------------|
| Yes | 66 | 42.31 |
| No | 90 | 57.69 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

Further enquiries revealed that SMEs had yet to pay greater attention to Internet advertisement because though they saw it as very important, most of them simply refused to venture because they perceived it to be expensive in terms of cost, time, skills and technology. This phenomenon is also the result of SMEs inability to adapt to changing trends in technology or a perception that Internet advertisement is yet to be fully integrated into the business culture in the country.

This finding could also be linked to the developmental stage of our country because literature points to evidence that advertisers in developed countries have now moved their monies over to the Internet as customers are on average spending more time online than watching TV. In an answer to an open question on other activities used by respondents to further promote sales, price

reduction, discount and free gift of products were some of the activities mentioned. These are captured on Table 11.

Table 11: Other Activities SMEs use to Promote Sales

| Response | Frequency | Percentage |
|----------------------|------------|---------------|
| Price Reduction | 41 | 26.28 |
| Advertisement | 39 | 25.00 |
| Given Discount | 19 | 12.18 |
| Quality Product | 12 | 7.69 |
| Freely given Product | 27 | 17.31 |
| Exhibition | 18 | 11.54 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

Asked about activities they perceived as important, but are not able to undertake due to one reason or another, Figure 6 represents the responses stated by respondents. They mentioned advertisement, affordable products or services, credit sales, exhibition, giving discount, good location, price reduction and special design of products with 42.31% given no indications. According to them, it was their intentions to pursue these activities in the future.

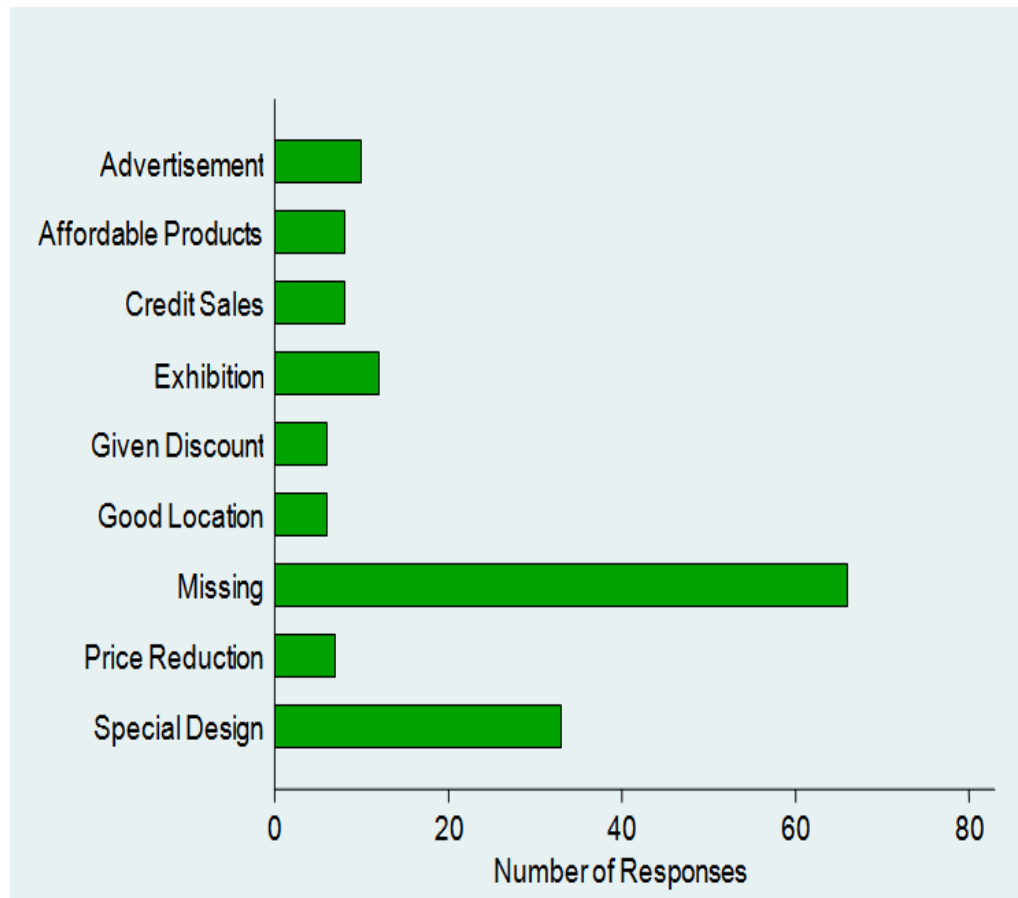


Figure 6: Marketing Activities that help Improve Sales
 Source: Fieldwork, 2012

Distribution

Distribution addresses the place where products or services can be located and how they could be made available to consumers. First the research sought to find out the reasons for which sampled SMEs chose a particular location for their business.

