

Marketing Of Small And Medium Sized Enterprises In Mongolia

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ABSTRACT: Small and medium sized enterprises (SME's) play important role in to enhance economy of any country, in Mongolia it is not only help to develop economy of the country but as same time it is source to create new jobs for unemployed. As larger firms downsize and outsource more functions, the weight of SMEs in the economy is increasing. In Mongolia, most potential business sector completely rely on marketing for its growth and ventures. This is evident of majority of business enterprises in other sectors, falling out of business a few seasons after its inceptions. Among all business sectors food processing and manufacturing, pharmaceuticals, and textile industries are highly growing business in Mongolia. Focusing these points a study was undertaken with wide objectives to investigate the current problems with marketing in Mongolia related to small and medium sized enterprises (SME's) with marketing techniques, which allows businesses to establish competitive advantage and compete effectively with substitute products. These techniques were briefly analyzed in Mongolia. According to the findings that small firms need to upgrade their management skills, their capacity to gather information and their technology base. Along with governments need to improve SME access to financing, information infrastructures and international markets. Providing regulatory, legal and financial frameworks conducive to entrepreneurship and small firm start-up and growth is a priority.

Keywords : Small and medium sized enterprises, marketing, firms, Mongolia

INTRODUCTION

Mongolia, like other emerging countries faces numerous challenges not only in sustaining the established infant enterprises, but also faces same problems in the marketing sector of the same. In Mongolia, most potential business sector completely rely on marketing for its growth and ventures. This is evident of majority of business enterprises in other sectors, falling out of business a few seasons after its inceptions. Among all business sectors food processing and manufacturing, pharmaceuticals, and textile industries are highly growing business in Mongolia. The initiation of these industries was taken after hinged on the support of crucial Enterprise Growth Program donations from Japan, which amounted to 5.8 million Euros and excluding other bilateral donors' contribution and trade support. Despite the fact, that Mongolia has strived to establish infrastructural to sustain small and medium sized enterprises (SME's) in other potential industries and in the sectorial organizations (for example chamber of commerce and business association) in terms of financial endowment, hinders the operations of the associations to serve properly their members and safeguard their interest. The Mongolian government has not injected enough funds in ICT projects to meet the requirements. Hence, the failure of its business ventures is attributed to slow pace of improvement and business transition from small and medium to large-scale business due to that trade not gets enough publicity to attract large pool prospect customers. The small and medium sized enterprises in Mongolia have adopted marketing strategies, though not unique as in emerging and developed economies but the government has varied how these techniques could carry out. For example, other economies advocate for superior product differentiation from producers who produce similar products, the same strategy in Mongolia could be applied for co-branding firms. The undertaking of this strategy, by firms of the same industry, aims to strengthen the performance of their merchandise. This is through consolidating a bargain foundation to safeguard the

interest of their businesses and to capture the attention of the consumers to their products. For example, co-branding of textile products helps infant business to grow immensely because guaranteed sales, sold their products through favorable "brand name." Ultimately, These and other marketing techniques aims to ensure customer's satisfaction and retention, thus establishing a guaranteed market for the groups' products at a rewarding price is necessary. Marketing has gained momentum in Mongolia, which aims to bring a paradigm shift in revenue generation by changing marketing modalities for their products. This technique is viable regardless of whether or not the business is a monopoly because of consumer dynamism and empowerment. Hence, marketing of small and medium sized enterprise depends entirely on a comprehensive understanding of consumer needs, and the available promotional tools. Mongolian SME's has adopted various low-cost but high-impact marketing techniques, which allows businesses to establish competitive advantage and compete effectively with substitute products. These techniques are briefly discussed below:

1. PROMOTIONAL STRATEGY

Small and medium sized firms, during their inception, faces difficulties in taking control over customers taste and preferences. Hence, these firms resort to promotional marketing techniques to create awareness and influence for their consumers' choice. The most common promotional activities present in Mongolia are advertising using both print and non-print media. Print media most used include banners, posters, and newspaper advertisements. Currently, the use of business cards and business brochures is gaining acceptance because of their huge impact due to high customer retention and due to high record of repeated sales. Personal selling support SME's marketing in Mongolia it helps firms in identifying customers' needs to further persuade or influence their consumption patterns or behaviors. Publicity is another form of unpaid expo-

sure that firms enjoy, which emanates from media coverage and editorial items from broadcasts. The publicity depends on the geographical coverage of the media houses, their credibility and trustworthiness. If customers have a negative perception towards certain media houses, using the same to advertise or create publicity will only damage the business reputation further. Sales promotion is a promotional technique for advertising. It offers discounting after potential sales services to customers. For example, in ICT, which is an infant industry in Mongolia, people are not technologically advanced. Hence, installation services and repairing facilities are available to aid the clients to transit with ease to e-commerce.

