MARKETING MIX 4CS: IMPACT ON SMALL AND MEDIUM ENTREPRENEURS (SMES) MARKETING PERFORMANCE

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ABSTRACT

Small and Medium Entrepreneurs (SMEs) are a major contributor to the economic development in Malaysia. According to data released by the Department of Statistics, Malaysia (DOSM), SMEs' contribution to the overall GDP has increased to 38.9% in 2019 compared to 38.3% recorded in 2018. However, the unprecedented Covid-19 and Movement Control Order (MCO) becomes a threat to the economic development in Malaysia since these new norms give a huge impact on SMEs' performance. Based on the survey conducted by SME Corp. Malaysia, about 73% of SMEs are expected to register losses in 2020. Therefore, there is a need for SMEs to review their business strategies, especially on the marketing aspect to ensure the sustainability of their business. The objective of this study is to identify the impact of marketing mix 4Cs on SMEs' marketing performance. This study targets Small and Medium Entrepreneurs (SMEs) in Selangor. The findings are hopefully able to portray new ideas in the development of SMEs' marketing strategies. The expectations of this study are SMEs able to combine the marketing mix 4Ps (product, price, place, and promotion) strategies with marketing mix 4Cs (consumer, cost, convenience, and communications) to sustain and capture customers' attention especially in today's challenging business situations.

Keywords: *Entrepreneurship, Economic Development, Consumer, Cost, Convenience, Communication*

INTRODUCTION

Current economic situations encourage many people to venture into business. Hence, we can see new entrepreneurs emerging in the market. Most of these entrepreneurs are categories as small and medium entrepreneurs (SMEs). The COVID-19 wave that hit the whole of Malaysia caused many people to lose their jobs. Therefore, the government has provided incentives to encourage those people to get involved in business to revive their family economies. Several initiatives were developed based on existing programs to encourage entrepreneurship among Malaysians, such as an allocation of RM510 million to the National Entrepreneurship Group (Tekun) Economic Fund and Perbadanan Usahawan Nasional Bhd (PUNB) to fund Bumiputera entrepreneurs and micro SMEs. It also includes an allocation of RM50 million provided to the Malaysian Islamic Economic Development Foundation (YaPEIM) to support Islamic financing activities through Ar-Rahnu BizNita and an RM300 million Lestari Bumi financing facility to encourage Bumiputera micro and small businesses to move to higher categories (mstar, 2020).

Business is not just one way to generate income while losing a job. Business is a glorious career. Islam also encourages people involved in the business. This is mentioned in the Quran:

فَإِذَا قُضِيَتِ ٱلصَّلَوٰةُ فَٱنتَشِرُواْ فِى ٱلْأَرْضِ وَٱبْتَغُواْ مِن فَضْلِ ٱللَّهِ وَٱذْكُرُواْ ٱللَّهَ كَثِيرًا لَّعَلَّكُمْ تُفْلِحُون

And when the prayer has been concluded, disperse within the land and seek from the bounty of Allah, and remember Allah often that you may succeed. (Al-Jumuah, verse 10)

This verse explains that Allah does not prevent a person from seeking as much of the favor of Allah s.w.t. which they like to include out of business, but we should not neglect His instructions. Undoubtedly, someone who is in business will get more freedom in many ways. Not just in terms of time, but also in terms of how income is generated, the source of that income, and for what profits are then used. The other verse in Al-Quran explaining business is as follows:

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُواْ لَا تَأْكُلُوٓاْ أَمْوَٰلَكُم بَيْنَكُم بِٱلْبَٰطِلِ إِلَّآ أَن تَكُونَ تِجَٰرَةً عَن تَرَاضٍ مِّنكُمْ ۚ وَلَا تَقْتُلُوٓاْ أَنفُسَكُمْ ۚ إِنَّ ٱللَّهَ كَانَ بِكُمْ رَحِيمًا

O you who have believed, do not consume one another's wealth unjustly1 but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful. (An-Nisa, Verse 29)