Responses given are shown on Figure 7. Up to 40.38 per cent sited their business at places they saw to be suitable in terms of space to manouvre and set business facilities, 18.59 per cent considered how accessible the place was to customers, 11.54 per cent would site their businesses at places where their

potential buyers are located. This was found to be common with businesses, which targeted particular segments of the population, for instance the rich and affluent in society. 8.97 per cent depended on their ability to afford the rent charged whilst the same number would prefer a location occupied by similar business as theirs. To them, this location would give them access to customers with little effort.

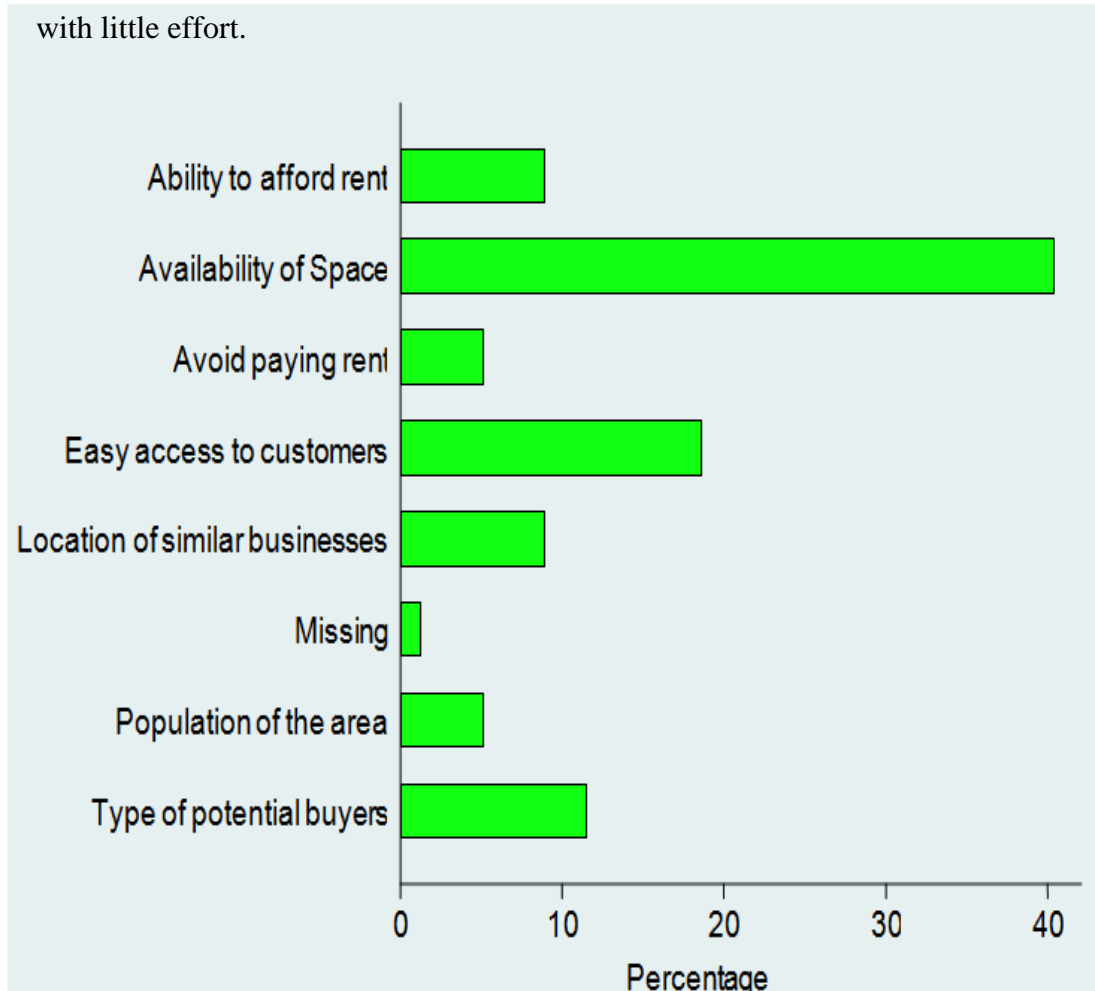


Figure 7: Factors that Determine the Selection of SME Locations
Source: Fieldwork, 2012

Further, 5.13 per cent would locate their businesses at places they would get for free whilst another 5.13 per cent would be guided by the population of the

location. To them, the greater the population of an area, the higher the market potential of that area. The remaining 1.28 per cent of respondents did not have any reason for choosing a particular location for their business. It could be said for them that any location goes.

