

Research article

An Analysis of Marketing Strategy in Small-and-Medium-sized Colombian Enterprises

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Abstract

This study analyses the marketing strategy implemented in SMEs. A case study is carried out with eight Colombian manufacturing companies with more than ten years of creation and more than fifty employees. The results show that these companies do not follow traditional marketing models, nor do they have formal and structured processes. Instead, their marketing strategy is based on understanding their customers, with whom they have a close relationship, by developing innovative products that meet their needs, structuring their costs to offer a competitive price, and constantly communicating the value they generate to the market. This article concludes that these companies follow a marketing strategy that allows them to be sustainable and competitive with the available resources.

Keyword: SMEs; marketing strategy; dynamic capabilities; marketing capabilities; SMEs management.

Un análisis de la Estrategia de Mercadeo en Pequeñas y Medianas Empresas colombianas

Resumen

Este estudio analiza la estrategia de mercadeo implementada en las PYMES, para esto, se adelanta un estudio de casos con ocho empresas manufactureras colombianas, con más de diez años de creación y más de cincuenta empleados. Los resultados evidencian que estas empresas no siguen los modelos tradicionales de mercadeo ni cuentan con procesos formales y estructurados. La estrategia de mercadeo obedece a comprender a sus clientes, con quienes tienen mucha cercanía, al desarrollo de productos innovadores que satisfagan las necesidades de los mismos, a la estructuración de sus costos para ofrecer un precio competitivo y a una comunicación constante del valor que generan al mercado. Se concluye que estas empresas siguen una estrategia de mercadeo que les permite su sostenibilidad y competitividad acorde con la disponibilidad de sus recursos.

Palabras clave: PYMES; estrategia de mercadeo; capacidades dinámicas; capacidades de mercadeo; gestión de PYMES.

Uma análise da estratégia de marketing em pequenas e médias empresas colombianas

Resumo

Este estudo analisa a estratégia de marketing implementada nas PME, por isso, foi realizado um estudo de caso com oito empresas manufatureiras colombianas, com mais de dez anos de criação e mais de cinquenta funcionários. Os resultados mostram que essas empresas não seguem os modelos tradicionais de marketing sem ter processos formais e estruturados. A estratégia de marketing deve-se a conhecer a seus clientes, com os quais está muito próximo, desenvolver produtos inovadores que atendam suas necessidades, estruturar seus custos para oferecer um preço competitivo e comunicação constante do valor que produz ao mercado. Conclui-se que estas empresas seguem uma estratégia de marketing que permite a sua sustentabilidade e competitividade de acordo com a disponibilidade dos seus recursos.

Palavras-chave: PME; estratégia de marketing; capacidades dinâmicas; capacidades de marketing; Gestão de PME.

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1. Introduction

In recent decades, small and medium-sized enterprises (SMEs) have gained interest in global markets for their contribution to countries' economic growth. These enterprises, described as vibrant engines (Jovanovic, Arsic, & Nikolic, 2018), dominate global economies in terms of job creation and number of companies (Katua, 2014); they account for more than 95% of all enterprises worldwide and generate between 60% and 70% of total employment in most countries (International Trade Centre, 2015).

Despite their importance, SMEs have significant weaknesses that impede their sustainability and growth and make them less competitive in the market. Lack of management skills is one of the most recurrent problems in these companies (Lobontiu & Lobontiu, 2014). Although there is a growing body of research, there is still much to discuss in SME business management.

To gain sustained competitive advantage, SMEs need to continuously adapt to their environment, identify opportunities, mobilize resources, and transform themselves through continuous renewal (Cao, Tian, & Blankson, 2022). In this sense, they are required to have the capability to offer fast and operational responses to a highly dynamic marketplace. Specifically, dynamic marketing capabilities become crucial for these companies to develop, release and integrate their market knowledge and resources (Kachouie, Mavondo, & Sands, 2018), achieve sustainability and growth, and increase competitiveness (Cao, Duan, & El Banna, 2019).

The present study focuses on SMEs' dynamic marketing capabilities. The objective is to analyze the marketing strategy implemented in SMEs to identify and determine the actions related to positioning, segmentation, clients, product, price, placement, communication, and innovation.

For this purpose, a case study is carried out with twelve companies located in Cali-Colombia, which belong to the manufacturing sector, have more than ten years of creation, and between 50 and 200 employees. It was also considered that the companies own recognized brands in the market. Only eight companies were included in this study because it was possible to obtain information about all the studied variables.

This research provides valuable insights into the marketing behavior and practices of SMEs. Furthermore, it confirms that SME management is fundamentally different from large firms without being more or less successful.

This article consists of six sections. The second section presents the literature review and highlights some basic concepts about marketing in SMEs. The third section outlines the research methodology. The fourth section focuses on the individual case analysis. The fifth section develops a cross-analysis of the cases

and discusses the results in the light of the theory. Finally, the sixth section provides the limitations and suggestions for further research, and the seventh presents the conclusions and practical implications.

2. Marketing in SMEs

It is essential to recognize that SMEs' characteristics differentiate them from large firms (Franco, Santos, Ramalho, & Nunes, 2014). According to Mujiya, Wijayanti, Dewi, Prayogo, Aulia, Utami, and Mustikasari (2018), large firms tend to be more structured, while SMEs tend to be more instinctive and detached from academic paradigms and theoretical structures. Although such characteristics do not always influence their competitiveness, they do impact their organizational structure. In this sense, although the organizational structure of SMEs allows them to be more flexible and adaptable to change (Lavia & Hiebl, 2015), it also makes them less formal in some ways (Candiya, Mpeera, Munene, & Akol, 2017).

