

The Modern Challenges of Strategic Marketing Management of Small and Medium Enterprises (SMES) on the Example of New Technologies

Šimović, Vladimir; Svetlačić, Robert; Lasinger Silađev, Jasna

Source / Izvornik: **ET²eR - ekonomija, turizam, telekomunikacije i računarstvo**, 2023, V, 49 - 58

Journal article, Published version

Rad u časopisu, Objavljena verzija rada (izdavačev PDF)

Permanent link / Trajna poveznica: <https://um.nsk.hr/um:nbn:hr:191:650724>

Rights / Prava: [In copyright](#)/[Zaštićeno autorskim pravom](#).

Download date / Datum preuzimanja: **2025-01-26**



SVEUČILIŠTE U RIJECI
FAKULTET ZA MENADŽMENT
U TURIZMU I UGOSTITELJSTVU
OPATIJA, HRVATSKA

Repository / Repozitorij:

[Repository of Faculty of Tourism and Hospitality Management - Repository of students works of the Faculty of Tourism and Hospitality Management](#)



The Modern Challenges of Strategic Marketing Management of Small and Medium Enterprises (SMES) on the Example of New Technologies

Vladimir Šimović¹, Robert Svetlačić², Jasna Lasinger Silađev³

¹The University of Applied Sciences Baltazar Zaprešić, Vladimira Novaka 23, Zaprešić, Croatia, vsimovic@bak.hr & The Algebra University College, Gradišćanska 24, Zagreb, Croatia, vladimir.simovic@algebra.hr

² The University of Modern Sciences - CKM from Mostar, Zalik, Mostar, Bosnia and Herzegovina, robert.svetlacic@ckm.ba & The University of Rijeka, The Faculty of Tourism and Hospitality Management, Primorska 46, p.p. 97, Opatija, Croatia, rsvetlacic@gmail.com

³The University of Rijeka, The Faculty of Tourism and Hospitality Management, Primorska 46, p.p. 97, Opatija, Croatia, jasnal@fthm.hr

Abstract

The purpose of writing this article is to research the modern challenges of strategic marketing management of SMEs on the example of new technologies and give the first research and scientific contribution on this topic. The research methodology used is the comparative analysis of the relevant scientific and professional literature and of relevant business examples. The expected findings (and main results) of the conducted research are the first research and scientific contribution of the new paradigm of the modern challenges of strategic marketing management of SMEs on the example of new technologies. The new paradigm relies on new technologies that support SMEs in enterprise planning (to generate certain revenues), satisfying old and new clients, dealing with, and beating the competition, and developing the main and executive business functions, especially (strategic) marketing as an operational function of a modern SME, developing more customer-tailored marketing plans, establishing better customer loyalty, etc. The modern company establishment is an enterprise that aims to generate certain revenues incorporated in its plan. The client and the competition have a significant role in the company's life cycle. Marketing is an operational function of a company that introduces potential customers to products that meet their desires and needs and make a profit for the company. The marketing mix strategy represents four elements: product, price, distribution, and promotion (PPD&P). SMEs have an interest in developing more tailored-for marketing plans. Customer loyalty is the most important to them. Contribution and further research rely on online marketing as the most affordable and fastest way to promote products and services. Social networks, mobile applications, machine learning, and artificial intelligence tools significantly help the marketing activities of SMEs, which is also a suggestion for further research.

Keywords

SMEs, marketing, segmentation, new technologies

Sažetak

Svrha pisanja ovog članka je istražiti suvremene izazove strateškog marketing upravljanja malim i srednjim poduzećima na primjeru novih tehnologija te dati prve istraživačke i znanstvene informacije. Metodologija istraživanja je komparativna analiza relevantne znanstvene i stručne literature i poslovnih primjera. Očekivani nalazi (i glavni rezultati) provedenog istraživanja prva su istraživanja i znanstvene informacije o novoj paradigmi suvremenih izazova strateškog marketinškog upravljanja malim i srednjim poduzećima na primjeru novih tehnologija. Nova paradigma oslanja se na nove tehnologije koje podržavaju mala i srednja poduzeća u planiranju poduzeća (za stvaranje određenih prihoda),

