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# AICEI PROCEEDINGS

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## “THE MEANING OF MARKETING RESEARCH FOR MACEDONIAN COMPANIES POSITIONING ON REGIONAL AND EUROPEAN MARKETS”

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### **Abstract**

One of the most important activities in Macedonian companies' business policy today should be the effort towards their successful positioning on regional and European markets. In accomplishing this goal they should follow the experiences of the companies in developed economies which, basically everyday are implementing information gained from market research where they are facing strong competition. From aspect of Macedonian companies positioning on foreign target markets, the EU market is of a strategic meaning, but not less is the meaning of neighborhood markets and markets in the region. For both, equally the same is the importance of a coordination of international marketing activities insisted through the integrated marketing approach which represents basic precondition for successful implementation of business (economy) systems into the process of internationalization. As contemporary approach into the international market operating, international marketing is based on strategies which will provide maximum taking advantage of the opportunities offered by the global market. Of course, the first and basic precondition in its correct implementation is discovering, analyzing and defining the needs in order appropriate marketing strategy to be created. In that sense, basic meaning should be given to marketing information as well as to the modalities and techniques of marketing research. On of the most sophisticated ways which can be applied in marketing research as a direct result but at the same time a basic reason for globalization and internationalization processes is the Internet as global network for exchanging information (communication) on world level.

**Keywords:** regional market, European market, marketing research, the Internet, information

## **Introduction**

After proclaiming independence, the basic strategic direction for Republic of Macedonia was and still is (it has remained) the EU integration. In addition to this is creating the basic preconditions for free market competition, which was build-in within the model of open market economy. Of course, it was clear from the beginning that the EU accession will represent a complex process especially in transition country like Macedonia. Basically, this process is conditioned by the fulfillment of strictly defined criteria both from political and economic aspect. The capability of being competitive into the demanding (specific) EU market is one of the basic criteria. In that direction, applying the international marketing as a base for defining a successful marketing strategy of Macedonian companies on the EU market gets exceptional meaning.

The opportunity of gaining the necessary information for EU market represents an important precondition in defining and implementing successful marketing strategy for entrance into the EU market. Basically, it is about creating informative input which is the base for creating and implementation of international marketing into the process of successful positioning of Macedonian companies in the EU market. This is conditioned by the choice and use of market information as one of the basic economic hypothesis in accomplishing competitiveness of each company which has to define its place on this sensitive market.

From international or global aspect *market information* represent important factor when talking about creating marketing-mix tactics adjusted on the specific conditions of previously defined markets. Information are the most important factor which determine the success or unsuccessful of Macedonian companies in their performance on foreign markets especially on EU market where competitiveness degree is on a very high level. They are the basis of defining the optimal target market and according the balance of marketing tactics adjusted on determined local markets. Due to this, the role of international marketing research is of a crucial meaning for efficient inclusion within the roads of international exchange from global aspect.

Starting from the fact that Macedonia is confronted with numerous problems during the positioning on foreign markets, the goal of this research is to define some possible directions for proper implementation of marketing research as particularly important activity from internationalization complex process point of view.

## **1. The Macedonian companies' potential for successful positioning on foreign (regional and European) markets**

By proclaiming the independence in 1991, Republic of Macedonia has begun to perform radical reforms for faster development and liberalization of the market economy. The Program for economic reforms, besides privatization of state and social enterprises, and promotion of foreign direct investments (FDI) has included trade liberalization in regional, European and world framework.

Becoming a member of a World Trade Organization (WTO), for Macedonia represent successful beginning of its integrating in the international trade system. This means that the basic rules of WTO – the principal on complete liberalization in the international exchange and non-discrimination of trade partners<sup>1</sup>, should be accepted completely and will represent a complex and serious task for the forthcoming period.

### **1.1. The significance of regional markets in relation to the status of candidate country for EU membership**

The new candidate status of our country has set new challenges in front of the Macedonian economy. The intention of the community for more active positioning and cooperation among the companies on regional markets as a precondition for entrance into the complex and high competitive EU market, was quite unexpected and confusingly understand. The existing position of “traditional partnership” among the companies in the region should have been replaced and developed through organizational activities for introducing and positioning on these markets in the forthcoming period. Of course, beside that, the fact that this region is facing a lot of political and economic pressures should not be forgotten. Though, whole SEE (South Eastern Europe) region represents one dynamic market with a significant potential for development. One of the important preconditions for intensive development is its location representing the crossroad among EU, Central Europe, Western Asia, Ukraine and the western part of Russia, as well as its importance for private investors.<sup>2</sup>

From the aspect of developing trade relations with neighborhood countries enhancing the regional cooperation represents significantly important process. It should be performed in organized way with implementation of new methods which in advance will provide a successful

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<sup>1</sup> Kikerkova I. " International Economy", Faculty of Economics , Skopje, 2003, p. 83

<sup>2</sup> O'Sullivan Anthony- President of Investment Copact for SEE, " Southeastern Europe Investment Guide", Bulgaria Economic Forum, October 2005, p. 15

marketing strategy formulation and implementation. The strategic meaning of this market is reflected in its potential which quantitatively represents around 55 million customers. This means that the companies should seriously analyze the problem of their successful market positioning which is directly dependent on the choice and use of market information as one of the major hypothesis for accomplishing bigger competitiveness.