Considering the fact that availability of space is the most important factor for SMEs in choosing a location, suffice to say that the concentration of our SMEs in towns and cities, which rather do not have enough space raises questions. It is evident that space abounds in our rural or less developed areas. But enquiries revealed that this is the case because cost of electricity and transporting to the cities where their markets really exist, make it cost ineffective to locate their businesses in the more spacious rural areas.

The sampled SMEs' efforts at reaching their customers were also analysed. This is shown in Table 12. Eighty-nine of the total valid respondents representing 57.05% approached the people to introduce their product to them through adverts and other promotional activities. Twenty-one of them representing 13.46% waited for customers to approach the business for what they, (the customers), wanted to buy. To them, no special efforts were needed to attract customers because they were of the opinion that their customers would come. Analysis pointed to the fact that such SMEs were mainly engaged in the production and delivery of products and services which were special and technically inclined with little or no easy substitutes. Examples were business development services such as business plans and financial services. This could also be the results of customer loyalty built over the years as a result of the

satisfaction customers derived from these products or services from the businesses. It could also be due to other reasons such as convenience to the customer as well as taste and preference. This approach to marketing is however not recommended to businesses because it smacks of complacency and stifles the expansion of market shares. To the remaining 12 respondents (7.69%), it happened as a matter of chance for someone to walk in and buy from their business.

Table 12: How SMEs Approach Customers

| Responses | Frequency | Percentage |
|----------------------------|-----------|------------|
| Customers come to business | 21 | 13.46 |
| Business goes to customer | 89 | 57.05 |
| Happens by chance | 12 | 7.69 |
| All the above | 34 | 21.80 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

The number of business outfits that approach customers for the sale of their goods and services explains why the Ghanaian customer is confronted with variety of goods in the markets, on the streets, in the offices and even homes beckoning to be bought. It is just a reflection of how competitive and vigorous today's marketing has become. The situation is worsened by the influx of lowly-priced foreign commodities which compete on the local market with the SMEs.

Majority of respondents (62.18%) sold their products or services in their own outlets, while 19.23 per cent *sold* through sales agents who owned outlets. Also, 17.95 per cent sold their products through the use of company vans which moved from one location to the other. This practice is quite new in the country but is gradually gaining popularity with the increasing problem of lack of space, especially in the business districts of our commercial towns. Table 13 indicates respondents' mode of distribution.

Table 13: SMEs' Channels of Distribution

| Responses | Frequency | Percentage |
|-----------------------------------|-----------|------------|
| Direct outlet by business | 97 | 62.18 |
| Sales agents with their outlets | 30 | 19.23 |
| Uses company van as mobile outlet | 28 | 17.95 |
| Others | 1 | 0.64 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

People, Process and Physical Evidence

Reviewed literature in the study pointed to the fact that the caliber of people employed to work for a business are as important as customers in ensuring that the business achieves its goals (Kotler, 1999; Collins, 2009). To this end, the study sought to find out what the respondents considered priority in employing their marketing personnel. Responses obtained were the general ability of the

person to sell, the creative ability of the person in marketing as well as the academic qualification of the person. These are shown on Table 14.

Table 14: SMEs’ Assessment for Recruiting Marketers

| Response | Frequency | Percentage |
|-------------------------------------|-----------|------------|
| General ability to sell | 85 | 54.48 |
| Creativity in marketing | 26 | 16.67 |
| Academic qualification in marketing | 45 | 28.85 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

The general ability of the person to do marketing was considered by most of the sampled firms. This constituted 54.48 per cent of the total population studied. 28.85 per cent placed priority on the academic qualification in marketing held by the person. 16.67 per cent would look for the person’s creative abilities in the area of marketing before selecting him or her for its marketing positions.

Further analysis from the study revealed that the comparatively bigger firms put academic qualification ahead of other factors and that people with academic qualifications are generally paid higher wages. Their small and less resourced counterparts rather put more emphasis on the prospective employee’s creativity and abilities in marketing, for which the business may not pay that much but who can equally market like their fellows with higher academic qualification in marketing. This conclusion confirms the assertion by Zimmerer,

et al., (2008) that SMEs have alternative solutions, which are cheaper but equally effective as a way of competing with other businesses which have the means and resources.