zadovoljavanju starih i novih klijenata, suočavanju i pobjeđivanju konkurencije, razvoju glavnih i izvršnih poslovnih funkcija, posebice (strateškog) marketinga kao operativne funkcije moderna mala i srednja poduzeća, razvijanje prilagođenijih marketinških planova, uspostavljanje bolje lojalnosti kupaca, itd. Osnivanje moderne tvrtke je poduzeće koje ima za cilj ostvariti određene prihode uključene u plan. Klijent i konkurencija imaju značajnu ulogu u životnom ciklusu poduzeća. Marketing je operativna funkcija poduzeća koja potencijalne kupce upoznaje s proizvodima kako bi zadovoljila njihove želje i potrebe te ostvarila profit za poduzeće. Strategija marketing miksa predstavlja četiri elementa: proizvod, cijenu, distribuciju i promociju (PPD&P). Mala i srednja poduzeća imaju interes za razvoj prilagođenijih marketinških planova. Najvažnija im je lojalnost kupaca. Doprinos i daljnja istraživanja oslanjaju se na online marketing kao najpristupačniji i najbrži način promocije proizvoda i usluga. Društvene mreže, mobilne aplikacije, strojno učenje i alati umjetne inteligencije značajni su za pomoć marketinškim aktivnostima malih i srednjih poduzeća. To je prijedlog za daljnja istraživanja.

Ključne riječi

MSP, marketing, segmentacija, nove tehnologije

Introduction

This article will research the modern challenges of strategic marketing management of small and medium enterprises (hereinafter SMEs) on the example of new technologies and give the first research and scientific contribution for this topic. The research methodology used is the comparative analysis of relevant scientific and professional literature and relevant business examples. The expected results of the conducted research will be the first research and scientific contribution of the new paradigm of the modern challenges of strategic marketing management of SMEs on the example of new technologies. The new paradigm relies on new technologies that support SMEs in modern enterprises planning to generate certain revenues, satisfy old and new clients, deal with, and beat the competition, develop basic and executive business functions, and especially on (strategic) marketing as an operational function of a modern SME, to develop more customer-tailored marketing plans, to establish better customer loyalty, etc. The establishment of a modern company is a venture that aims to generate certain revenues incorporated in its plan. The modern company business model consists of four phases: introduction, growth, maturity, and decline (IGM&D). The client has a significant role in the whole life cycle of the company. In addition to knowing the customers, they also need to recognise the competition. SMEs' business functions are the main and executive business functions. Marketing is an operational function of a company that introduces potential customers to products that meet their desires and needs and make a profit for the company. The marketing mix strategy represents four elements: product, price, distribution (place), and promotion. The steps of marketing planning are mission, corporate goals, marketing audit, "strengths, weaknesses, opportunities and threats" (SWOT) analysis, assumptions, marketing goals and strategies,

assessment of expected results, identification of other possible plans and mixes, budget, and a detailed implementation program for the first year. SMEs have an interest in developing more customer tailored marketing plans. Customer loyalty is the most important to them. To achieve real achievable marketing goals and better management decision-making of marketing directions, the market must be segmented. SME marketing activities have to be carried out carefully due to high costs. Contribution and suggestions for further research rely on the fact that online marketing is the most affordable and fastest way to promote products and services. Social networks, mobile applications, machine learning, and artificial intelligence tools are of great help to the marketing activities of SMEs.

1. Legal basis and criteria for determining SMEs

Entrepreneurship is a set of several activities that, with the help of entrepreneurs, strive towards the goal of achieving a certain profit. The definition of the entrepreneur (subject) is that they represent the bearer of entrepreneurship, which means a certain activity and behaviour aimed at achieving goals, and the company appears as an organizational tool (object) by which the entrepreneur realizes entrepreneurship, according to Vujić (2010). Entrepreneurship can be classified into high and low level. Holders of low-level entrepreneurship are innovative individuals and innovative small businesses. Some contemporary entrepreneurship theorists approach innovation as a form in which entrepreneurship manifests itself as a fundamental change and as the introduction of partial change that results in starting a new business or providing a new product or service, which is argued by Bygrave and Zacharakis (2003). Entrepreneurship is related to respecting opportunities and encouraging

initiatives (such as risk management, action orientation, short-term decision-making, and business flexibility), the strategic orientation of companies or strategic planning (changes in technology, organization, market and competition, social values), by affirming managerial structures (coordination of key business activities and functions, changes in the system of ownership control, greater independence and autonomy of employees), changing control mechanisms of production factors (replacing long-term control mechanisms with increased specialization and professionalization), as stated by Baumol (1983). Casson (2016) considers entrepreneurship to be a process of judging and making decisions about the use of limited resources. Entrepreneurs are specialists who use judgment to deal with new and complex problems. Entrepreneurship is recognized as an accelerator of development, especially in the field of small enterprises according to Audretsch (2002). About 472 million entrepreneurs worldwide are trying to start 305 million companies (start-ups), and about 100 million new companies (or one-third) will open each year worldwide, estimates Dr Paul D. Reynolds, director of the research institute, Global Entrepreneurship Centre, in a web-published article "Starting a Worldwide Business" by Moya K. Mason (2002). Based on the scheme of the national economic growth model and the role of entrepreneurship (Bygrave and Zacharakis, 2003), micro-enterprises and SMEs are as equally involved in economic and social opportunities as large enterprises.

