

MARKETING IDEA ON A LIMITED BUDGET, CASE OF ALBANIAN BUSINESS

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ABSTRACT

Development and execution of a marketing business plan requires financial support and not always budget businesses can respond. On the other hand it is fully recognized and acceptable the fact that marketing is the undisputed business key success. This dilemma between marketing strategies and limited financial resources is the research object of this article.

Analysis of the weight that should be given to marketing budget in the total budget for different categories of business and taking into consideration of the entire conditioning factor is the initial of this article.

Further, this paper aims to bring attention to some of the less costly forms and more effective of doing marketing knowing that mainly for small businesses and startups, financial opportunities are small and incomparable with those of big businesses.

The article proposes marketing ideas that can be implemented easily, with low budget and can bring benefits to the company.

The plane of the study is the Albanian business environment.

Keywords: *marketing budget, Albanian businesses, marketing ideas*

JEL Classification: *B1, O4, M11*

1. Introduction

The worldwide statistics speaks for a great importance of the marketing projects in business, knowing the benefits of market development and sustainability. Marketing strategies are part of the work of every kind of business regardless of its size or his purpose. Marketing strategies are subject to constant evolution in line with the rapid technological developments. However, studies indicate that 80-90% of new businesses fail to their marketing projects due to bad marketing management. On the other hand the marketing management of a business requires a substantial budget which occupies a large part in the overall budget. In this way, finding the shape or design and implementation of best marketing strategies taking into consideration the minimization of costs that implicate, it is the key to success for a business.

This article sheds light on marketing mechanisms that result in lower costs which can be adapted for businesses in Albania knowing that 99.9% of businesses operating in our country are small and medium enterprises. On the other hand 77.6% of net sales are accomplished by the small and medium enterprises which are characterized by a limited budget.

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2. The theoretical analysis of the factors in the selection of a marketing strategy

The marketing budget settings are a very important issue which correlated with the success or failure of the business. The size of the marketing budget can be determined in several ways; for example:

- According to the marketing objectives (e.g. what management expect they need to spend to achieve the objectives)
- In line with market and competitor averages (e.g. some as a proportion of revenues)
- Based on the previous year, adjusted for known changes in the marketing program.

Literature recognizes several methods of determining the weight of marketing budget in the overall budget which have proved effective:

Percentage of revenues: Once you have calculated the gross margin as well as you determine the required net profit, what remains after you have deducted all costs and other expenses of the budget allocated to marketing and communication. This method is not very practical, but in practice it is what does most of Albanian companies that look marketing just like expense.

Percentage of sales-according to this method, marketing budget is determined as a fixed percentage (i.e. 5%) of total sales. But the problem with this method appears when the level of sales is declining, which in turn led to the reduction of marketing costs, when in reality there may be needs to increase the marketing costs. This way can be valuable, and relatively easy in use, when you need to define a small budget for a particular product or campaign. In these cases, the marketing budget percent is calculated roughly based on the total sales intended.

Objective and tasks: This means having clear specific objectives and tasks that must be met to achieve the objectives.

The competition rate: Expenses are based on those of the competition during the past or what is coming. So compare with competitive costs. This is a practice followed by all major industries and sectors. This method is often used in competition situations, but also as argument to increase the marketing budget of a corporation. But the marketing budget should be evaluated primarily based upon the strategy to make pursued and efficiency has been.

3. World Statistics of Marketing Budget Weight to the Total Budget

A. Which types of businesses spend more on marketing?

Several studies have attempted to assess marketing businesses use by analyzing the data of the weight of marketing budget over total budget. Below are the latest statistics received from specialized sources for such studies:

Table 1

Table 1. Marketing spending by economic sector	B2B Product	B2B Services	B2C Product	B2C Services
Percent change in marketing budgets in next 12 months	5.4%	6.4%	7.1%	5.8%
Marketing spending as a percentage of firm budget	10.4%	8.7%	14.9%	11.4%
Marketing spending as a percentage of firm revenues	8.1%	5.8%	15.2%	11.0%

Source: CMO Survey³

The above table presents the results of the study which evaluated the use of marketing by three indicators that are: Percent change in marketing budget in next 12 months, Marketing Spending as a percentage of budget and spending marketing firm as a Percentage of Revenues firm. The study takes into account 4 types of businesses as presented in the first line of the table above. From the data we see that B2C-Product companies have the largest marketing budgets (as a percent of budgets and revenues) and the largest expected growth in marketing budgets across the four economic sectors. The expectation are for businesses that provide services to spend more on marketing, but it looks like businesses that offer products to consumers have increased their share of the marketing budget.