Literature also pointed to the fact that the way a business handles its external customers goes a long way to determine its success in its marketing endeavours. The study thus sought to find out how sampled businesses handled their customers and the responses are summarised in Table 15.

Table 15: SMEs’ Attitude Towards Customers

| Response | Frequency | Percentage |
|--------------------------|-----------|------------|
| Best way possible | 112 | 71.79 |
| Good but can be improved | 36 | 23.08 |
| No particular attention | 8 | 5.13 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

Table 18 indicates that majority of the sampled firms (71.79%) handled their customers in the best way possible in terms of attending to their needs and ensuring their satisfaction. Also 23.08 per cent believed there was more room for improving in the way they handled their customers. Only 5.13 per cent did not pay any particular attention to the treatment they gave to their customers. In reality, this translates into the general believe among businesses that customer care enhances marketing. This means majority of SMEs practice customer care in one way or another. A lot however leaves to be desired in this direction because a

major complaint from Ghanaian customers is that they receive poor customer service in their dealings with majority of businesses in Ghana.

It also came to light that majority of the sampled population use physical appeals such as choice of colours, appearance of personnel and environmental neatness to communicate to their customers. It must be stressed however that this phenomenon is more associated with the more formalised SMEs such as micro-finance operatives and business development service providers. This is evidenced in the responses to the question whether they saw physical evidence as an important tool in marketing. The responses are displayed in Table 16 as follows

Table 16: Physical Appeals as a Means of Attracting Customers

| Responses | Frequency | Percentage |
|----------------|-----------|------------|
| Strongly agree | 109 | 69.87 |
| Agree | 25 | 16.03 |
| Not sure | 12 | 7.69 |
| No response | 10 | 6.41 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

The Table shows that 85.90 per cent of respondents agreed, with 69.87 per cent of them agreeing strongly. Also 7.69 per cent of them were not sure, while 6.41 per cent gave no response but none disagreed. Further enquiries confirmed the view that businesses that put much emphasis on physical appeals were the

service providers. They used such appeals to express quality, pride and distinction.

In addition to physical appeals respondents gave their opinion about other things which also attracted customers to their businesses as captured in Table 17. They mentioned good personal relationship, reliable supply of goods and services to customers and good environmental sanitation. The rest are advertising, accessibility to customers and exposure through exhibition. According to such respondents, these were activities they plan to engage in as part of future development plans.

Table 17: Other Things that Attract Customers

| Response | Frequency | Percentage |
|--------------------------------------|------------|---------------|
| Good personal relationship | 47 | 30.13 |
| Advertisement | 9 | 5.77 |
| Color of building | 13 | 8.33 |
| Regular supply of goods and services | 6 | 3.85 |
| Good environmental sanitation | 18 | 11.54 |
| Easy access | 15 | 9.62 |
| Exhibition | 21 | 13.46 |
| No response | 27 | 17.30 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

In conclusion, a major deduction can be made from the foregoing discussions. That is the fact that all the activities mentioned by respondents fall within the traditional marketing mix. This gives credence to the conclusion by Fifield (1999) that suggests that critically speaking, there is no other way that the marketing objectives of a business can possibly be achieved other than the traditional McCarthy classification of the marketing mix, known as the ‘4Ps’, (now the ‘7Ps’).

SME Marketing Challenges

The third research question was to find out from the study, some of the challenges that SMEs face in their marketing operations.

To find this out, the researcher decided to assess whether the marketing targets of respondents were met or not. In an answer to a question whether they set marketing targets for the businesses, 8.97 per cent of valid respondents gave no indication. Also, 2.57 per cent set no target but the majority of them (88.46%) set marketing targets and worked towards them. This is captured in Table 18.

Table 18: SMEs that set Marketing Targets

| Responses | Frequency | Percentage |
|-------------|-----------|------------|
| Yes | 138 | 88.46 |
| No | 4 | 2.57 |
| No response | 14 | 8.97 |
| Total | 156 | 100 .00 |

Source: Fieldwork, 2012

This finding is consistent with the conclusion by Rue and Ibrahim (1996) that SMEs these days are engaged in more planning than previously thought and contrasts the findings by Anderson and Mutal (1997) that many small businesses do not plan. The difference in opinion may stem from the fact that some researchers may take the absence of written plans to mean absence of planning in SMEs. However, studies have shown that small firms do not normally have written statements of plans, but their actual plans can be deduced from evolving patterns of behaviour and resource allocations.