2. Basic determinants of SMEs

Starting a business is an endeavour that aims to generate certain revenues that are compiled in the appropriate business plan. Most companies start as small businesses, and with gradual progress, they can become medium-sized (M-S), and even more rarely large companies. Renko (2010) states that a company's business consists of four phases: IGM&D. At the beginning of the business introduction, the company seeks to break into the market. The phases of the life cycle are stated and interpreted by Gutarra Romero (2009), so the first phase reflects the progress of the company from its state at the time of opening a company, i.e., the introduction phase. A micro-enterprise is the smallest business unit that, like small, medium, and large enterprises, aims to generate revenue from its activities. The number of employees employed in a micro-enterprise must not exceed ten. Micro-enterprises were created according to the idea of relieving small businesses that have legally become a new category. That law came into force on January 1,

2016. According to the Accounting Act (OG 78/15, 134/15), their income may reach up to HRK 5.2 million, and assets may amount to HRK 2.6 million. In micro-enterprises, smaller activations are preferred that are related to their key business or are focused on geographical expansion. On average, they generate 2% of annual income from their activities. They prefer organic growth and more often will decide to form partnerships or joint ventures. A survey of family business operations conducted by PwC in 2012 included about 2,000 companies from around the world. The survey found that 65% of family businesses had increased sales in the previous year. More than 80% of companies are expected to have the same growth or even more aggressive growth in the next five years. At the annual level, family businesses have a lower percentage of turnover compared to companies in which the ownership structure is not at the family level. They do not rely on financial incentives to retain employees. Their emphasis is on creating an organizational culture of advantage, belonging and meaningfulness, internal employee promotion, investing in employees and avoiding layoffs. This all leads to the survival of micro-enterprises in the SME market according to Räisänen and Tuovinen (2020). Small businesses are businesses which employ up to fifty employees who help the company make a profit and meet the needs and desires of the market. The Accounting Act sets an income limit of up to HRK 65,000,000, which they must not exceed, and assets of up to HRK 32,500,000. These are companies with certain ideas and ambitions that need to adapt to limited resources. Connecting small businesses is crucial for market survival because it allows the exchange of ideas that contribute to market satisfaction, revenue generation, product success and the favourable progress of the whole small business, according to Mahmudova and Kovács (2018). What micro-enterprises SMEs have in common is the goal of making a profit. The Accounting Act separates M-S enterprises from small and micro enterprises, where the maximum number is up to 250 employees, assets that do not exceed HRK 130,000,000 and an amount of income that must not exceed HRK 260,000,000. If this limit is exceeded, M-S companies should start operating as large companies. M-S companies can easily achieve their goals but find it harder to adapt to the market. They contribute to employment. The segments within the company are structured in such a way that everyone knows what to do, while in small companies the entrepreneur can be in both the marketing department and the sales department. M-S companies are researching the market with the help of various surveys and observations, claims Basri (2020).

Based on the collected data, they create products and services. Such research needs to be conducted continuously as market wants change rapidly. Small and large markets are called such due to their specifics, for example, large companies are global, while small ones have a special approach to customers and therefore increasingly push M-S companies out of the market. The goal of M-S companies is to generate as much income as possible.

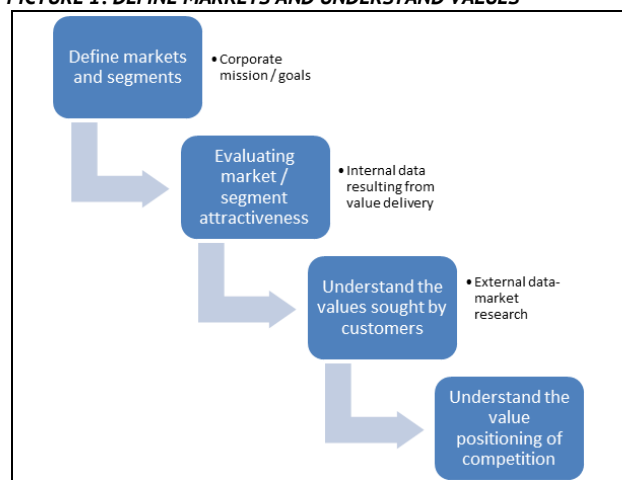
3. Strategic marketing management of SMEs