The marketing area does not escape from the specificity of SMEs; therefore, it has a different behavior than that of large companies. For the most part, the decision-making process in this area is informal and unstructured (Esposito, 2013). Activities are limited to the availability of resources, which is reflected in a simplistic marketing strategy that is reactive to competition (Franco et al., 2014). In SMEs, it is common to find a permanent focus on sales (Lobontiu & Lobontiu, 2014) rather than on marketing strategy.

On the other hand, given that in most cases SMEs are managed and run by their founders, their personality, knowledge, and perception greatly influence their decisions, including those made in marketing (Bretcu, 2014). Such personal decisions affect marketing effectiveness in the organization (Kaszás, Péter, Keller, & Kovács, 2016), as they can lead to a narrow and short-term interpretation (Bodlaj & Rojšek, 2014).

Marketing has been defined as a social process behind an exchange of products that creates value for others (Kotler & Armstrong, 2017), and more recently, Ayele and Barabadi (2019) define it as the process of identifying and satisfying customer needs while meeting the firm's profitability expectations. The role that marketing plays in organizations is key, both for positioning and by its impact on financial performance (Cacciolatti & Lee, 2016). Since SMEs need to adapt to a competitive and dynamic environment constantly, they have to develop marketing capabilities and adopt strategies to stay in the market and grow. A significant body of work has focused on marketing in SMEs (Miles, Gilmore, Harrigan, Lewis, & Sethna, 2015), and studies have found support for a positive relationship between marketing in SMEs and performance (Bocconcelli, Cioppi, Fortezza, Francioni, Pagano, Savelli, & Splendiani, 2018).

The resource base-view theory claims firms' competitive advantage results from the conjunction of their resources and capabilities (Barney, 1991). Therefore, the latter are the critical ingredient in a company to coordinate and exploit resources (Grant, 1991). Teece, Pisano, & Shuen (1997) consider different levels of capabilities: organizational capabilities, which combine the resources with routines that facilitate the generation of value in the company; and dynamic capabilities, which allow the reconfiguration of resources and routines according to environmental changes. Hence, dynamic ones result from the combination of resources and internal capabilities, providing companies with the ability to implement new strategies to adapt to changing market conditions (Makkonen, Pohjola, Olkkonen, & Koponen, 2014; Kachouie et al., 2018).

Dynamic marketing capabilities enable to detect the market and link with partners (Mu, 2015); to connect and collaborate with customers (Verhoef, Leeflang, Reiner, Natter, Baker, Grinstein, Gustafsson, & Saunders, 2011); to develop new products and processes, and to enter new markets (Um & Kim, 2018; Joensuu-Salo, Sorama, Viljamaa, & Varamäki, 2018) through of strategies of product, price, communication, distribution, and innovation that generate value for the company and lead to achieving competitiveness (Cao et al., 2019).

Different approaches are used in the operationalization of marketing. Thus, McCarthy (1960) defines product, price, place, and communication as the main variables to consider. Dolan (1997) adds the variables of clients, firms, competitors, collaborators, and context. Ayele and Barabadi (2019) argue that marketing involves research and tactical operations and focuses on segmentation, positioning, targeting, and a competitive environment. Finally, Falahat, Ramayah, Soto-Acosta, and Lee (2020) consider product, price, communication, place, target market, planning, partners, presentation, and passion.

This study will analyze the dynamic marketing capabilities related to positioning, segmentation, clients, product, price, placement, communication, and innovation which will be explained below.

2.1 Positioning

According to (Kotler & Armstrong, 2017), positioning is the act of designing the offerings so that they occupy a place in the customers' minds and are preferred by them. Therefore, the positioning strategies represent the underlying processes that a firm must develop to achieve a particular advantage in the market (Teece et al., 1997). Firms compete in several dimensions, such as innovation, quality, value, and service, and their marketing capabilities enable them to achieve a competitive advantage (Hassan & Craft, 2012). Thus, when a firm has high market positioning, its brand differentiates itself from its competitors leading to high consumer loyalty and consumer-derived brand equity (Gammoh, Koh, &

Okoroafo, 2011) and improving quality perception and confidence among buyers in their purchase decisions (Leek & Christodoulides, 2012).

2.2 Segmentation

Customer segmentation is referred to the process that divides large, heterogeneous markets into smaller segments that can be more effectively reached with products and services consistent with their unique needs (Kotler & Armstrong, 2017). This capability — which enables firms to identify potential consumers and offer the required products and services (Setia, Venkatesh, & Joglekar, 2013) through differentiated marketing strategies (Valeriu, Tudor, & Andrei, 2011) — is key to achieving success. In addition, by reaching customers more effectively, the company will be able to retain them, capture new markets, differentiate itself from other competitors, and gain a foothold in the market.