In an answer to a further question about what percentage of their marketing target was achieved, the responses, captured in Figure 8, indicated that eight per cent of valid respondents were able to achieve between 76 per cent and 100 per cent of their marketing targets. Forty-four per cent achieved up to 75 per cent, thirty-nine per cent of them achieved between 26 per cent and 50 per cent of their targets with up to 14 per cent achieving only up to 25 per cent. The implication here is that, majority of SMEs fail to achieve the marketing targets they set for themselves.

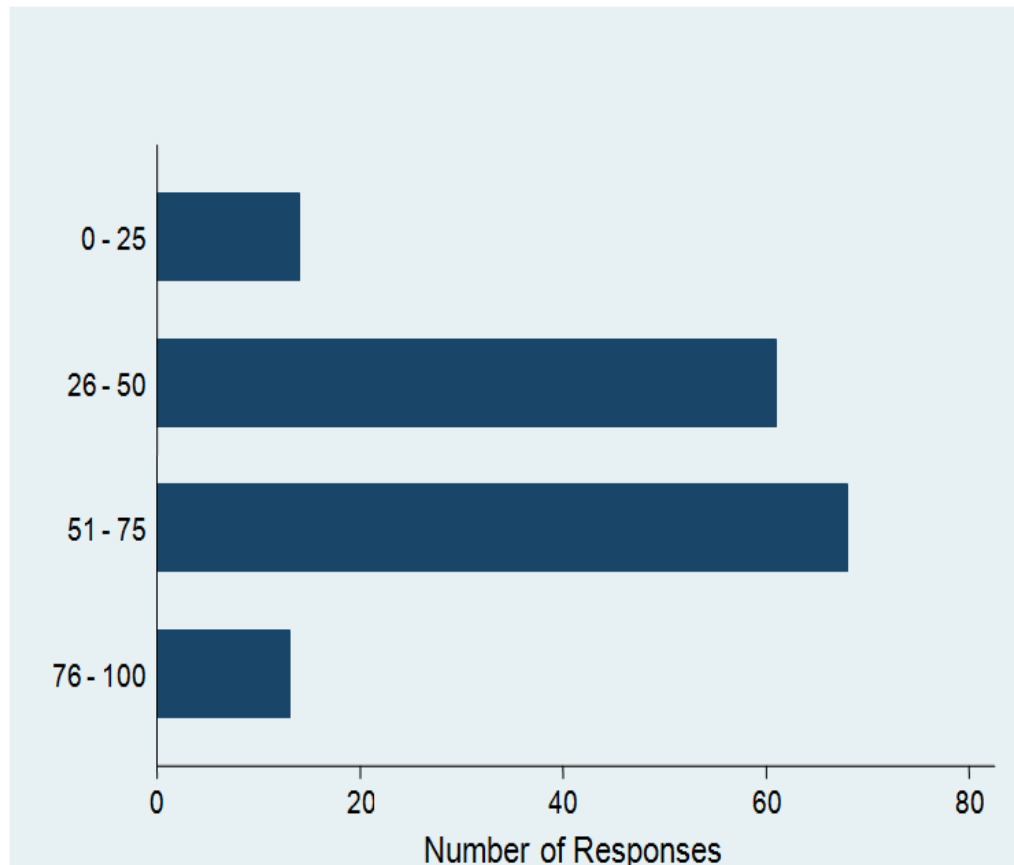


Figure 8: Percentage of SMEs Marketing Target Often Achieved

Source: Fieldwork, 2012

The study further explored the reasons for their inability to achieve all or the greater part of their marketing targets. Table 19 summarises the responses received. Fifty respondents, representing 32.05 per cent stated that there was no (or poor) planning of marketing activities in their businesses. Twenty-nine, (18.59%) of them said they performed badly due to lack of access to marketing information. They were not provided with information about the market by any agency, neither were they able to gather the information on their own. For 28, (17.95%) respondents, their marketing activities were put on paper alright, but they failed to achieve them because they were unable to adhere to what they had planned do to due to situations on the ground. SMEs, representing 16.67% also

said they faced financial, logistical and personnel problems. For 23, (14.74%), the competition in the market was so keen that it was unfavorable for them to compete effectively with their scanty resources.