The goal for which the company strives for is preceded by many ideas and opportunities. From the possibilities and ideas, it is important to choose the most favourable ones, i.e., those that ensure the achievement of results. In this way, decisions are made for marketing goals. The four typical goals that companies set for themselves are to generate as much revenue as possible, as much profit as possible, as much return on investment as possible, and with as low costs as possible according to McDonald (2004). Between the sales plan and the marketing plan, the company will, above all, pay attention to sales. A marketing plan is needed: for superiors, marketing experts, the procurement department, the personnel function, and for all who work in sales. The strategic marketing plan covers a period of between three and five years. This plan could relate to, for example, the World Cup or the European Football Championship. Tourism marketing plan can refer to the construction of a particular amusement park that will be completed, for example, in three years. For marketing activities, this is of great importance because advertising precedes construction in many cases. Models for building the company strategy in which marketing is utilised are the planning model, interpretation model, political model, logical incremental model, environmental model, and visionary leadership model. Marketing goals and strategies can be goals at all levels of marketing. The goal is what wants to be achieved. Strategy is how goals are intended to be achieved, according to McDonald (2004). Marketing goals mostly relate to product, price, promotion, and distribution. The best-defined missions are usually the result of a well-conceived vision, McDonald (2004) concludes. The marketing strategy must first and foremost recognize the competitive advantages that the company has to be aware of and how to use them adequately, according to Renko (2010).

4. Peculiarities and challenges of SME marketing management

Recent research suggests that the specifics of SME marketing stem from their limitations. Namely, small businesses are often spatially and financially limited. Furthermore, human resources in SMEs are limited. Due to the above, SMEs usually do not employ marketing experts, and likewise do not invest large sums in marketing activities. The following problems related to SME marketing have also been identified: limited customer base, limited marketing activities, knowledge and influence, marketing depended on the skills of business owners/managers, unplanned marketing, etc., as stated by Butigan and Mahnić (2011).

PICTURE 1: DEFINE MARKETS AND UNDERSTAND VALUES



Source: (McDonald, 2004)

Therefore, these elements of SME marketing (creativity, market knowledge, preferences, etc.) are considered a shortcoming and as such are often unsustainable in the long run. In this context, e-marketing has greatly facilitated the marketing activities of SMEs, concludes Butigan and Mahnić (2011). It is the most favourable, as it combines sales, ordering and promotional activities. Therefore, with the advent of the Internet, SMEs have increasingly embraced the benefits of e-marketing and the opportunities to promote products and services in an online environment. Namely, more and more small, and M-S companies are developing their marketing activities via the Internet and are extremely successful at it, because they can achieve goals on the Internet with a limited budget and promote products and services to a wider market.

The e-marketing model consists of five parts, i.e., functions. All plans that are made for various functions

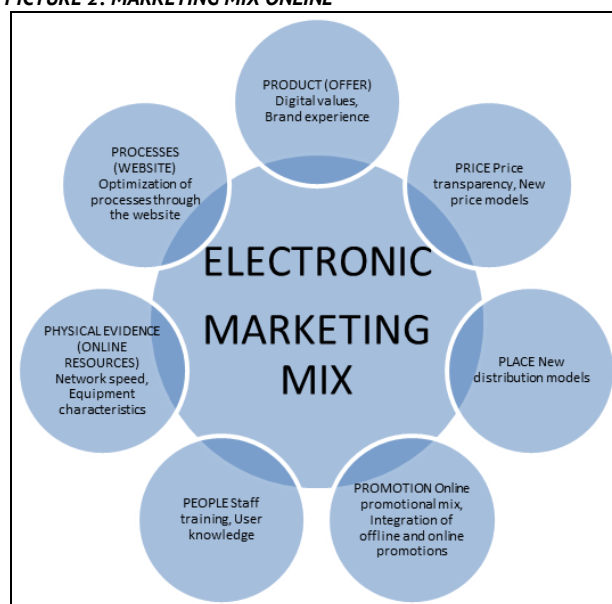
can be realized thanks to e-marketing. Advertising and public advertising mean the transformation of all previously defined plans from words to deeds. E-marketing and a well-chosen marketing strategy play the most important role here. It is well known that in most cases marketing plays the most important role in the sales of a product, so it is not surprising that it should be given great importance, explains Kotler, Bowen, and Makens (2010). The research on the company's market needs can be conducted at the table or in the field. The data in the table has already been implemented, so these are statistics, various articles, accounts, and the like. Field research involves collecting source data from customers and other market participants, say Gutić, Bačelić J. and Bačelić Z. (2011). The market in which the company is located is defined. This market divides customers depending on their needs. The information collected in the market is used to estimate the size and growth of the market and its potential for the future. There are two theories of consumer behaviour: rational and psychosocial. The rational consumer looks at what benefits he will derive from the purchase versus the financial cost. The psychosocial consumer is influenced by family, culture, work, lifestyle and more. Customers do not buy the product; they try to gain benefits, which is the main principle upheld by the marketing director of one of the most successful American companies for hairdressing products, as stated by Gotić (2011). Comparative advantages bring the most success because a company can be as good in quality as its three competitors, but, for example, the company is able to stand out with its innovation or customer approach and having more comparative advantages will make it more successful than its three competitors, according to Fisk (2007).