### **1.2. Some aspects for Macedonian companies' entrance within the EU market**

According to the export strategy of RM, the Macedonian integration within the EU should represent the most valuable factor of our future economic development<sup>3</sup>. As a country with EU perspective, Macedonia is determined with accepting numerous legal directions especially those ones which are referring the harmonization of a domestic regulative and foreign trade liberalization. That means that big patience is needed as well as creativeness and a strategy in order to circle this especially complex process which represents a legal framework in the general/broad marketing environment.

The complexity of the process of Macedonian companies' entrance into the internal EU market can be illustrated with the fact that best reflects the size and the complexity of this problem. Namely, the EU market performs around 20% from the total world trade and it is familiar that the EU countries mostly are trading among themselves or with the countries with so called "developed industrial world". Extremely intensive trade relationships of EU with USA and Japan, are showing that there are "... a high degree of intra relationships in the trade between developed economies"<sup>4</sup>. According to this analyze, the developing countries have modest and decreasing share in the trade with EU which express the ruling relations within the internal EU market.

It is also important to stress that the advantages of the EU market liberalisation are manifested in the markets of goods and services integration of each member country. But, although the EU member countries local markets are gaining a global dimension from supply and demand concentration point of view, the cultural and social differences among these countries need modification of the marketing mix for the customers of each country. According to some

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<sup>3</sup> Export strategy of RM", MANU, Skopje 1999, p. 28

<sup>4</sup> Molle W." The Economics of European Integration", London, 2002, p. 111

analytics, a segmentation of EU market is needed on the following segments: cultural, geographical, demographical and economic environment factors<sup>5</sup>.

From institutional aspect, firstly, an adjustment of the Macedonian legislative with the EU one is needed, as previously discussed. That represents the part of the environment previously defined as legal environment. This will ensure the state interventionism decreasing for bigger number of home production goods with exception of some agricultural goods. Although this process has begun after the independence of the Republic of Macedonia, the changes and adjustments were not performed fast, generally due to political and economical reasons.

Of course, these measures are not sufficient condition for increase of the Macedonian product competitiveness on the EU market, but what is necessary is the recognition of other conditions and factors which rule within the EU internal market. Basically, the problems of low level of Macedonian economy competitiveness are reflected in<sup>6</sup>:

- The structure of production and its inconsistency with the market requirements.
- Products quality and design.
- Nonstandard Products.
- High prices due to the low productivity and economic efficiency
- Insufficient logistic support.
- Insufficient products' promotion.
- Inappropriate placement of the marketing into the company's performance.

The above mentioned reasons have one in common i.e. the lack of informational base necessary for analyzing the real needs of EU market. Maybe one of the key steps in that direction should represent the adjustment of the official statistics in our country with the EU one, which significantly will facilitate the analyze of the market situation, continuously. Other measures which refer to the legal regulation, a set of legal measures, as well as determined measures related to economical and social environment should create a base for operating on a micro level, which will only be in the realm of Macedonian companies and their capability for ensuring competitiveness in the EU internal market.

According to one research of the micro and macro problems related to the Macedonian companies' positioning on the EU internal market points out that questioned people are directing

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<sup>5</sup> For example: "The British are consuming more instant coffee than the coffee consumers in other EU member countries. The Sapanish are using more ecologically tested products than the Germans etc" (see: Dibb S, Simkin L, Pride W. & O.C. Ferrell "Marketing- concept and strategies", Boston, 2001, p.89)

<sup>6</sup> Group of authors "Economic and social aspects of including Republic of Macedonia into the EU integration processes", Economic development, 2-3, Skopje 2000, p. 13

macro and micro economical restriction like obstacles which can not be defeated in order to increase their business' export orientation. Beside that, it should be stress out that the biggest number of questioned peopled, in the group of micro problems are separating the problems regarding the lack of sufficient information for foreign markets, as well as general information which can help in creation of appropriate marketing strategy of the companies.<sup>7</sup>

According to this, in parallel with operating over the institutional level, it is necessary to perform separate activities on the companies' management level in order to be positioned on the EU market, with a strategic turnover of the possibilities and manners for that kind of positioning. This predicts a need for systematic approach in the research and analyze of the market information and marketing in parallel with the changes of the latest technological achievements for all companies which are trying to enter on this market. This can be performed on couple of ways, depending on the technological development degree and its use in all aspects of the socio-economic life. In that direction, the role of the Internet as a source and a media of the international marketing research process have a significant meaning.