Table 19: Challenges Faced by SMEs in their Marketing

| Response | Frequency | Percentage |
|---|-----------|------------|
| No or poorly planned marketing activities | 50 | 32.05 |
| Financial, logistics and personnel problems | 26 | 16.67 |
| Non-implementation of plans | 28 | 17.95 |
| Non-availability of marketing information | 29 | 18.59 |
| Too many competitors | 23 | 14.74 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

This confirms the finding by Kenny and Dyson (1989) that challenges in small enterprise marketing affect the prospect of marketing planning in SMEs. Asked to recommend solutions to the problems identified, majority (75%) of respondents rather did not have any suggestions in spite of the fact that they face the challenges. Others however had. They requested that more information about marketing should be provided to SMEs, they must also be encouraged to increase their participation in marketing exhibitions. There should be regular training for marketing personnel in SMEs and SMEs must devote more attention to planning their marketing activities. Table 20 has it all.

Table 20: Recommended Solutions to Marketing Challenges of SMEs

| Response | Frequency | Percentage |
|----------------------------|-----------|------------|
| More Marketing Information | 12 | 7.69 |
| More Marketing Planning | 6 | 3.85 |
| More Exhibition | 11 | 7.05 |
| Training for Marketers | 10 | 6.41 |
| No response | 117 | 75.00 |
| Total | 156 | 100.00 |

Source: Fieldwork, 2012

It is rather curious that majority of the SMEs who are themselves facing the above-listed problems appear lost as to how the problems could be tackled. This is an indication that SMEs need a lot of education to even appreciate their own contribution towards the solutions to their problems. Solutions such as training for marketers and marketing planning require assistance from external sources such as Business Development Services (BDS) providers and donor agencies.

All said and done, it can be said that all is not lost for SMEs in marketing their goods and services. There is hope if the problems are addressed. It is however very necessary to pay serious attention to the above-mentioned problems, if the finding that SMEs constitute about 90 per cent of all enterprises registered in the county by Mensah (2010) is to be given a practical meaning. For

it is only when the problems are addressed that SMEs can really perform their expected role as catalyst in our economic development.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter looks at the summary of findings from the study, the conclusions and recommendations. A key conclusion from the study was that SME owners and operators agree that marketing is very important in the survival and growth of their business, and thus deserves greater attention.

An important recommendation based on the findings goes to SME owners who, though accepts that marketing is key to their success, yet fail to plan their marketing activities, thereby leaving everything concerning marketing to chance. It is recommended that they plan their marketing activities based on their strengths and weaknesses so that they can take control of events and remain competitive on the market.

Summary

This study was motivated by the fact that issues concerning SMEs marketing needed to be explored since marketing is indispensable in the operations and success of SMEs. Specifically, the study sought to find out the opinions of SME owners in the Tema Metropolis about marketing in their business and to examine marketing activities of the SMEs concerned. The study was done through a survey involving 200 SMEs sampled through the attribute sampling method. The following emerged as the key findings from the study;

1. Close to 93 per cent of the studied SME owners and managers believe that marketing planning is important in the survival of their business. About seven per cent of them however think otherwise, citing high cost, resources and time constraints as their reasons.
2. SMEs in the Tema metropolis engaged in similar marketing activities as their competitors do, centering on the 7Ps marketing mix.
3. Up to 73 per cent of studied SMEs have marketing departments or teams they designate as such, which have the responsibility of selling their goods and services. Close to 18 per cent rely on casual employees during peak marketing periods whilst 10 per cent hired sales staff on commission bases. 50 per cent of them engaged in all the aforementioned practices.
4. SMEs in the Tema metropolis focus on product and service design to stimulate demand. They also use pricing as a tool for competition. They promote their goods and services through newspaper and other media adverts, the electronic media, exhibitions and interviews.
5. In the Tema metropolis, SMEs' channels of distribution include their own outlets and retailers.
6. Up to 42 per cent of the studied SMEs make use of the Internet as major means of marketing.
7. SMEs in the Tema metropolis generally employ people they believe will give good image and contribute effectively to their success. With their employees, they try to improve upon their processes with the view to satisfying their customers.

8. Physical evidence such as colours and other status symbols also serve as means of attracting customers and stimulating demand, especially to SMEs which provide services in the Tema Metropolis.
9. SMEs in the Tema metropolis are unable to achieve their marketing targets due to a number of challenges including the following:
 - i. Inability to recruit and maintain personnel and logistics for planning marketing activities.
 - ii. Inability to execute plans due to unanticipated challenges on the market.
 - iii. Lack of or inadequate marketing information making planning difficult.
 - iv. Fierce competition on the market making it very difficult for those with limited resources to effectively participate in the market competition.