5. Challenges of new technologies in the marketing of SMEs

According to Gliga and Evers (2010), the new 21st-century technology has made it possible to inform large numbers of people about products and services in a short period. Potential buyers can view the offer online 0 to 24 hours. Amazon.com was the first to start electronic marketing. Electronic marketing can be defined in several ways. According to Panian (2000), it is defined as follows: "Electronic marketing (e-marketing, telemarketing) is a way of achieving marketing activities of the company with the intensive application of information and telecommunications (Internet) technology." Types of internet marketing are web

marketing, e-marketing, internet marketing, cyber marketing, and e-business marketing.

PICTURE 2: MARKETING MIX ONLINE



Source: (Ružić, Biloš and Turkalj, 2009)

The Internet in marketing communication is considered to be either a medium, a form of communication or a way to achieve sales. In addition to being a new medium, it is also a new paradigm of marketing in which the consumer becomes the creator of the offer and from the very beginning directs the characteristics of what they will buy. In the global market, which is based on sophisticated information and network technology, completely new types of economic entities are emerging, which are characterized by vitality, dynamism, and adaptability of business processes. This situation leads to new concepts and conceptual systems that denote the elements and processes of the electronic economy (e-business and cyber-economy). The electronic business enables the construction and application of business models based on the combination of Internet usage and applications for group work. The influences of information technologies are also visible in traditional marketing methods. It is possible to talk about a completely new type of marketing, i.e., electronic marketing. Electronic business systems support numerous changes in the marketing system (standardized products, lower prices due to higher competitive pressure, shorter distribution channels, nonlinear promotion, electronic goods transfer, information management systems in databases, etc.) and improve relationship by enabling businesses to focus on their customers in an individualized global

market. Ružić (2003) states that in e-marketing, various techniques are used that are mostly related to promotion and advertising: viral marketing, affiliate marketing, permission marketing, referral marketing, one-to-one marketing, e-mail marketing, frequency marketing, real-time marketing, etc.

Modern information and communication technology (ICT) is also used in other important marketing functions such as market intelligence and general business intelligence, market research, product development policy, product and service sales policy and distribution (e-distribution). The Internet space has opened many gateways for the development of digital marketing, which finds its application in the Internet and mobile telephony according to Ružić (2003). This quickly transfers information to the market, and the great advantage of mobile phone applications is that people carry them with them all the time. The Internet enables real-time interactivity, which influences the choice of great marketing opportunities. The point is that a visitor to a particular website is a significant media participant. With the help of information technology, for example, by testing the "click-through rate" with several different banners, it is possible to gain insight into the results of the campaign. This allows for a lower cost pre-campaign. A website is the key to Internet marketing. Websites are created to promote products or services on the Internet. Website performance is measured by the number of visits to that site. These visits are distinguished between those visits where participants intend to buy a product/service and where participants only browse the website. The website should have recognizability. It can be said that it is in many ways the brand of that company. The content of the website should include everything important to the potential client, but again it should not include anything that wastes the client's time. The brevity of a website refers to information intended for users. It is necessary to register the website to Internet search engines to make it as accessible as possible to the market.

The website is made up of many links, and one of them is the 'Home page'. Website editors need to constantly update, adapt, and upgrade their websites. It is necessary to follow competing websites. Such a business style is called Business Intelligence, and on the Internet, it becomes e-business Intelligence. BI or business intelligence is the umbrella term for a group of methods, tools and applications that enable the collection, analysis, distribution, and actions based on business information to make numerous business decisions, as stated by Ružić, Biloš and Turkalj (2009). It is based on knowledge of the competition, the