2.3 Clients

Customer knowledge has been considered crucial to enhancing the company's competitiveness (Masnita, Yakub, Nugraha, & Riorini, 2019) since they are the holders and contributors of new ideas and knowledge (Chaithanapat, Punnakitikashem, Khin, & Rakthin, 2022) and influence their ability to sense, evaluate, and design new products that satisfy the consumer needs (Zulu-Chisanga, Boso, Adeola, & Oghazi, 2016). The close contact with their customers provides companies with information and new ideas that could improve the innovation (Chaithanapat et al., 2022), makes a successful process of production (Imran, Hamid, Aziz, & Ul Hameed, 2019), allows building trust, gaining their commitment (Kajalo & Lindblom, 2015), and collaborate with them (Verhoef et al., 2011).

2.4 Product

Product development capabilities refer to a company's ability to manage and develop products and services to meet consumer's needs (Tan & Sousa, 2015). When companies deliver new differentiated products with unique characteristics to the market, they can ensure their success (Hanaysha, Al-Shaikh, Joghee, & Alzoubi, 2022) and can improve the competitive advantage of the company (Bodlaj & Cater, 2022; Bocconcelli et al., 2018). In this sense, products that are considerably different from that of competitors offer more significant opportunities to companies (Nagle & Müller, 2018).

2.5 Price

Pricing policy is of great importance for SMEs since, out of all the marketing variables, it is the one that is directly related to the firm's revenue. The ability of a com-

pany to set its prices, considering costs, competition, and customers, will allow it to gain a competitive advantage (Hofer, Niehoff-Hoeckner, & Totzek, 2019) by offering the market better value for money. Hence, an appropriate pricing strategy conduces firms to have a unique product position in the market (Tan & Sousa, 2015; Bodlaj & Cater, 2022). Companies must implement processes to organize their cost structure and define pricing policies. Authors such as Franco-Ángel and Urbano (2016) find that SMEs are aware of the importance of this marketing ability for its sustainability in the market.

2.6 Distribution

Distribution systems connect the producers with the customers, act as channels for the movement of goods, and perform different functions such as sales, communication, demand monitoring, market survey, and collecting customer feedback for the producers (Nasiri, Ghaffari, & Davoudpour, 2015). Therefore, the ability to build, develop and maintain a strong distribution network is a key factor for the firm success (Udokporo, Anosike, Lim, Nadeem, Garza-Reyes, & Ogbuka, 2020). Kumar, Sharma, Shah, and Rajan (2013) suggest that distribution network design and management lead to customer loyalty. Kumar, Sunder, and Sharma (2015) show that a successful distribution process positively influences firm performance.

2.7 Communication

Marketing communication is the company's ability to manage its marketing plan (Pham, Monkhouse, & Barnes, 2017). Companies incorporate different marketing abilities, resources, and knowledge to communicate themselves with their clients (Valos, Maplestone, Polonsky, & Ewing, 2017; Keshari, 2021) and to persuade them to acquire their products and services to contribute the profit (Nugraha & Hakimah, 2019), thus enhancing the performance of the company. Therefore, the role of market communication is essential in building relationships with clients (Masnita et al., 2019) and maintaining their loyalty.

2.8 Innovation

Innovation capabilities are defined as the creation or improvement of products, processes, management systems, or new ways of selling new or existing products (Maldonado-Guzmán, Garza-Reyes, Pinzón-Castro, & Kumar, 2019). These capabilities are considered a key element in the enterprises' competitiveness (Hanaysha et al., 2022), especially for SMEs (Aksoy, 2017), since they increase knowledge and enable the firm to be successful (Ioanid, Deselnicu, & Militaru, 2018).

Innovation capability is related to product design and packaging changes, initiatives to raise consumer knowledge and awareness of products and enhance communications, design distribution channels, and define pricing methods (OECD, 2005).

Firms compete for clients with other companies, and innovation plays a critical role in gaining a market position and improving performance (Bocconcelli et al., 2018). Therefore, their ability to develop innovative solutions and marketing innovation can be regarded as a valuable firm resource (Hanaysha et al., 2022).

3. Methodology

In recent years, the use of qualitative research has been increasing, given its usefulness for gaining in-depth insights into processes and behaviors presented by companies and their founders, managers, and executives. Associated with qualitative research are case studies, which allow a specific situation to be studied in greater depth and detail (Freeman & Cavusgil, 2007; Yin, 2009).

Therefore, qualitative research is carried out in this study, consisting of a multiple case study of 12 Colombian SMEs located in the city of Cali, belonging to the manufacturing sector, given the opportunity to generate results that allow comparisons to be made (Yin, 2009).

The companies were selected intentionally to guarantee the desired results in this study. Selected companies were located in the same city, established for over ten years, had between 50 and 200 employees, and were easily accessible for interviews. Since it was impossible to obtain information about all variables in the 12 companies, the study only included 8 of them.

To guarantee the confidentiality requested by the companies, they will hereafter be referred to as Company A, B, C, D, E, F, G, and H.

For data collection, semi-structured in-depth interviews were conducted, considering that they are one of the most suitable tools for mapping individual behavior (Berg & Lune, 2012). To counteract the subjectivity of opinion (King, 1994), two people in each company were interviewed including the founder — who in the eight selected SMEs serves as general manager — and the manager or person in charge of marketing and sales activities. In addition, to complement the evidence with other sources (Yin, 2009), documentation from the companies, information from their websites and social media were used. Interviews were conducted in person by the authors and recorded. Two visits were made to each company, each lasting three hours.