Getting involved in the business is not easy for most people especially SMEs. They need to compete in the market and develop good marketing strategies to attract customers' attention towards their existence. Thus, SMEs need to have accurate and effective planning and strategies so that they do not incur large losses and may able to compete in the market. One of the important marketing strategies is to use a marketing mix strategy. According to Kotler 2018, marketing is divided into 2 namely, 4P's and 4C's. 4P's marketing mix is divided into 4 elements, namely Product, Price, Place, and Promotion. While 4C's marketing refers to Consumer, Cost, Convenience, and Communication (Philip Kotler, 2018). 4P's marketing mix explains if a company wants to market the services they provide, they should take into account those 4 elements. Meanwhile, 4C's is more focused on giving attention to consumer satisfaction and also consumer needs and wants.

4C's marketing mix is one of the most impactful marketing strategies. Most large companies are successfully introducing their products or services by using 4C's marketing mix strategies. The problem that Small and Medium Entrepreneurs often face in starting their business is customers not aware of their products and services. Most of them just market the products in the area where they do business only. This kind of practice makes their products leave behind especially during the COVID-19 crisis where people are shift from normal to online buying behaviour. Some SMEs went to difficulties adapting to new buying behavior. Therefore, the objective of this study is to identify the impact of marketing mix 4Cs on SME's marketing performance. This study is important to conduct because it may show whether the outcomes of using 4Cs may improve an entrepreneur's marketing performance as being described in marketing theory or vice versa. However, the researcher hopes this mix of 4C's may simultaneously improve SME's income.

LITERATURE REVIEW

According to Kotler, marketing is a societal process by which individuals and groups get what they need and want through making, bidding, and exchanging products and valuable services to others. American Marketing Associations (AMA) definition of marketing is more on the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (Philip Kotler, 2018). In simple words marketing refers to "identifying and meeting human and social needs". To make marketing activities becomes efficiently manage, marketing scholars proposed that there is a need for integration of all the activities. Therefore in 1960, E. Jerome McCarthy has introduced a marketing mix which he named as 4Ps. However, in the 1990s, Robert F. Lauterborn introduced a marketing mix 4Cs to complement the 4Ps (Wikipedia, 2021). According to Bahman Saeidi Pour, (2013) marketing mix is a set of elements of marketing methods and marketing strategies that can be done by a company. In addition, Farah Najwa, (2017) claims that based on her study, there is a relationship between marketing strategy and SME exports in Malaysia.

Marketing mix 4Cs focused on the consumer. 4Cs consists of four elements which are consumer, cost, convenience, and communication. According to McCarthy, marketers must be focused on producing products based on consumer needs and wants, pricing the products by considering consumer cost, make the product available to the customer (easy access), and able to communicate the products to consumer and not only focused on promotion (McCarthy, 1964). Most scholars agree that marketing activities will be more successful and effective if marketers can integrate 4Ps and 4Cs.

Consumers or customers are known as king. No service can change the consumer's decision when they want to buy or use the services provided. According to Kar, (2011), organizations need to carefully study the desires of users and improve existing services to attract users to use the services that they provide. Smith, 2003 claims that traders need to sell or provide the services required by the consumer and not producing the product based on the will of the dealer himself. In a certain industry such as jewelry, the design of the product rely more on consumer needs and wants. According to Vitagliano, the jewelry industry is influenced by consumer culture and desires (Vitagliano, 2018).

According to Stylianou, 2013, price is part of the cost required to meet the needs or wants of the consumers. Lots of costs that consumers have to sacrifice to get goods and services that they want. Price is an important element for the products. Therefore, strategies in putting a price on products and services must be affordable, and that products and services provided shall also be equal to their value. (Kar, 2011).