## **2. The importance of marketing research and the Internet in the contemporary conditions**

The fulfillment of the Copenhagen criteria means creation and functioning of market economy in the countries that are still not members of the EU and with the goal they to get prepared competitively to face the developed competitive economies in these countries. Basically, that includes application of management, research and marketing methods as well implementation of appropriate infrastructure for that purpose.

Without doubt for successful entrance of the Macedonian companies on the EU markets implementation of the marketing strategies is important. Definition of the optimal marketing strategy should start with analysis and research of many environmental factors. Their influence can not be individually analyzed, but in interrelationship of different factors from different nature: legal, political, economic, social and technological. In the continuation short overview of the most important factors is done.

The legal frame of each country influences the marketing opportunities that are managed outside of the national borders. Every company that is participating on the foreign markets it is not only obliged with the laws of its country but also with the laws of the country where they are doing their activity, this can significantly influence on the marketing strategy.

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<sup>7</sup> Ibid, p. 55

From the political structure aspect, every country can have certain attitudes towards the foreign competition. Some governments are protecting their own rights that can influence on the level of the business activities. For example, the Governments can protect the local businesses to contribute to the national security on the account of the foreign competition. Also it is the similar case with the protection of the local languages, characteristics and customs.

It is especially interesting to accent that the unstable political regimes that were a characteristics and are still a characteristic for more countries in the region, are putting the foreign business on risks, with which they will not face in their home markets. From the other side the opening of the markets in the Central and Eastern Europe, as well the processes of disintegration created big problems for the companies that were active in the international surrounding, mostly because of the factor that this part of Europe, in which also Macedonia is a part, is an area that have big political risks, that consequently limits the international marketing opportunities.

Further, the parameters of the economic development can be a base for the process of creation of the marketing strategy for every company, because every country in the world is in turbulent economic environment.

The social and cultural environments encompass the social conditions, the religion and the culture that have particular influence on the consumers and their behavior characteristics.

Lately, the influence of the technological advantages is changing the methods of the research and collection of marketing information. In that direction online databases are also important. Also, with the development of the technology, the advance software tools are increasing the possibilities of the management control and the practice of leading their businesses. The systematized approach in the research and information analysis of the market and the marketing in the practice, most often is done with the application of newest technological achievements in the process of research for all the companies that are trying to enter in some foreign markets. Lately, the Internet is one of the newest and the most sophisticated means for that.<sup>8</sup>

On global level, the application of the marketing research over the Internet as a new medium it finds its practical application in connecting the companies from all over the world and their adjustment to the business principles and competitiveness in the world economy. Actually,

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<sup>8</sup> It is necessary to accent that in the contemporary conditions, we are witnesses of accented usage of the Internet, that is accented in all the areas of the economic and social life. Lately, e-commerce is strongly developing. The internet is also becoming an important medium in the process of research and the analysis of the foreign markets, by taking in account the time, space and financial limitations for direct implementation of these activities.

more often in the world online communication is taking place between the users and the providers of the certain services or between the senders and the receivers of certain information that is related to certain business. The Internet as a new medium in this communication is based on the application of certain tools, such as the Web pages, new sophisticated systems with „Searching” words in the page codes (Meta tags) that are later used for presenting certain page. In this way it is considerably influenced the number of the visitors on certain web page, that is from particular importance for the realization of the promotional and business goals of the company.

It is known the process for marketing research that includes application of scientific method and encompasses one logical flow of activities that are directed towards collection, manipulation and analysis of the data. The methods that are used for collecting data, today with the presence of the as a new contemporary, unconventional medium they get new dimensions, Actually the Internet is offering strong opportunities for implementing the research which final result secondary and primary data are collected, and the same is executed with the help of a numerous instruments and tools that the Internet is having and offering.

Actually the Internet is offering strong opportunities for implementation of the research from which as a result secondary and primary data are collected, and the same is done with the help of numerous instruments or tools that the Internet has and offers.

Using the internet as the highest level of technological development that secures exchange of information on long distances, the customers and the companies are receiving certain quantity of information that are bigger and in more quantity from the information that the companies were receiving it in the pass. The development of the information and the information revolution are modifying on certain way the international marketing and are increasing the possibility for receiving certain information. The Internet gives answers to a lot of questions and secures information and data needed by the companies in the processes of their market positioning. It represents a new medium especially interesting for the market analysts and also for the modern management structures. The Internet creates the global network of information needed for everyday work for each successfully market positioned company.