Conclusions

Conclusions here look at the positions taken on the research questions in the study. Conclusions from the study are as follows: Marketing planning is seen as an important activity in the operations of SMEs in the Tema metropolis. This confirms the generally held view in the literature. Many SMEs in the study area are therefore beginning to pay more attention to planning their marketing activities and this is encouraging.

Marketing activities engaged in by SMEs in the Tema Metropolis are not different from the traditional marketing mix known as the 7Ps. This confirms the view that the 7Ps marketing model is widely used in marketing. However, there are alternatives such as the Segmentation, Targeting and Positioning (STP) and the guerrilla marketing models. SMEs have generally not paid much attention to these alternative models in marketing.

SMEs marketing in the Tema metropolis is faced with myriads of challenges. Most of these challenges are surmountable. They continue to persist because due attention has not been given them by SMEs themselves and other stakeholders.

Recommendations

The following are the recommendations based on findings from the study. First, it is reassuring to find that all SMEs studied perceive marketing as an important activity in their businesses. However, the fact that a few do not pay attention to marketing implies that they have not yet given practical meaning to the perception. Literature points to the fact that such SMEs are missing out on several advantages that good marketing can offer them. It is therefore advised that all SMEs pay serious attention to their marketing by effectively planning and consciously executing their marketing plans.

Secondly, regarding their marketing activities, it is noted that the studied SMEs put emphasis on the 7Ps and the guerrilla marketing models. Very little attention is paid to the Segmentation, Targeting and Positioning (STP) model. The

STP marketing model focuses on the need of a particular segment of a market. It therefore makes it possible for a firm to devise peculiar marketing activities that targets the needs of the identified segment. This eventually leads to the demand of goods or services produced by the business since it satisfies consumers' needs. The implication is that when they engage in the STP marketing model, SME marketing activities would take into consideration their peculiar strengths and weakness. This would differentiate them from their competitors in their marketing activities, and ensure that they remain and compete effectively on the market. SMEs are therefore encouraged to adopt the STP approach in marketing in addition to what they are already engaged in on the market.

Additionally, the good thing is that, the marketing models identified in this study are not mutually exclusive. They can be used to effectively complement one another. This will ensure much more gains than the usual talks about product (service) quality and affordability, as those talks have become the marketing gimmick of every business. The time has come for SMEs in the Tema metropolis to focus more on marketing research, backed by products and services development that meets just the needs of the customer, and also positioning themselves to serve the customer in tailor-made ways. This way, customer need is catered for, satisfaction is assured and demand is guaranteed. In the light of these benefits, it is recommended that the studied SMEs vary their marketing activities depending on their peculiar situations rather than just doing what all others are doing.

Finally, the marketing challenges faced by SMEs in the studied area imply that they have more work to do to improve their marketing fortunes. Continuing to engage in the same marketing activities that are also undertaken by their well-resourced counterparts means they will continue to face great challenge. Studies have shown that larger businesses have their own problems satisfying the average customer's need in terms of customisation and affordability. To find their feet on the market therefore, it is better for SMEs to redefine their roles and focus on serving the need where their larger counterparts fall short, rather than attempting to compete with them. This would ensure gradual growth and resource accumulation that would then enable the SMEs get to the desired levels of growth.

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APPENDIX 'A'

QUESTIONNAIRE

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT STUDIES

**QUESTIONNAIRE ON MARKETING PRACTICES OF SMALL AND
MEDIUM ENTERPRISES IN THE TEMA METROPOLIS**

Dear Sir/Madam,

This questionnaire is being used to gather information on marketing activities of small and medium enterprises in the Tema metropolis, as part of a research in partial fulfillment of the requirement for MBA programme in Entrepreneurship and Small Enterprise Development.

Your firm has been chosen as one of the firms for the survey, and you are kindly requested to answer the attached questionnaire.

The success of the study greatly depends on the reliability of answers received. Therefore, frank and honest answers from you would be highly appreciated.

In making this request, I hasten to give the assurance that information received from you would be used solely for academic purposes. Confidentiality and anonymity would be maintained.

Thank you in advance for participating in the survey.

Seidu Awudu

Part 1 - Perception of SME owners/managers about marketing

- 1a. Do you see marketing planning as important in the operations of your business?
 Yes
 No

- 1b. If no, why do you say marketing planning is not important in your business?
.....
.....

- 2. Does your business have a marketing department? Yes No

- 3. If no, which office, department or team is responsible for marketing the business' products?

 Permanent sales staff.
 Hired sales staff on commission.
 Employed marketing persons/personnel.
 All the above
 Others (Please specify).....

