

MARKETING STRATEGY OF SMALL AND MEDIUM ENTERPRISES IN BAC NINH PROVINCE

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Abstracts

Bac Ninh has a favorable geographical location for developing economic sectors, about 20 km from the capital Hanoi, and is a bridge between the three key economic triangles of Northern Vietnam. From a purely agricultural province, Bac Ninh has become the country's leading industrial province. However, along with the increase in GRDP, the number of unemployed people in Bac Ninh's working age tends to increase from 2014 to nearly 40 thousand people in 2021 (Dong et al., 2022). The objective of this research is to analyze, evaluate, and measure the marketing strategies of SMEs in Bac Ninh Province. We use qualitative research methods by inheriting previous studies and interviewing experts. Besides, analytical methods such as descriptive statistics, reliability analysis through the Cronbach alpha coefficient, EFA, and ANOVA analyses are used to test and measure the scales. Research results show that the marketing strategies of small and medium enterprises in Bac Ninh Province are highly appreciated. There is not a statistically significant difference in the marketing strategies of small and medium enterprises in Bac Ninh Province between these different business operating times. Thereby providing recommendations for SMEs in Bac Ninh on marketing strategies to improve high business performance and scale expansion.

Keywords: marketing, marketing strategy, business performance, small and medium enterprises (SMEs), business administration, economics

JEL codes: M10, L21, L25, L26

1. INTRODUCTION

After re-establishing the province in 1997 as a purely agricultural province, Bac Ninh has become the province with the 8th largest economy in the country, with an average economic

growth rate in the period 1997–2021, reaching 13.9%. The GRDP per capita reached 155.6 million VND, ranking 4th in the country (People's Committee of Bac Ninh Province, 2022). Currently, Bac Ninh has become the industrial and high-tech center of the country, with 16 industrial parks, 30 industrial clusters, 1,693 foreign investment projects with a total investment capital of 20.5 billion USD, and 11,840 firms operating in the province (Dong et al., 2022).

In Bac Ninh, the total product in the area at current prices (GRDP) has the smallest value of 2,090 billion VND/year and the largest value of 227,615 billion VND/year (Dong et al., 2022).

Bac Ninh has a favorable geographical location for developing economic sectors, about 20 km from the capital Hanoi, and is a bridge between the three key economic triangles of Northern Vietnam. From a purely agricultural province, Bac Ninh has become the country's leading industrial province. However, along with the increase in GRDP, the number of unemployed people in Bac Ninh's working age tends to increase from 2014 to nearly 40 thousand people in 2021 (Dong et al., 2022).

The entire Bac Ninh province has nearly 20,000 operating firms, of which 97% are small and medium enterprises. In recent years, to create conditions for small and medium-sized enterprises to develop, Bac Ninh has synchronously and effectively implemented many policies, creating a favorable and open investment and business environment. However, the development of small and medium enterprises today still faces many difficulties and challenges. Compared to the time when the province first split (1997), small and medium-sized enterprises in Bac Ninh increased 115 times in quantity and 417 times in capital (Thai Son, 2022).

According to Saif (2015), marketing has a big impact on how well a business performs in international markets. Zou and Çavuşgil's (1996) research nicely supports this idea.

The implementation of an entrepreneurial marketing strategy (EMS) is vital in augmenting an organization's market performance.

Reaching marketing objectives requires an entrepreneurial approach to marketing. It significantly affects the functioning of businesses as well (Basha et al., 2023).

Businesses can outcompete one another in the market and establish a long-lasting competitive edge with the aid of marketing methods (Chawuruka&Phiri, 2022).

New perspectives on marketing strategy have been brought about by globalization, which has forced SMEs to develop fresh approaches that are appropriate for global markets and will increase their competitiveness.

International marketing has been revitalized through the use of global marketing. It has become necessary for SMEs to accept this new development in order to traverse global markets. It requires businesses to either standardize or change their marketing approaches.

According to Aghazadeh's (2015) theory, marketing techniques are a major factor in deciding how well a company performs. According to Aghazadeh (2015), marketing strategies should be astute and adequate in order to guarantee that decisions linked to the market are made correctly. It is believed that a company's better financial and strategic success is influenced by its marketing strategy. They are an instrument for attaining overall performance goals for the business (Prinka et al., 2019).

2. THEORIES AND LITERATURE REVIEW

The performance of organizations is largely determined by their marketing strategies. According to Sousa and Bradley (2005), a marketing strategy is defined as a plan intended to influence trades in order to attain organizational goals. Marketing strategy, according to Kotler and Armstrong (1996), is how companies plan to achieve their marketing goals. According to Aaker (2009), a marketing strategy provides a comprehensive understanding of how products should be positioned in the market while accounting for internal and external restrictions.