Stanton, 2017, claims that communication between entrepreneurs and users is very important to attract consumers to use the product or service. According to Kar, (2011) communication with users by using the right communication channels can make a marketing campaign becomes successful and this is one of the most effective marketing strategies that need to be applied by marketers. Two-way communication between entrepreneurs and consumers may encourage them to exchange opinions and improve the service they provide (Stylianou, 2013)

Convenience in this marketing mix 4Cs concept means convenience for customers to get the goods and services they need (Stylianou, 2013). Convenience also refers to the ease of service delivery or the location of the product purchase. These elements are important in attracting consumers to use the services provided or purchase products offered by a company. According to Kar 2011, convenience in terms of service location is among one of the factors that contribute to the success of a company in marketing. In addition, with facilities such as delivery, consumers will be more interested to buy the products as it saves their time. (Barska,

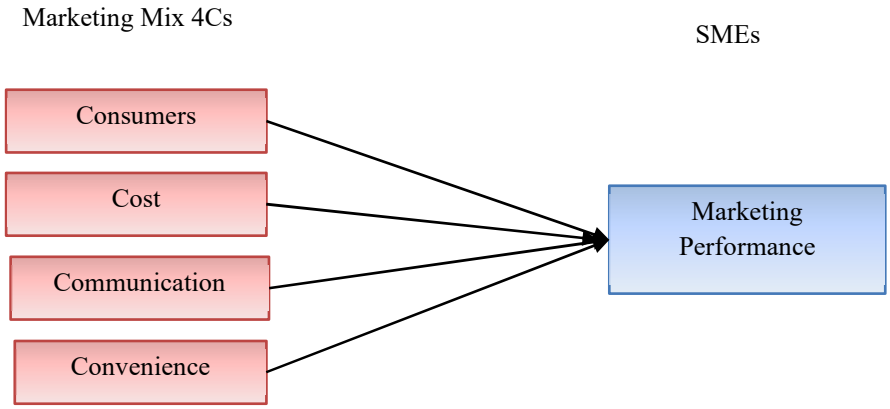
2018). Sharma 2015, found that quality, convenience, and reasonable prices are important factors in achieving customer loyalty.

PROPOSED CONCEPTUAL FRAMEWORK

This study will measure SME marketing performance using marketing performance metrics. Marketing performance metrics are internal and external quantitative performance indicators that can either be financial or non-financial and that are subject to monitoring by top management (Ambler, 2003). These metrics facilitate the cycle of marketing analysis, planning, and control, help evaluate past performance, and make it possible to compare the success of the firm within the sector to the success of competitors (Bennett 2007). Performance metrics can be classified into two which are financial and non-financial. Financial metrics usually come first among the metrics used to assess marketing performance (Ambler et al. 2001; Clark 1999; Eccles 1991; Sevin 1965). Profitability, sales, and cash flow have, for a long time, been among the financial metrics frequently used for the evaluation of marketing performance. Other metrics frequently used by scholars are market share, where it is considered to be an antecedent of cash flow and profitability (Ambler et al. 2001).

In this study, the researcher will look at the application of the marketing mix 4Cs approach by SMEs. As this study conducted during the COVID-19 crisis, the application of marketing mix 4Cs will be tested whether it effectively improve SME's marketing performance. The proposed conceptual framework for this study is in figure 1.

Figure 1: Conceptual Framework



METHODOLOGY

This study will employ a quantitative method. The quantitative surveys will be carried on 250 samples among small and medium entrepreneurs in Selangor in all sectors. The results will provide tangible statistics evidence that could be used to support the important decision of actions by entrepreneurs and related agencies.

CONCLUSION

The purpose of this study is to measure the impact of marketing mix 4Cs on SME's marketing performance. In general, SMEs usually lack capital and operate their business on small scale. Most SMEs focused on marketing mix 4Ps because they understand these 4Ps may able to make their products and services competitive in the market. However, only some of them realize the importance of marketing mix 4Cs in their marketing activities. This study will portray the relationship between marketing mix 4Cs with company's marketing performance. This study also will show whether marketing mix 4Cs give impact or influence SME's marketing performance.

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