The interviews were analyzed, and the verbatims were interpreted, considering the audio recordings and the notes taken by the interviewers. To seek convergence between the different pieces of evidence, the information

was triangulated by comparing the interviews conducted in each company (Yin, 2009). When the results did not coincide, the company was asked for an explanation and the necessary adjustments were made. To obtain reliable measures with the method, the same protocol was used for all interviews.

4. Case studies

The information obtained from each company was analyzed separately, considering the variables studied. Table 1 presents general information on companies, such as their age, number of employees, and economic activity.

Table 2 presents the evidence obtained from Companies A, B, C, and D. And Table 3 shows those obtained from Companies E, F, G, and H.

Table 1. General information on companies.

Enterprise	Age (years)	Employees	Economic Activity
A	40	150	Production and commercialization of fast food
B	36	120	Production and commercialization of processed meats
C	37	180	Production and commercialization of nuts
D	20	96	Production and commercialization of macadamia nuts
E	55	148	Production and commercialization of tea
F	20	65	Production and commercialization of women's shoes
G	17	56	Production and commercialization of leather goods
H	25	120	Production and commercialization of packaging.

Source: own elaboration.

Table 2. Individual analysis of each case.

Variables	Enterprise A	Enterprise B	Enterprise C	Enterprise D
Structure of the marketing area	Has a structured commercial area.	Has a structured commercial area.	Has a structured commercial area.	Has a structured and formalized marketing and sales area.
	Has a head for marketing and sales	Does not have a head for marketing and sales.	Does not have a head for marketing and sales.	Has a head for marketing and sales.
	Has a strategic marketing plan	Does not have a strategic marketing plan.	Does not have a strategic marketing plan	Has a strategic marketing plan.
Positioning	Knows its market share and profitability by segment.	Knows its market share but does not know its profitability by segment.	Knows its market share but does not know its profitability by segment.	Knows its market share and profitability by segment.
	Has information on its national competitors and partially on its international ones.	Has information on its national and international competitors.	Has information on its national and international competitors	Has information on its national competitors and partially on its international ones.
	It does not have a research system to identify and meet new customers and markets.	It does not have a research system to identify and meet new customers and markets.	It does not have a research system to identify and meet new customers and markets.	It does not have a research system to identify and meet new customers and markets.
	Knows the perception that customers have of their products.	Does not know the perception that customers have of their products.	Does not know the perception that customers have of their products.	Knows the perception that customers have of their products.
	Its competitiveness is based on low prices and product quality.	Its competitiveness is based on product quality and differentiation.	Its competitiveness is based on low prices and product quality.	Its competitiveness is based on product quality and differentiation.
Segmentation	Has a defined and structured customer segmentation process.	Has a defined and structured customer segmentation process.	Does not have a defined and structured customer segmentation process.	Has a defined and structured customer segmentation process.
	Has marketing strategies for each segment.	Does not have marketing strategies for each segment.	Does not have marketing strategies for each segment.	Has marketing strategies for each segment.
Clients	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.
	Has a lot of information from their customers and often uses it to make decisions; however, it is not systematized.	Has a lot of information from their customers and often uses it to make decisions; however, it is not systematized.	Has a lot of information from their customers and often uses it to make decisions; however, it is not systematized.	Has a lot of information from their customers and often uses it to make decisions. Information is systematized.

Table 2. Individual analysis of each case (Continuation).