A company's performance requires the development and application of intelligent marketing strategies in order to reach this kind of degree (Aghazadeh, 2015).

According to Nguyen (2012), marketing strategy is considered an approach to creating, communicating, and providing values and satisfying needs for customers in a defined market under competitive environmental conditions. Marketing strategy is basically often deployed in four tools, often called the 4Ps: product, price, promotion, and place.

Table 1: Marketing strategy scale of SMEs in Bac Ninh

| Code | Description |
|------|--|
| MS1 | The system of distribution channels used by the company functions well. |
| MS2 | SMEs regularly organize sales promotion activities such as advertising, promotions, and other product introduction communication activities. |
| MS3 | SMEs diligently develop and maintain their trademarks. |
| MS4 | SMEs constantly prioritize product improvement to satisfy consumer demands. |

3. RESEARCH METHODS

This study was conducted by inheriting the results of previous studies, adapting them to SMEs in Bac Ninh Province, Vietnam, and retesting using quantitative methods. We built a questionnaire, including four questions corresponding to each component (attribute) of the marketing strategy, to evaluate, measure, and analyze. Attributes are measured on a 5-point Likert scale (from 1: strongly disagree to 5: strongly agree).

We conducted the survey from October 2023 to March 2024. The sample subjects were the board of directors or managers and marketing department specialists of 100 SMEs in Bac Ninh province. Before sending the questionnaire, the surveyed subjects will be contacted first by

phone to collect email, Zalo, or Facebook addresses, and then the survey questionnaire will be sent to the sample in two ways: (i) 200 emails/Zalo/Facebook were sent, of which 115 respondents responded validly (accounting for 57.5%); (ii) questionnaires were distributed directly to 100 respondents. After eliminating 15 incomplete answer sheets, the final sample set left 85 valid respondents (accounting for 85.0%) (see table 2).

The surveyed subjects' work experience in the marketing field ranged from 2 to 20 years. The surveyed SMEs range in size from 30 to 300 employees. The proportion of advertising costs in total revenue ranges from 0 to 5.5%.

Table 2. Respondents by ages, academic level, and business operating time

| | Frequency | Percent | Cumulative Percent |
|--------------------------------|------------|---------|--------------------|
| Academic level | | | |
| Bachelor or higher | 166 | 83.0 | 83.0 |
| College or intermediate level | 34 | 17.0 | 100.0 |
| Ages | | | |
| 36 years old or older | 105 | 52.5 | 52.5 |
| 35 years old or less | 95 | 47.5 | 100.0 |
| Business operating time | | | |
| Less than 2 years | 52 | 26.0 | 26.0 |
| 2 to 5 years | 76 | 38.0 | 64.0 |
| 5 years or higher | 72 | 36.0 | 100.0 |
| Total | 200 | | |

Source: Prepared by the authors (2024) and SPSS software.

Information on the data collected is shown in Table 2. It shows that among them, the common age of respondents is 35 years old or less, accounting for 47.5%, while the remaining 36 to 50 years old are 105 people, accounting for 52.5%. Among the respondents, 83.0% of the participants have a qualified bachelor or higher, and 17.0% of the participants have a qualified college or intermediate level. Of these respondents, 26.0% of participants who work for SMEs have a business operating time of less than 2 years, 38.0% of participants who work for SMEs have a business operating time of 2 to 5 years, and 36.0% of participants who work for SMEs have a business operating time of 5 years or higher.

4. RESEARCH RESULTS

Descriptive Statistics

Table 3 indicates that the respondents agree with the variable of the marketing strategy of small and medium enterprises in Bac Ninh province, where four attributes were quite high. All four attributes were rated at an average of 4.27 or higher.

Table 3. Descriptive analysis of attributes

| Code | N | Mini | Max | Mean | Std. Deviation | Skewness | | Kurtosis | |
|--|-----|------|-----|------|----------------|-----------|------------|-----------|------------|
| | | | | | | Statistic | Std. Error | Statistic | Std. Error |
| The support policy for small and medium enterprises in Hanoi (SP) | | | | | | | | | |
| MS1 | 200 | 2 | 5 | 4.35 | 0.714 | -0.713 | 0.172 | -0.418 | 0.342 |
| MS2 | 200 | 2 | 5 | 4.30 | 0.707 | -0.577 | 0.172 | -0.502 | 0.342 |
| MS3 | 200 | 2 | 5 | 4.27 | 0.728 | -0.544 | 0.172 | -0.657 | 0.342 |
| MS4 | 200 | 2 | 5 | 4.31 | 0.666 | -0.541 | 0.172 | -0.252 | 0.342 |
| Valid N (listwise) | 200 | | | 4.31 | | | | | |

Source: Prepared by the authors (2024) and SPSS software.