From the early 70ties the Internet was used as a network in the USA and than in Europe, and at the end of the 20th century, it has grown in the widespread world information network. In the practice the Internet offers a mix of different possibilities that are globalizing the opportunities and their practical application from a marketing aspect. The process of Internet usage as a policy is a process that is guided but the Internet Engineering Task Force (IETF) that



functions as an online community for the interested parties and it is in function of changing the technology standards such as the communications protocols.<sup>9</sup>

One overview of the Internet providers in Macedonia done through interviews with them, presented in the magazine PLUGIN, that can be also found on their web site, shows that in January 2001 in Macedonia the following Internet providers are offering their services: Euro net, Magna lekta, Informa, Macedonia on-line, Sonet, Onnet, MkInter, Unet and MtNet..<sup>10</sup>

By PLUGIN was made a research with the purpose to elect the best Macedonian web site for 2001. Actually, the research was made on two levels of selection, the first selection was done by experts' commission, and the second selection is a type of web based anonymous on-line poll. The poll contained questions about the content, design, the quality, updating etc. But during the research some unwanted and unplanned activities related to the voting more times by opening different email accounts and similar. Of course this gives an idea about the Internet culture in Macedonia, but it should take more time till the things go in the right positive direction, meaning more intense usage of this network for collecting and distribution of information that are of importance for the needs of the Macedonian companies in the business.

## **Conclusion**

In the situation of globalization, in the world the local, regional and national borders are becoming relative by the creation of a market with global dimensions that is a result of the development of the manufacturing forces, communications, transportation and competition on a world level. In these conditions, the comparative advantages of the countries are reflected through the comparative advantages of the companies on the international market.<sup>11</sup> In this way the contemporary process of internationalization of the business activities are receiving characteristics of the globalization, and the growth and development of the companies is looked exclusively outside of the national borders through the acceptance of the concept of open market economy.

The principal concept of the economic globalization in the world is done through different forms of connecting computers in a network that are drastically lowering the importance of the space and time in physical sense. The contemporary tendencies and the changes on the world market as a space on which the demand and supply meet each other and become global,

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<sup>9</sup> Molle W. "The Economics of EU integration", London, 2002, p.133

<sup>10</sup> SEKUlovska N, Ba{esKA GeorgiesKA M. i PETKovska Mir~evska T: "MARKETING-ISTra`uvawe preku INTERNET", EKONOMSKI fakULTET, Skopje, 2003, STR.99

<sup>11</sup> M.E. Porter "The comparative advantage of Nations", New York, 1990, p. 72

and the impulses are the „global” choice, emitted to the customers are making possible the increase of the competition on global, world level. That contributes to another approach in the treatment of the issues of the international marketing and international marketing research as its primary activity.

What is important in the meaning of the existence and improvement of the exchange with the neighboring countries and generally with the countries in the region is the need from organized access of our companies when it is about the application of certain ways and methods for implementation of optimal marketing strategy.

Aiming to position on the target markets that needs to represent one of the most important activities in the business practice in the Macedonian companies, they need to follow the experiences from the companies in the developed market economies that are actually daily implementing the information from the market on which they face fierce competition. One of the more sophisticated ways that can applied during the marketing research, and which are direct consequence and in the same time reason of the globalization processes and internationalization is the Internet as a global network for information exchange on global level.

From the aspect of the positioning of the Macedonian companies on the foreign target markets, the EU market is from strategic importance, but also the importance of the neighbors and the markets in the region is not less important. For the first and for the second it is equally important the coordination of the international marketing activities on which it is insisted during the integral marketing approach. It represents that primary pre-condition for successful inclusion in the business-economy systems in the process of internationalization. As a contemporary approach in the international market business, the international marketing is based on the strategies that enable maximum usage of the opportunities that are offered by the global market. Of course, the first and the primary pre-condition for it appropriate implementation is to know the needs, they to be analyzed and defined so an appropriate marketing strategy can be created. In this direction, the primary importance should be given to the marketing information.

The importance of an organized system of information for the companies is in that that the contemporary conditions, „instead the information to be a result of certain level of decision making, they contribute the decisions to be made with certain scientific level”.<sup>12</sup> Actually this flow of the information determines the actions of the company in the selection of an alternative as a result of the process of decision making that will contribute to realize its plans and projections on determined period.

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<sup>12</sup> Hedlung G. "A model of Knowledge Management and the N-form Corporation", Institute of International Business, Stockholm School of Economics, Sweeden, 1994 vo" Grupa avTORi (REDAK. Lorenzoni G.), "Architetture reticolari e processi di internazionalizzazione", Bologna, 1997, p. 38

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