Product	<p>Has a department that is responsible for the development of new products.</p> <p>Packaging design is done by an external marketing and advertising firm.</p> <p>The differentiating factors of its products are the taste and quality.</p> <p>Products are mainly in the growth stage.</p>	<p>Has a department that is responsible for the development of new products.</p> <p>Packaging design is done by an external marketing and advertising firm.</p> <p>The differentiating factors of its products are the quality of the raw materials and the taste.</p> <p>Products are mainly in the introduction and growth stages.</p>	<p>Has a department that is responsible for the development of new products.</p> <p>Packaging design is done by an external marketing and advertising firm.</p> <p>The differentiating factors of their products are the contribution they make to the nutrition of customers and the packaging.</p> <p>Products are mainly in the growth and maturity stages.</p>	<p>Has a department that is responsible for the development of new products.</p> <p>Packaging design is done by an external marketing and advertising firm.</p> <p>The differentiating factor of its products is the quality.</p> <p>Products are mainly in the maturity stage.</p>
Price	<p>Defines the prices considering the costs, the desired profitability, and the market.</p> <p>Has a parity prices strategy. It seeks to maintain and increase market share.</p>	<p>Defines the prices considering the costs, the desired profitability, and the market.</p> <p>Has a parity prices strategy. It seeks to maintain and increase market share.</p>	<p>Defines the prices considering the costs, the desired profitability, and the market.</p> <p>Has a low prices strategy. It seeks to maintain and increase market share.</p>	<p>Defines the prices considering the costs, the desired profitability, and the market.</p> <p>Has a high prices strategy. It pursues the achievement of financial goals.</p>
Distribution	<p>Has its sales points and franchises.</p> <p>The determining factor for selecting the distribution network is geographical.</p> <p>Bases its relations with the channel on trust and closeness.</p> <p>Uses information technology to manage the channel.</p>	<p>Has its sales points and also distributes its products through intermediaries.</p> <p>The determining factors for selecting the distribution network are geographical and logistical.</p> <p>Bases its relations with the channel on trust and closeness.</p>	<p>Distributes its products through intermediaries.</p> <p>The determining factors for selecting the distribution network are geographical and logistical.</p> <p>Bases its relations with the channel on trust and closeness.</p> <p>Uses information technology to manage the channel.</p>	<p>Has their sales points and also distributes its products through intermediaries.</p> <p>The determining factors for selecting the distribution network are geographical and logistical.</p> <p>Bases its relations with the channel on trust and closeness.</p> <p>Uses information technology to manage the channel.</p>
Communication	<p>Has defined and structured a communication plan for its products.</p> <p>Uses the following communication strategies: Advertising, sales promotion, public relations, personal selling, direct marketing, social media, and word-of-mouth.</p> <p>Analyzes the profitability of their communication strategies.</p> <p>A media agency supports the implementation of the strategy.</p>	<p>Has defined and structured a communication plan for its products.</p> <p>Uses the following communication strategies: Advertising, sales promotion, personal selling, direct marketing, public relations, social media, and word-of-mouth.</p> <p>Analyzes the profitability of their communication strategies.</p> <p>It is supported by a media agency for the implementation of the strategy.</p>	<p>Does not have defined and structured a communication plan for its products.</p> <p>Uses the following communication strategies: sales promotion, personal selling, public relations, and word-of-mouth.</p> <p>Does not analyze the profitability of their communication strategies.</p> <p>It is supported by a media agency for the implementation of the strategy.</p>	<p>Has defined and structured a communication plan for its products.</p> <p>Uses the following communication strategies: Advertising, sales promotion, personal selling, direct marketing, public relations, and word-of-mouth.</p> <p>Analyzes the profitability of their communication strategies.</p> <p>It is supported by a media agency for the implementation of the strategy.</p>
Innovation	<p>Does not have a structured research and development area.</p> <p>Rates its capacity for innovation at 3.5 on a scale of 1 to 5.</p> <p>Considers market trends and consumer behavior to develop new products.</p> <p>Launches new products at least twice a year.</p>	<p>Does not have a structured research and development area.</p> <p>Rates its capacity for innovation at 3.5 on a scale of 1 to 5.</p> <p>Considers market trends, consumer behavior, and capacity of production to develop new products.</p> <p>Launches new products at least twice a year.</p>	<p>Does not have a structured research and development area.</p> <p>Rates its capacity for innovation at 4.0 on a scale of 1 to 5.</p> <p>Considers market trends, consumer behavior, and competitors to develop new products.</p> <p>Launches new products at least once a year.</p>	<p>Does not have a structured research and development area.</p> <p>Rates its capacity for innovation at 5.05 on a scale of 1 to 5.</p> <p>Considers market trends and consumer behavior to develop new products.</p> <p>Launches new products at least twice a year.</p>

Source: own elaboration.

Table 3. Individual analysis of each case.

Variables	Enterprise E	Enterprise F	Enterprise G	Enterprise H
Structure of the marketing area	Has a structured and formalized marketing and sales area.	Does not have a structured and formalized marketing and sales area.	Has a structured commercial area.	Has a structured commercial area.
	Has a head for marketing and sales.	Does not have a head for marketing and sales.	Does not have a head for marketing and sales.	Does not have a head for marketing and sales.
	Has a strategic marketing plan.	Does not have a strategic marketing plan.	Does not have a strategic marketing plan.	Does not have a strategic marketing plan.
Positioning	Knows its market share and profitability by segment.	Knows its market share but does not know its profitability by segment.	Knows its market share but does not know its profitability by segment.	Knows its market share but does not know its profitability by segment.
	Has information on its national and international competitors.	Has information on its national competitors.	Has information on its national competitors.	Has information on its national competitors.
	Has a research system to identify and meet new customers and new markets.	Has a research system to identify and meet new customers and new markets.	Has a research system to identify and meet new customers and new markets.	It does not have a research system to identify and meet new customers and markets.
	Knows the perception that customers have of their products.	Knows the perception that customers have of their products.	Knows the perception that customers have of their products.	Knows the perception that customers have of their products.
	Its competitiveness is based on product quality and differentiation.	Its competitiveness is based on low prices and product quality.	Its competitiveness is based on product quality, low prices, speed of production, and design.	Its competitiveness is based on product quality and differentiation.
Segmentation	Has a defined and structured customer segmentation process.	Has a defined and structured customer segmentation process.	Has a defined and structured customer segmentation process.	Has a defined and structured customer segmentation process.
	Has marketing strategies for each segment.	Does not have marketing strategies for each segment.	Does not have marketing strategies for each segment.	Does not have marketing strategies for each segment.
Clients	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.	Recognizes the importance of customers and is concerned about having excellent communication with them.
	Has a lot of information from their customers and often uses it to make decisions. Information is systematized.	Has a lot of information from their customers and often uses it to make decisions; however, it is not systematized.	Has a lot of information from their customers and often uses it to make decisions. Information is systematized.	Has a lot of information from their customers and often uses it to make decisions. Information is systematized.
Product	Has a department that is responsible for the development of new products.	Has a department that is responsible for the development of new products.	Has a department that is responsible for the development of new products.	Has a department that is responsible for the development of new products.
	Packaging design is done by an external marketing and advertising firm.	Packaging design is done by an external marketing and advertising firm.	Packaging design is done by an external marketing and advertising firm.	The company's marketing area carries out the packaging design.
	The differentiating factors of its products are quality and variety.	The differentiation factors of its products are the quality of the raw material and the manufacturing.	The differentiating factors of its products are the speed of manufacturing, the price, and the design.	The differentiating factors of its products are quality and differentiation.
	Products are mainly in the growth and maturity stage	Products are mainly in the introduction stage.	Products are mainly in the growth and maturity stage.	Products are mainly in the maturity stage.