Cronbach’s Alpha

Table 4 show that, the scales were analyzed for reliability using the Cronbach's alpha tool. Observed variables with an item-total correlation less than 0.3 will be eliminated, and the standard for choosing the scale is when Cronbach's alpha is 0.6 or higher (Nunnally&Bernstein, 1994). According to research results, all scales have quite high Cronbach's alpha coefficients (>0.77). All observed variables on the scales have an item-total correlation greater than 0.3. Therefore, the scales all meet the requirements, thus qualifying for exploratory factor analysis (Hoang & Chu, 2008; Hair et al., 2009; Hair et al., 2014).

Table 4. Results of Cronbach’s alpha testing of attributes and item-total statistics

| Cronbach’s Alpha | N of Items | | | |
|------------------|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| .830 | 4 | | | |
| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach’s Alpha if Item Deleted |
| MS1 | 12.87 | 3.109 | 0.651 | 0.789 |
| MS2 | 12.93 | 3.135 | 0.648 | 0.790 |
| MS3 | 12.95 | 3.013 | 0.679 | 0.776 |
| MS4 | 12.92 | 3.244 | 0.654 | 0.788 |

Source: Prepared by the authors (2024) and SPSS software.

Exploratory Factor Analysis (EFA)

Next, tables 5, 6, and 7 show that exploratory factor analysis (EFA) was conducted through component analysis and variance.

The results of Bartlett's test examining the hypothesis of correlation between observed variables show that the KMO index is 0.793, greater than 0.5 (>0.5); the extracted variance is 66.284% (>50%), which means that these 4 observed variables explain 66.284% of the variation in the data; Bartlett's test is statistically significant (Sig.<0.05). Therefore, it can be concluded that the indicators in the study meet EFA analysis standards (Hoang & Chu, 2008; Hair et al., 2009; Hair et al., 2014).

These statistics demonstrate that research data analysis for factor discovery is appropriate. Through the quality assurance of the scale and the test of the EFA model, we have identified four components of the marketing strategy of small and medium enterprises in Bac Ninh province (Hoang & Chu, 2008; Hair et al., 2014).

Table 5: KMO and Bartlett’s Test

| KMO and Bartlett’s Test | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .793 |
| Bartlett’s Test of Sphericity | Approx. Chi-Square | 287.443 |
| | Df | 6 |
| | Sig. | .000 |

Source: Prepared by the authors (2024) and SPSS software.

Table 6: Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.651 | 66.284 | 66.284 | 2.651 | 66.284 | 66.284 |
| 2 | 0.529 | 13.226 | 79.510 | | | |
| 3 | 0.459 | 11.478 | 90.988 | | | |
| 4 | 0.360 | 9.012 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

Source: Prepared by the authors (2024) and SPSS software.

Table 7: Component Matrix^a

| MS | Component |
|-----|-----------|
| | 1 |
| MS3 | 0.828 |
| MS4 | 0.811 |
| MS1 | 0.809 |
| MS2 | 0.808 |

Source: Prepared by the authors (2024) and SPSS software.

ANOVA – businessoperatingtime

An ANOVA test was needed to make a comparison of the results of the evaluation of the differences in the marketing strategy of small and medium enterprises in Bac Ninh province between the three subjects, including participants who work for SMEs and have a business operating time of less than 2 years, from 2 to 5 years, and 5 years or higher. Table 8 shows that the sig Levene statistic of 0.479 is larger than 0.05, which means that the hypothesis of homogeneity of variance among the variable value groups (different business operating times) has not been violated. Table 9 shows that sig. is 0.868, which is larger than 0.05, which indicates that there is not a statistically significant difference in the marketing strategy of small and

medium enterprises in Bac Ninh between the mentioned three groups of business operating time (Hoang & Chu, 2008; Hair et al., 2009; Hair et al., 2014).

Table 8. Test of Homogeneity of Variances

| Descriptions | Levene Statistic | df1 | df2 | Sig. |
|--------------------------------------|------------------|-----|---------|-------|
| MS | | | | |
| Based on Mean | 0.738 | 2 | 197 | 0.479 |
| Based on Median | 0.522 | 2 | 197 | 0.594 |
| Based on Median and with adjusted df | 0.522 | 2 | 188.355 | 0.594 |
| Based on trimmed mean | 0.682 | 2 | 197 | 0.507 |

Source: Prepared by the authors (2024) and SPSS software.