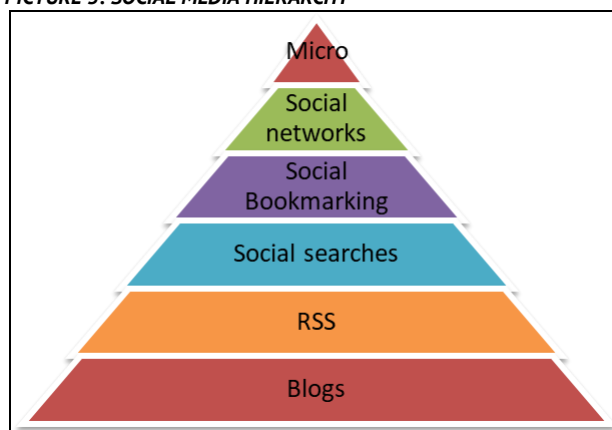
market and everything that affects the company's business. In a transaction, the data is divided into granular and operational. Companies are analysed to compare values and management styles. The information that is provided on request is intended for the masses. It is possible to determine the interest of website visitors with the help of web mining, whereby it is possible to find out exactly what visitors had clicked on: from browsing to buying, and to the whole order. Customers are aware that the company is interested in their activities on the website, but they also want to be sure that their data will not be misused. Therefore, a security system and data protection are essential when selling and buying online. The AIDA model is a model on the Internet that consists of attention, interest, desire, and action (attention, interest, desire, action) according to Kumar (2019). The AIDA model has the task of stimulating the interest of the audience. Only after interest is stimulated then feelings and opinions of what is presented will arise, so the market can create a perception about the product or service. Today, Interpol ads are being introduced more and more. These are ads that cannot be skipped. When an ad appears, the viewer is forced to watch the first five seconds of the ad or a longer set time. What is of primary importance to website visitors when they visit a website is the speed of its loading. It needs to be continuously upgraded. Ružić, Biloš and Turkalj (2009) state that the website should not be overloaded with text, especially the 'Home page'. The website should primarily meet two goals: convey the message and support the development of public relations. The most convenient way for a customer to establish contact with sales on the Internet is via e-mail. E-mail sales inform potential customers about news from the company that might interest them. Sweepstakes also play a role in attracting markets to websites. For example, a company may set a deadline for a website to submit photos with their products in a given week, and the winner will receive discounts or a certain prize at the end of the game. Another way of advertising on the Internet that launches a product or service of a company to a large mass is portals. Portals can search all the posts on the portal related to a certain word that is typed into their search engine. Furthermore, they can advertise using links with a commission. This creates partnerships. The next marketing activity on the Internet is electronic advertising, which is divided into the following types: general electronic advertising, local electronic advertising, specialized advertising and electronic advertising of supply and demand. Advertising networks are specifically designed for advertising-only networks. The most used is AOL Advertising. It is

followed by the Yahoo Network and third by the Google Ad Network. The order of the number of uses of these networks was reported by com Score. Such advertising networks in the authors' country are 'Etarget' and 'Xclaim'. Mobile Internet, too, has created places for advertising. Mobile marketing involves the localized wireless distribution of site-specific advertising content. Broadcasted content can also be made by users, provided they have the available broadcasting equipment, who want to share to other users who also have the necessary broadcasting equipment, conclude Ružić, Biloš and Turkalj (2009).

The advantage of advertising on a mobile phone is that its users almost always have the device with them. In addition to the above marketing opportunities on the Internet, it should also be mentioned another extremely popular marketing tool today - social networks. Social networks as a term are defined as free Internet services that provide users with various ways of communicating with the world and the possibility of their presentation to the world. Given that today's marketing is increasingly leaning towards social media, even on a theoretical basis, its 4P-based approach has been replaced by 4C. The infrastructure of social networks could not be feasible without the Internet and mobile technologies, and today it is evolving thanks to numerous new applications and add-ons. Social networks in e-business are the application of modern ICT as a support for all business activities. Likewise, social networks are also a part of social commerce that refers to encouraging users to put their content related to the products they offer on the appropriate website. Today, online social networks represent the greatest reach of social commerce, and the best example is Facebook, which is currently the second most popular website in the world after Google (Lozančić, 2018). Facebook, as a social media network, is based explicitly on generating content for users, with the user having the ability to use the site to connect with friends. Facebook is based on free use, and its revenue is generated mainly from advertising on the site, as well as the sale of numerous applications. Today, most companies have their own Facebook page because Facebook provides them with a good and free way to promote their brands and customer service solutions. Facebook is thus an ideal solution for promoting products for small businesses, and as an example, we can highlight numerous international pubs and clubs that offer their drinks through Facebook pages, and provide information about the club's location, and present the club's interior through image galleries. In addition to Facebook, there are other alternatives for companies,

such as Twitter, YouTube, Flickr, Myspace, forums, blogs, and many specialized sites for promoting business messages, products and services companies. If social networks are seen as part of e-business, then it can be said that a company can achieve greater market competitiveness through the Internet by increasing the availability of information and purchasing through various social media, so that every smaller company has equal market opportunities and is able to represent all of its segments and business activities. It is through social networks that many companies have opportunities for a different marketing approach to customers, and this one is based on one-on-one communication where it is possible to quickly exchange customer impressions and analyse their desires and thus gain a competitive advantage over the competition, according to Paliaga and Mihovilić (2016). To achieve the appropriate successes and benefits from individual social media platforms, it is necessary to progress consistently from basic to more complex levels and never skip individual levels before all the prerequisites for the next level are met. An example of a social media hierarchy is shown below.