Table 3. Individual analysis of each case (Continuation).

Price	Defines the prices considering the costs, the desired profitability, and the market. Has a parity price strategy. The price strategy seeks to maintain and increase market share.	Defines the prices considering the costs, the desired profitability, and the market. Has a low prices strategy. The price strategy seeks to maintain and increase market share.	To define the prices, the costs, the desired profitability, and the market are considered. Has a low prices strategy. The price strategy seeks to maintain and increase market share.	To define the prices, the costs, the desired profitability, and the market are considered. Has a high prices strategy. The price strategy pursues the achievement of financial goals.
Distribution	Distributes its products through intermediaries. The determining factors for selecting the distribution network are logistical. Bases its relations with the channel on trust and closeness. Uses information technology to manage the channel.	Has their sales points and also distributes its products through intermediaries. The determining factors for selecting the distribution network are logistical. Bases its relations with the channel on trust and closeness. Uses information technology to manage the channel.	Has their sales points. The location of the sales points is defined according to the geographical location of its customers. Uses information technology to manage the channel.	Has their sales points. Sales are made in a personalized way through commercial advisors. Uses information technology to manage the channel.
Communication	Has defined and structured a communication plan for its products. Uses the following communication strategies: Advertising, sales promotion, personal selling, direct marketing, public relations, and word-of-mouth. Analyzes the profitability of their communication strategies. It is supported by a media agency for the implementation of the strategy.	Does not have defined and structured a communication plan for its products. Uses the following communication strategies: sales promotion, personal selling, direct marketing, and word-of-mouth. Analyzes the profitability of their communication strategies. It is supported by a media agency for the implementation of the strategy.	Does not have defined and structured a communication plan for its products. Uses the following communication strategies: sales promotion, personal selling, direct marketing, social media, and word-of-mouth. Analyzes the profitability of their communication strategies. It is not supported by a media agency for the implementation of the strategy.	Do not have defined and structured a communication plan for its products. Uses the following communication strategies: advertising and word-of-mouth. Does not analyze the profitability of their communication strategies. It is not supported by a media agency for the implementation of the strategy.
Innovation	Does not have a structured research and development area. Rates its capacity for innovation at 4.0 on a scale of 1 to 5. Considers market trends, consumer behavior, and raw material availability to develop new products. Launches new products at least twice a year.	Does not have a structured research and development area. Rates its capacity for innovation at 3.5 on a scale of 1 to 5. Considers market trends and availability of raw materials to develop new products. Launches new products at least three times a year.	Does not have a structured research and development area. Rates its capacity for innovation at 3.5 on a scale of 1 to 5. Considers market trends and consumer behavior to develop new products. Launches new products monthly.	Does not have a structured research and development area. Rates its capacity for innovation at 4.0 on a scale of 1 to 5. Considers consumer needs to develop new products. Launches new products frequently.

Source: own elaboration.

5. Cross-case analysis and discussion

Once the individual analysis of each company has been conducted, we move on to this section, which assembles a comparative analysis of the results obtained in this study, considering the main dimensions analyzed. The empirical evidence obtained shows the following results for each variable.

5.1 Structure of the marketing area

Only two of the companies interviewed have a structure in the marketing area; the other does not have this area structured. As previously evidenced by [Esposito \(2013\)](#), the area is not created, and they do not have a strategic marketing plan. There is a preference for formalizing the commercial area rather than the marketing area, which has been confirmed by [Lobontiu & Lobontiu \(2014\)](#). Companies A, B, C, G, and H have constructed the commercial area, and from there, they organized marketing and sales activities, which are limited to the availability of their resources ([Franco et al., 2014](#)). Despite not having a formalized marketing area, these companies carry out marketing activities and recognize the importance of these activities for their excellent performance.

In all eight companies, the founder is the general manager and is also in charge of the marketing area and makes all decisions, which is supported by [Bretcu \(2014\)](#) and [Franco-Ángel and Urbano \(2016\)](#) in their studies.

According to the interviews:

"The commercial area is in charge of implementing the strategies that we define in the management area... these vary according to the behavior of the clients and can be decided at any time." (Company B manager)
"The heart of my company is the sales force. They do everything... they are in charge of understanding and satisfying customers, and they vouch for the revenues." (Company G manager)

5.2 Positioning

All companies know their market share, but five of these do not know the profitability of the segments. In contrast, all eight companies have a good knowledge of their competitors. Furthermore, they state that they are positioned in the market because their customers recognize them and often prefer them, which is also confirmed in research by [Franco-Ángel and Urbano \(2016\)](#).

According to the interviews:

"We know the position of our competitors and know why the clients prefer us." (Company A manager).