Table 9. ANOVA

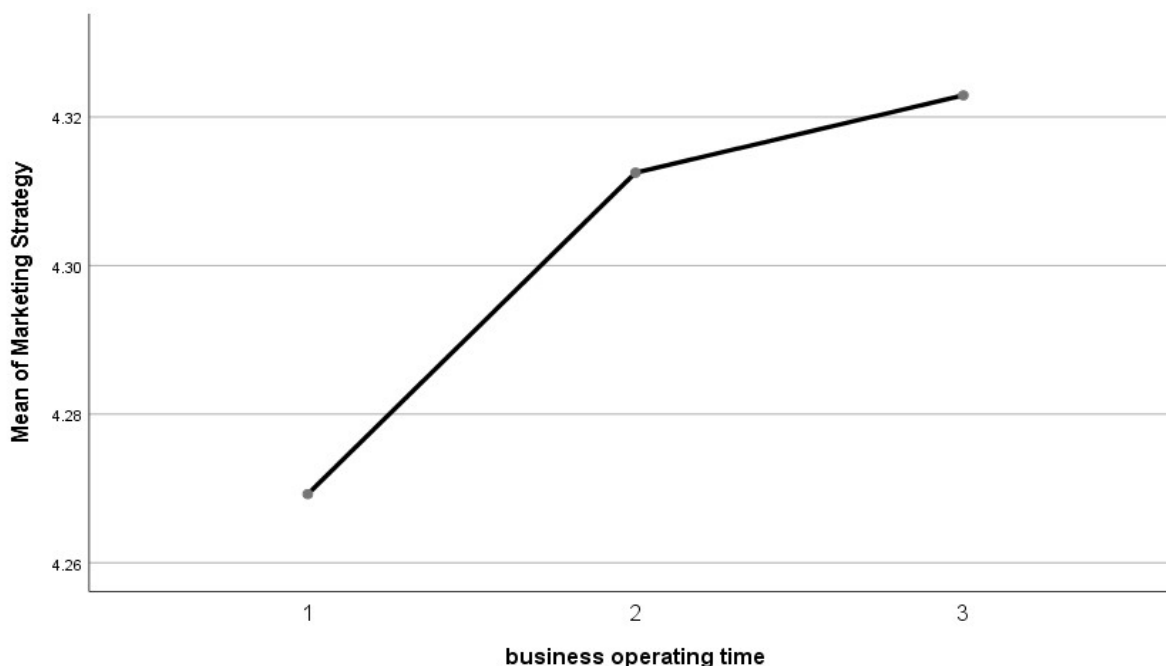
MS

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|-------|
| Between Groups | 0.094 | 2 | 0.047 | 0.142 | 0.868 |
| Within Groups | 65.301 | 197 | 0.331 | | |
| Total | 65.395 | 199 | | | |

Source: Prepared by the authors (2024) and SPSS software.

The relationship between the Marketing strategy of small and medium enterprises in Bac Ninh province- business operating time

Next, the line graph shows the relationship between the marketing strategy of small and medium enterprises in Bac Ninh province and each respondent's business operating time (Figure 1). Figure 1 shows that this line tends to slope up when the respondents work for SMEs and have a business operating time of less than 2 years, from 2 to 5 years, and 5 years or higher.



Source: Prepared by the authors (2024) and SPSS software.

Figure 1: The line graph shows the relationship between the marketing strategy of small and medium enterprises in Bac Ninh Province and each respondent's business operating time.

5. DISCUSSION AND IMPLICATIONS

Bac Ninh was re-established as a province in 1997. Starting in 2001, the first FDI capital flows poured into Bac Ninh and have tended to increase sharply since 2005. Overall, in the period 1997–2021, the total development investment capital mobilized was 769 trillion VND, equal to 43.2% of the GRDP. There are 1,430 foreign enterprises operating (People's Committee of Bac Ninh Province, 2022). Along with the development of firms and the expansion of FDI capital, competition between firms is increasingly fierce, so SMEs should have many solutions to improve business performance, including marketing strategy solutions.

The scale of small and micro enterprises in Bac Ninh accounts for a very large proportion; the number of medium-sized enterprises only accounts for 1.6% of the total. The level of technology and management is not high. The ability to link, cooperate in business, and participate in the value chain is still weak. In particular, the number of small and medium-sized enterprises that have access to bank capital to develop production and business is still modest throughout the province. There are only about 2,000 firms with outstanding debt (Thai Son, 2022).