B. What are marketers spending on?

Studies indicate that are four main forms of marketing:

- Digital marketing
- Mobile marketing
- The Social media marketing
- Marketing analytics

Statistics show that, digital marketing is expected to grow by 14.7% next year compared to a negative growth rate of 1.1% for traditional advertising (outside of the web). Second, Spend on mobile marketing is Expected to almost triple from 3.2% to 9% of marketing budgets in the next three years. Third, Marketing Spend on social media is expected to Increase 126% over the next five years, from currently 9.9% of marketing budgets to 22.4%. Finally, marketers will spend more on marketing analytics, which currently account for 6.4% of marketing budgets. This is expected to Increase 83% to 11.7% in three years.*

C. The relationship between the size of the company and the marketing budget?

As indicated in the following table, initially the increase of the level of business income is associated with the decline of marketing budget, then there is a rising again. Also notice that the

³ www.cmosurvey.org/results

* According to Strong Economic Outlook Spurs Marketing Spending

small businesses experience a greater change in the percentage of the marketing budget compared to large businesses.

Table 2

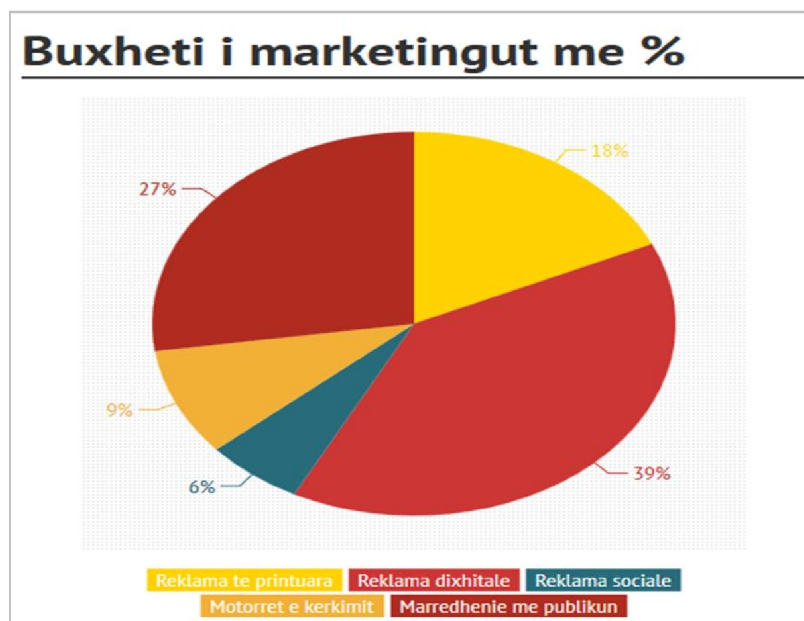
Table 2. Marketing spending by company revenues	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
Percent change in marketing budgets in next 12 months	10.5%	6.5%	5.2%	-2.3%	6.4%	2.3%
Marketing spending as a percentage of firm budget	12.7%	12.6%	6.5%	6.6%	9.7%	7.8%
Marketing spending as a percentage of firm revenues	13.9%	6.1%	5.9%	2.9%	6.7%	5.5%

4. Statistics of the marketing budget by Albanian businesses

Based on various studies conducted by different researchers, Albanian businesses define a limited marketing budget. This is for several reasons such as:

- Lack of funds
- Lack of long-term strategies
- Lack of confidence in marketing format
- Lack of professionalism in the marketing field
- Lack of a marketing department
- -etc.

On the other hand, even when businesses apply marketing, they miss an accompanying strategy of proper marketing. Regarding to the marketing methods used we noticed that less expensive forms are preferable in terms of a limited budget. If we refer to the study (refer to the graph below) conducted by Business Challenge, we glance that the main part of the marketing budget goes to digital marketing and it can be interpreted as a positive sign of progress and a fast adaptation to modern forms of marketing. But at the same time it shows that the Albanian businesses reserve a modest marketing for the main reason is that budget constraints.



Source: <https://www.SfidaBiznesi.com>

5. Conclusions and recommendations

As we know the heart of business success lies in its marketing. So it is very important for Albanian Business to understand and to be aware of the benefits from a very professional marketing.

According to our study, Albanian business must extend their marketing budget and must improve marketing strategies.

Reserving an extended marketing budget by businesses will enable application of intertwined between the traditional and the contemporary marketing. Also having a higher marketing budget would make it possible for businesses to realize advanced marketing research which will show the proper method and suitable for any kind of business. But not always the effectiveness of marketing is attributed to budget size. Marketing effectiveness closely linked with some important issues as follows:

- Having a strategy with realistic objectives.
- Realization of integrated marketing.
- Taking into account the competitors and their marketing budgets.
- An evaluation of the effectiveness of selected forms of marketing.

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