In general, competitiveness is based on product quality. Three companies compete with low prices;

although they do not have a formal system for managing customer information and market research is informal and intuitive, it is evident that they are very close to their customers, and these are very important to them. [Kajalo and Lindblom \(2015\)](#) evidence the closeness that SMEs have with their customers and confirm that this increases their competitiveness.

According to the interviews:

"Our market positioning is due to product quality. This is the most important for us. Clients must be satisfied." (Company H manager)
"Customers know that they always find a wide variety of products in our stores that are the latest fashion trend and hold fair prices." (Company F manager)

5.3 Segmentation

Eight companies have a structured market segmentation process and recognize the importance of segmentation for their performance. This is supported by [Kotler and Armstrong \(2017\)](#), who state that a better identification and understanding of customers can ensure greater financial efficiency. However, only three of these companies have marketing strategies for each segment which means a problem for their positioning. It is evident that different customer groups require different marketing strategies ([Valeriu et al., 2011](#)). Despite this, companies claim to know their customers well and address their marketing activities to them.

According to the interviews:

"We know who our clients are and focused the marketing strategy on them." (Company B manager)
"We reach all our clients despite not having enough resources to do differentiated marketing." (Company C manager)

5.4 Clients

All companies recognize the importance of clients and are concerned about having excellent communication with them, following up with them, and being very attentive to customer satisfaction surveys, complaints, and claims. Also, all companies agree that they are very close to their clients and strive to develop long-term relationships with them, as found by [Kajalo and Lindblom \(2015\)](#). They argue that this orientation toward their customers has positively impacted firm performance, in line with the findings of [Hassen and Singh \(2020\)](#), [Kajalo and Lindblom \(2015\)](#), and [Zulu-Chisanga et al. \(2016\)](#), who argue that understanding customers generates market differentiation and competitive advantage. Besides, these companies claim to have a lot of information from their customers and often use it to make decisions. Nevertheless, only four companies have systematized this information.

According to the interviews:

"For us, our clients are the company's heart. They are our reason for existing, and we want our customers to always be with us." (Company D manager)

"In our company, customer service is our banner. From the doorman to the manager, we are ready to welcome customers. Customers are our treasure." (Company H manager)

"We have a lot of information from our clients and often use it to make decisions, but do not have an information systematization process." (Company B manager)

These companies determine the loyalty of their customers based on the volume of their orders and re-purchase and do not have defined indicators to measure customer loyalty.

According to the interviews:

"We don't use indicators to know if customers are loyal, but we have knowledge about this.... If they come back to buy from us, then clearly, we have to retain them." (Company C manager)

"If customers are satisfied, they come back and keep buying. They bring other new customers. We are more interested in new customers because those who are already customers are easily maintained." (Company G manager)

5.5 Product

All the interviewed companies are producers and marketers. Products differentiate mainly by quality. All firms care about satisfying the needs of their consumers. Additionally, the companies ensure that they constantly obtain information on the performance of their products in the market through satisfaction surveys and personalized meetings with their clients. This information allows them to improve their value offer, maintain their position in the market, and develop new products (Um & Kim, 2018; Joensuu-Salo et al., 2018). They agree that differentiation in their products has given them an advantage over their competitors. As evidenced by Bodlaj and Cater (2022) and Nagle and Müller (2018).

According to the interviews:

"We want our products to meet customers' needs and go beyond this. We want customers to have a wonderful experience with them." (Company E manager)

"Our products are our value offer to customers, and our mandate is to comply and not fail our customers. It is sacred to us." (Company C manager)

5.6 Price

All eight firms have a pricing strategy and recognize its importance in competitiveness, as discussed by Hofer et al. (2019). Three firms have a price parity strategy and compare themselves to their strongest competitors.

Another three maintain a low prices strategy and argue that they manage to remain in the market by lowering their costs as much as possible. And the other two support a high prices strategy given the differentiation of their products.

In terms of their pricing objectives, six companies seek to maintain and increase market share, while two companies pursue the achievement of their financial goals. The clarity of SMEs in their financial objectives has been confirmed by Franco-Ángel and Urbano (2016), who found that although the processes in these companies are not very structured, there is a great effort to define and maintain a financial strategy that allows them to achieve sustainability.

According to the interviews:

"We track the prices of our strongest competitors and adjust our prices to theirs." (Company C manager)

"Having competitive prices in the market is our main concern. We don't want to lose our customers. So, if the competition lowers its prices, we also do it, always looking to lower our costs so as not to affect the profitability." (Company F manager)

"Our products are differentiated in the market, and our customers are not so price sensitive. They are more interested in the quality and performance of the products." (Company H manager)

5.7 Distribution

Four companies distribute their products directly to customers at their sales points and use intermediaries. Two companies sell their products only at their sales points. And other two use only intermediaries.

Most companies use geographical and logistical criteria to select the distribution channel. Their main interest is that the channel allows the products to reach all their customers in the shortest time possible and maintain the quality. In addition, companies argue that they are very interested in maintaining good relationships with members of the distribution channel — based on trust and closeness — and to recognize them as a strategic partner. In that sense, Kumar, Sharma, Shah, and Rajan (2013) suggest that distribution network design and management lead to customer loyalty. Kumar, Sunder, and Sharma (2015) show that a successful distribution process positively influences firm performance.