The Bac Ninh Province Association of Small and Medium Enterprises focuses on developing members; strengthening the dissemination, guidance, and implementation of legal policies on labor, production, and business; continuing to promote its role as a bridge; organizing reception;

reflecting difficulties and problems of firms to the Provincial People's Committee, departments, and branches; and promptly removing and creating conditions to support firm development; mobilizing members to uphold the spirit of social responsibility; and joining hands with the community to participate in charity and humanitarian activities (DucAnh, 2023).

Bac Ninh Province is also actively supporting small and medium-sized enterprises to implement digital transformation to optimize production and business activities, improve customer access capacity and competitive advantage, and create innovative products and new services. For example, the digital transformation ecosystem of Vietnam Posts and Telecommunications Group (VNPT) and the incentives accompanying small and medium enterprises provide a variety of products, services, and transformation solutions for firms according to four main pillars (customer connection, employee management, operational optimization, and product management). From there, it helps firms clearly define the areas, goals of interest, and operations that need to be performed for digital transformation with specific priorities. (Thai Son, 2022).

People are markets. Therefore, people should be considered when developing marketing strategy. Research results show that SMEs should adjust their marketing strategies to adapt to customer needs in the domestic and international markets to increase business performance. In addition to standardized marketing strategies, SMEs should develop and perfect export marketing strategies to significantly improve their performance. Because, in the current context of global competition, competitive strategies focusing on minimizing production costs have no longer brought sustainable advantages to firms in export-oriented countries (Aulakh et al., 2000).

In order to prevent needless waste, SMEs should carefully estimate the costs of advertising in both local and foreign markets. However, they must make sure that these expenditures are in line with the degree of business performance of SMEs.

In addition, the study also posits that SMEs should choose a development strategy orientation, such as low-cost outsourcing manufacturers, domestic and global marketers, or SMEs pursuing a rigid and easy marketing strategy replaced by lower-cost suppliers.

SMEs should sell their products and services at the same time.

The world and domestic consumer markets are increasingly rich and diverse in terms of type, income, and age. Therefore, SMEs should develop products according to each market segment. With the same type of product, SMEs should diversify designs to suit different ages, incomes, geographical areas, etc. SMEs should also invest in developing new materials, paying special attention to differentiation, environmental friendliness, and adaptability to the consumer tastes of each market.

In order to comply with worldwide industrial and trade norms, SMEs concentrate on developing control of marketing costs, logistics, labor pay, and environmental costs.

SMEs should increase the scope of their business and bolster their efforts to find domestic and foreign partners.

SMEs should promote the use of digital marketing because this is one of the most successful methods of accessing the business market today. The growth of digital marketing is rapidly multiplied by the expanding development of digital media in all aspects of life, from email to social networks, mobile devices, and tablets. The digital world is dominating the real world. One of the industries that benefits greatly from digital marketing methods is tourism and services. Tools to help digital marketing succeed include:

(i), Social Media Marketing: Today, in an online and hyper-connected world, brands cannot ignore social media because it is an aspect of their digital marketing strategy. Most people use websites for social networking and spend up to 30% of their time online on social networks. To tap into this vast global community, SMEs should establish interactions and maintain a social media presence that is useful and valuable to followers. Social media marketing is a marketing strategy widely used by many businesses. With the widespread popularity of the Internet, there are countless social network users, so this will be an extremely useful brand promotion channel.

On Facebook, Instagram, Zalo, etc. websites, firms introduce their brands, services, products, etc. to more people. At the same time, it also helps firms find the most potential customers of all ages.

(ii).SMS and email marketing are two of the most successful methods in the field of digital marketing. They are not only highly effective but also low-cost and time-saving. A few messages or emails introducing products and services to potential customers will help them pay attention and remember the SMEs' brand better. For this strategy to be highly effective, businesses should have their own domain email and their own email marketing customer list.

For SMEs in the tourism industry:

(i) Search engine marketing: For SMEs in the tourism industry, a Google study with IpsosMediaCT shows that 65% of leisure travelers start searching for tourist destinations online without any intention in mind and also don't know which means of transportation to use to travel. Therefore, online search plays a very important role in the user's decision-making process. Therefore, tourism firms need to have a team of personnel with expertise in SEO applied to the firm's website.

(ii) Marketing with celebrities specializing in tourism: this is a marketing strategy through famous people or influencers. Social networks are extremely developing, and there are more and more influencers with large followings who specialize in creating content about travel. This strategy is especially aimed at reaching young GenZ and GenY customers with high travel needs.

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