- 4. Which of the following in your estimation determines the marketing direction of your business? (You can choose more than one option).

 Your business' strengths and weakness.
 Competitor's behaviour.
 Situation on the market.
 Your business's objectives
 The forces of demand and supply
 Others (please specify).....

Part 2 - Marketing Activities of SMEs

Product-Related Activities

- 5. Which of the following is/are given special attention in your product/service development process?

 Quality
 User friendliness
 Affordability
 Convenience/satisfaction to customers

Pricing Related Activities

- 6. Please indicate which of the following influence the pricing of your goods/services.
 - The cost of producing the item or service
 - The profit objective of the business
 - The price of your competitor’s product or service
 - The ability of the customer to pay
 - The demand for the product or service involved

- 7. Which of the following activities do you engage in, in your pricing activities?
 - Producing good quality products/service and charging a high price
 - Producing a lower quality product/service and charging a lower price
 - Other (Please specify).....

Promotion-related Activities

- 8. Indicate from the list of publicity activities below which one your business engage in
 - Newspaper article Interviews Talk shows Exhibition
 - Others (please specify).....
 - None.....

- 9. Do you advertise on the internet? Yes No

- 10. What do you do to the packaging of your product/services to serve as a means of attracting customers?
 - Container/package is designed to communicate a message of quality and reliability
 - A catchy design on the container/package that attracts customers
 - Use of special and bright colures on the product package or container
 - All the above
 - Others (please specify).....
 - None.....

- 11. Please indicate any other activities you undertake to promote the sale of your product/services.....
.....

12. What marketing activities do you think will help improve your sale than you are currently doing?.....

Distribution (Place) Related Activities

13. Please indicate by ticking, which of the following informed the selection of your present (You can choose more than one option)

- Availability of premises/space
- Ability to afford rent charged
- Avoidance of paying rent
- Easy accessibility to customers
- Location of similar businesses in the vicinity
- The population of the area
- The type of potential buyers
- The type of product/services
- Competition on the market
- The method of attracting customers
- The shopping time of buyers

14. Do you have to reach your customers or they reach you to sell/buy you're your goods/services.

- Goes to customers
- Customers come to the business
- It happens by chance
- All the above
- Others (Please specify).....

15. How many outlets do you have?.....

16. Which of these do you use in distributing your goods/services?.....

- Direct outlets operated by the business
- Sales agents who owe their own outlets
- Other (please specify).....

People, Process and Physical Evidence

- 17. Which of the following characteristics are critically assessed in recruiting marketers?
 - General abilities to sell product/services
 - Creativity in marketing activities
 - Academic qualification in marketing

- 18. How would you describe the way you handle your customers
 - The best way possible
 - Good but can be further improved
 - No particular attention paid to them
 - Treats them any way possible

- 19. Physical appeals such as colours, personal and environmental appearance matters to your business in attracting customers?
 - Strongly Agree Agree Disagree
 - Strongly Disagree

- 20. What other things in your opinion attracts customers most to your business.
 -
 -

Part 3 – Challenges confronting SMEs in marketing operations

- 21a. Do you set marketing targets for your business? Yes No

- 21b. If yes, what percentage of your marketing target is often achieved?
 - up to 25 25 – 50% 51- 75% 76 – 100%

21c. If no, which of the following in your estimation accounts for your answer in 22b above?

Please tick according to degree of influence.

| Item | Very Influential | Influential | Not Sure | Not influential | Not Very Influential |
|--|-------------------------|--------------------|-----------------|------------------------|-----------------------------|
| No planned marketing activities | | | | | |
| Planned but poorly implemented activities due to financial, logistics and personnel problems | | | | | |
| Non-implementation of planned marketing activities due to practical conditions on the ground | | | | | |
| Non-availability of marketing information | | | | | |
| Too many competitors on the market | | | | | |

22. Any recommended solutions to the problem(s) identified in 22c above?

.....

23. What general comment would your make about marketing in your business?

.....

Part 4 – Enterprise Details

24. Nature of business

- Agro processing Pharmaceuticals Food and beverages
- Furniture Cosmetics Assorted/general goods
- Services (Please specify).....

25. When was the business established.....

26. Please give an estimate of the company’s capital (excluding land, buildings and vehicle) from the categories below:

- up to 15,000 16,000 – 30,000 31,000 – 45,000
- 46,000 – 60,000 61,000 – 75,000 76,000 – 90,000
- 91,000 – 100,000

27. No of employees

- (i) Permanent.....
- (ii) Casual.....

Thank you.