According to the interviews:

"We manage the channel relations through constant visits to their members, this proximity has allowed us to develop relationships of trust with them and increase their loyalty in the long term." (Company D manager)

"The distribution channel is our right hand. Thanks to them, we can have greater geographical coverage, greater customer satisfaction, and a bigger sales volume." (Company A manager)

5.8 Communication

Only four companies have a structured communication plan and a defined budget for these activities. However, all companies state that there are always resources to carry out the necessary actions to achieve the company's objectives.

All companies consider direct communication with their customers one of their most significant advantages, as it allows them to build better relationships. This finding is confirmed by [Masnita et al. \(2019\)](#). These companies see word-of-mouth as a communication and prestige tool, as evidenced by [Keshari \(2021\)](#).

According to the interviews:

"We are in permanent communication with clients and strive to maintain a good image with them, transmitting transparency in the way we do business and security in the quality of our products." (Company A manager)

"The customers themselves are the ones who recommend the products to their acquaintances. So quality is vital to us. My family and I use the new products before they are launched, so we check their quality and comfort." (Company H manager)

The most used strategies for these companies are advertising, sales promotion, public relations, personal selling, and direct marketing. Only three companies use social media. Most companies are supported by a media agency to implement their communication strategy.

In general, the indicator of return on marketing investment is the volume of sales achieved, and the communication strategy is approved by the general manager and his/her management team.

According to the interviews:

"We know that investment in marketing works when sales increase. That's our indicator." (Company E manager)

"The way to know if the communication strategy is working is throughout sales. If the product doesn't sell, we stop investing immediately." (Company E manager)

5.9 Innovation

The companies interviewed relate innovation to the development of new products and state that launching new products at least once a year is essential for competitiveness. This finding agrees with the studies of [Hanaysha et al. \(2022\)](#) and [Ioanid et al. \(2018\)](#), who found that product innovation is important for a firm's sustainability. Hence, these companies consider themselves innovative as they constantly develop new products, in contrast to the study of [Ayele and Barabadi \(2019\)](#), who find a low tendency towards innovation in SMEs.

According to the interviews:

"Although we do not have many resources, we are always concerned about innovations in our products to respond to the needs of our customers." (Company G manager)

On the other hand, there is no structured research and development area nor an established budget in the studied companies. However, the interviewees state that the companies pursue differentiation in the market. For this purpose, they resort to innovation, because they consider it an important issue for competitiveness, which is confirmed by [Aksoy \(2017\)](#). Therefore, the innovation strategy is present, and when resources are required, they are allocated as long as the investment generates opportunities.

According to the interviews:

"When the time comes to develop a new product, we allocate the budget. Of course, this is done when we are sure that the product has a lot of potential." (Company D manager)

In general, these companies develop their products seeking to satisfy the needs of their customers and respond to market trends, as evidenced by [Hassen and Singh \(2020\)](#).

"We are always innovating because we serve our customers in a personalized way and develop products to meet their needs." (Company H manager)

6. Limitations and suggestions for further research

The limitations of this study include the size of the sample and its structure. Further research could include a larger sample and analysis of the impact of the dynamic marketing capabilities on the SMEs' financial performance. On the other hand, it could be relevant to understand how SMEs develop these capabilities and how they could improve them. The study also calls for qualitative research on dynamic marketing capabilities adopted by successful SMEs to understand their behavior and best marketing practices, which can be transferred to other firms for improvement.

7. Conclusions and practical implications

This study shows that in contrast to large companies, SMEs use marketing in a casual and reactive way, paying little attention to structured and formal plans.

The results show that founder-managers of SMEs are in charge of defining the marketing strategy, which is driven by their perception of the market. This strategy is based on the information obtained from their customers through their proximity to them. These companies emphasize customer satisfaction, their flexibility in serving them, and their willingness to provide quality products and excellent service as key elements in gaining customer loyalty.

During the interviews, recurrent behaviors were found in all eight companies, e.g., giving greater importance to sales than to marketing, and operating with restricted resources, meaning the budget for marketing and innovation areas. In addition, a pragmatic vision of marketing is observed, where strategies that allow taking advantage of market opportunities, sustaining, and growing, and a great passion for "being" and "being part of" are privileged.

The interviewees agree that their companies have been successful in the market, are recognized, and have prestige and legitimacy in their environment. In addition, they consider that the way they define and implement the marketing strategy for their companies has been successful.

To achieve sustainability, growth, and competitiveness, SMEs must develop dynamic marketing capabilities that enhance them to respond to the market effectively. In this study, it is observed that firms know the market, have identified their customers and monitor their competitors; they are close to their clients and build long-term relationships with them; offer high-quality products to satisfy the consumer needs; have clarity on their price strategy which is oriented to the market; maintain good relationships with channel members and based them on trust and closeness, and develop new products constantly. All companies agree that these marketing capabilities have been essential to remain in the market.

This study has numerous practical implications. The findings show that SMEs that manage to stay in the market, like the ones studied here, despite their weaknesses and restricted resources, have marketing capabilities they have developed with their market and customers' knowledge and experience. These capabilities have contributed to increasing the competitiveness of studied companies. Hence, owners and managers should realize that dynamic marketing capabilities are vital to their firms for obtaining a distinctive competitive advantage and devote attention to understanding the benefit of these capabilities in their companies.

The present study has improved our knowledge by providing empirical evidence on the linkages between performance and dynamic marketing capabilities in SMEs.

Conflict of interest

The authors declare no conflict of interest.

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