PICTURE 3: SOCIAL MEDIA HIERARCHY



Source: (Iantsch, 2010)

As you can see, blogs are the front door and foundation of the whole social media pyramid, and the best way to start a business is to rely on social media to read and comment on other people's blogs and then write your own. After blogging, the next level is the use of RSS to aggregate and filter the content of a particular subject but also use the RSS technology as a tool to help distribute and create new web content. With the successful mastery of RSS technology, every SME leader must learn to participate, stimulate, and manage their reputation through social searches. For SMEs to open new channels for their business and generate additional search traffic, they need to

participate in tagging content in social bookmarking communities such as Delicious. Near the top of the hierarchy of social media are social networks within which the company has an even wider range of possibilities such as creating its own company profiles, chatting with users and potential customers, presenting the company with basic company information, and presenting products and services through numerous image galleries and advertising options. At the Micro level, there are platforms such as Twitter, Twirl, Plurk and FriendFeed that have become an important part of the social media mix as they enable fast-tracking, merging, and connecting, as claimed by Skoko (2016). Users of these networks are segmented into those who like more photos or those who like more text, and marketing messages are transmitted to them accordingly. Internet advertising is necessary at a time of great competitive pressure in every part of the world that uses modern technology. The goal of Internet marketing is to present products or services to a large audience. In addition, new technology allows customers to order and buy everything from their armchair. For users to feel satisfaction and security with this way of shopping, their data must be secure on the Internet, and websites and portals where ads are placed need to continuously upgrade and update information about the company (Fawzee, Sofiyah, Sudardjat and Muda, 2019). With the help of free activities on social networks, small and M-S enterprises are expanding their market and becoming meeting places for customers with the same interests. The next big step is the digital transformation of the company, i.e., a transformation of the company's business to be based on digital technology, which has become an unavoidable part of the business cycle today (Pihir, Križanić, and Kutnjak, 2019). Opinions, feelings, perceptions, and market segments have changed drastically and for companies to remain competitive in the market, they must adapt and move towards new technologies. In this process, they change not only the content of their work but also how they work, focusing on the end-user (Schreiber, 2017).

6. Conclusion

Companies exist to satisfy market needs and generate revenue. Throughout their lifecycles, companies strive to produce products and provide services following market demands. Depending on the ideas and possibilities of operating in the market, there are SMEs and large companies. They strive to operate in such a way as to make a profit and meet the needs

of the market in which they participate. The marketing function is part of the executive business function of the company. For SMEs, the marketing function requires special activities tailored to their capabilities that seek to achieve their market goals. The marketing function adapts to the capabilities of the company. Awareness of the potential clientele of a small business is achieved through marketing activities. It is necessary to plan a marketing strategy which considers the company's goals, market requirements and available resources. The basis of a marketing strategy plan is the analysis of the market, with which the company builds their entire marketing plan on. The most important part of marketing for a company is the marketing plan. With it, not only are the company's capabilities regarding the environment and resources looked at, but a company can also plan segmentation, match ads appropriate to the segmented market, look at where the company is in relation to the competition and everything else that contributes to a successful small business. It should be emphasized that SMEs, compared to large ones, do not pay enough attention to marketing and thus to the marketing plan, but it is necessary to realize that guerrilla marketing based on marketing activities that do not require high costs also contributes to a business' success. For a company to implement the most suitable marketing activity in the market, it needs to know its potential customers or guests. It all depends on their age, workplace, and the environment in which they live. The use of certain media in a particular market also directs the marketing activities of the company. Thus, nowadays, mostly online marketing is used, which most commonly occurs on social networks because from there it spreads the fastest and, most importantly, does not require financial resources. When small businesses develop a marketing plan, it is important to know how many financial resources they have. Then, they know in which direction they will go, respecting the needs and possibilities of the market. It should be noted that the marketing of the company also involves the rapport between employees and customers or guests because the role of the human factor is the most important factor that drives a company.

Literature

- [1] Audretsch, D. (Ed.). (2002). *Entrepreneurship: Determinants and Policy in a European-US Comparison*. Boston: Kluwer Academic Publishers.
- [2] Basri, W. (2020). Examining the Impact of Artificial Intelligence (AI)-Assisted Social Media Marketing on the Performance of Small and Medium Enterprises: Toward Effective Business Management in the Saudi Arabian Context. *International Journal of Computational Intelligence Systems*, 13(1), 142-152.

- [3] Baumol, W.J. (1983). *Toward Operational Models of Entrepreneurship*. Lexington: Lexington books
- [4] Butigan, R. and Mahnić, I. (2011). The Role of Relationship Marketing in Small and Medium-Sized Enterprises. *Market-Tržište*, 23 (1), 0-0. Retrieved from <https://hrcak.srce.hr/74454> (08/11/2022)
- [5] Bygrave, W.D. and Zacharakis, A. (2003). *Portable MBA in Entrepreneurship, Third edition*. John Wiley & Sons, Inc.
- [6] Fawzeaa, B.K., Sofiyah, F.R., Sudardjat, I., Muda, I. (2020). The Role of Technology Marketing Micro Business, Small and Medium Enterprises (SMEs) Agents for Repurchase Intention and Its Impact on The Community Satisfaction (Case in Indonesia). *International Journal of Scientific & Technology Research*, 8(12), 1724-1730.
- [7] Fisk, P. (2007). *Marketinški genij [Marketing Genius]*. Zagreb: Differo d.o.o. Retrieved from https://differozagreb.files.wordpress.com/2013/01/marketinggenij_poglavlje.pdf (08/11/2022)
- [8] Gliga, G. and Evers, N. (2010). Marketing challenges for high-tech SMEs. *Innovative Marketing*, 6(3), 104-112. Retrieved from https://www.businessperspectives.org/images/pdf/application_s/publishing/templates/article/assets/3565/im_en_2010_3_Gliga.pdf (08/11/2022)
- [9] Gutarra Romero, R.J. (2019). Prospective and business strategic applied to micro, small and medium enterprises. *Tendencias*, 20(1), 107-129. <https://doi.org/10.22267/rtend.192001.110> (08/11/2022)
- [10] Gutić, D., Bačelić, J. and Bačelić, Z. (2011). Istraživanje tržišta (po marketing konceptu) [Market Research (according to the marketing concept)]. Osijek: Grafika d.o.o.
- [11] Kotler, P., Bowen, J.T. and Makens, J.C. (2010). Marketing u ugostiteljstvu, hotelijerstvu i turizmu [Marketing in Catering, Hospitality and Tourism]. Zagreb: MATE d.o.o.
- [12] Kumar, A. (2019). Sustainable Development in SMEs Through Social Media Channels. *IJMTE*, 9(6), 1066-1075.
- [13] Lozančić, T. (2018). Društvene mreže i ekonomija zahvalnosti [Social Networks and the Economy of Gratitude]. *FIP - Financije i pravo*, 6(1), 91-105. Retrieved from <https://hrcak.srce.hr/202804> (08/11/2022)
- [14] Mahmudova, L. and Kovács, K.J. (2018). Definitining the Performance of Small and Medium Enterprises, *Network Intelligence Studies*, 12, 111-120.
- [15] McDonald, M. (2004). *Marketinški planovi [Marketing Plans]*. Zagreb: Masmedia.
- [16] Panian, Ž. (2000). Elektroničko poslovanje – šansa hrvatskog gospodarstva u 21. stoljeću [Electronic Business - A Chance for the Croatian Economy in the 21st Century]. *Ekonomski pregled*, 51(3-4), 268-280.
- [17] Pihir, I., Križanić, S. and Kutnjak, A. (2019). Digitalna transformacija marketinga u malim i srednjim poduzećima – pregled postojećih istraživanja [Digital Transformation of Marketing in Small and Medium Enterprises - a Review of Existing Research]. *CroDiM*, 2(1), 125-134.
- [18] Räisänen, J. and Tuovinen, T. (2020). Digital innovations in rural mikro-enterprises. *Jurnal of Rural Studies*, 73, 56-67. DOI: <https://doi.org/10.1016/j.jrurstud.2019.09.010> (08/11/2022)
- [19] Renko, N. (2010). *Marketing malih i srednjih poduzeća*. [Marketing of Small and Medium Enterprises], Zagreb: Naklada Ljevak
- [20] Reynolds, P.D. (2002). *Worldwide Business Start-Ups*. Mason, M.K. (Ed.). Retrieved from <https://www.moyak.com/papers/business-startups-entrepreneurs.html> (08/11/2022)
- [21] Ružić, D. (2003). *E-marketing*. Osijek: Ekonomski fakultet u Osijeku
- [22] Ružić, D., Biloš, A. and Turkalj, D. (2009). *E-Marketing*. Osijek: Sveučilište Josipa Jurja Strossmayera u Osijeku, Ekonomski fakultet u Osijeku
- [23] Schreiber, M. (2017). Companies in Digital Transformation. *Elektrotechnik und Informationstechnik*, 134(7), 377-378.
- [24] Vujić, V. (2010). Poduzetništvo i menadžment u uslužnim djelatnostima [Entrepreneurship and Management in Service Industries], Opatija: Fakultet za menadžment u turizmu i ugostiteljstvu