2. GUERRILLA MARKETING

This technique provides a surprise element to all the stakeholders in the economy such as the consumers and competitors. It is possible through creation of messages and slogans through instilling and spreading among consumers. The infectious and rebellious nature of the contents in the messages used for guerrilla marketing allows for the development of a robust communication structure that regulates eminent competition that has potential to affect the business operation. The series of surprise attack has a tendency to divert the business operation of the competitors and attract the customers' attention on the products offered. These forms of domestic marketing enable the SME to enlighten their consumers on the quality of products available for sale on time and every time they need the products. Industrial marketing also takes the same course and stimulates the desired result in the industry. Like guerrilla, industrial marketing employs various promotional tools in marketing for their products. A good example is the World Wide Web and the internet, which is widely being used in Mongolia to support the growth of small ventures. Various social sites or programs for example Facebook and Twitter have enabled the spread of these messages via the internet.

3. CLUSTER APPROACH

This strategy has been the fundamental reason for the growth and sustainability of small and medium sized enterprises in Mongolia. The infant enterprises in specific sectors are forced to merge, amalgamate, or co-brand their merchandise so that they create a formidable bargaining block to fight off the well-established competitors. Therefore, mutual understanding between members is a crucial factor that ensures the interest of all members. The advantage with cluster marketing to small and medium sized enterprise is their capacity to dictate their terms of sale like the monopoly, but they do so while considering customer satisfaction unlike in monopoly where customers opinion have little or no impact at all. This strategy has been beneficial to infant textile traders and mining industries.

4. BUZZ MARKETING

This is an emerging form business promotion most done by word of mouth but conveyed via various modes of communication including the internet options and mobile phones. The outcome is creation of a buzz involving specific firms' products or co-branded products, which serves as an advertising instrument. The involvement of the media in the process is a sure way of exploiting the marketing opportunity because of the massive coverage of some forms of media including the radio, which is widely used in Mongolia by small-scale merchandise to reach to their customer. Buzz marketing aims at using opinion shapers in society or their social networks to bring about

the desired change by influencing other consumers opinion about the products. In addition, this approach by small firms to market themselves helps in launching of new products because of appealing features towards concentration on the brands. When buzz marketing concentrates on social networks to entice their customers toward their brands by circulating information whether by word of mouth or media campaigns, the messages spread faster like viruses, hence the term viral marketing.

5. NICHE AND LOCAL MARKETING

This form of product promotion has gained prominence in Mongolia because of the disparities in social class among the citizens. These disparities create inequality in production of goods and services whereby manufacturers target different persons in the society. Adopting of such marketing strategies will automatically sideline certain groups of people who will not access the products due to high prices. Therefore, these infant industries are started to fill the gap left by large companies, and focuses their production at meeting the needs of underserved lot in the society. The advantage of identifying a niche is that it deters competition from potential competitors; because products are tailor-made for customer satisfaction, hence guarantee a high customer loyalty to the brand products. In Mongolia, local marketing is appreciated especially in medicine and pharmaceutical sector. This is due to the variations in climatic conditions across the region, which predispose people to different health needs, hence the reason for local and niche marketing to raise consumers awareness on what they need. Similarly, this strategy complements individual marketing where firms select specific customers to serve disregarding the heterogeneity in customer needs.

6. PRICING APPROACH

This marketing technique is possible in two ways. One, through market-oriented pricing and customer oriented pricing. Market oriented pricing involves fixing of prices at the competitors rate or slightly below that to increase sales. Consequently, customer oriented pricing involves setting of prices to a level that is considered fair by the clients but has desired returns for the enterprise. Therefore, pricing techniques in Mongolian markets, which facilitates marketing, are diversionary pricing. This refers to quoting of low prices for basic products to attract prospect clients. The aim of this move is to entice the customer to consume the basic products, which seems to be within financial reach because of the initial low prices. Subsequently, the customer may end up consuming more than just the basic that attracted them to the enterprise, hence, paying slightly higher for the subsequent commodities can increase the sales. Instances where high prices are associated with good quality, high price maintenance pricing technique forms the basis of attracting the high-income earners. This is because of different income levels and living standards by people in every society, of which Mongolia is no exceptional. Similar to diversionary pricing is, offset pricing, whereby fees for installation or subscription to subsequent services or products are highly priced to compensate for the low initial prices that enticed prospect buyers.

7. FORTRESS-FLANKER STRATEGY

As pointed out earlier, individual firms could merge to strengthen their bargain power in the market. This is a fortress approach aiming at reducing eminent competition from the mar-

ket. It involves repelling attacks from competitors, elevate customer satisfaction, and enhance repeated purchases. In the event that individual businesses or a merger are facing potential competition from the already established firms, these groups develop a product complementing the products being fought but of low price and slightly low quality than the original brand- flanker product. This product appeals to a low-income earning segment and helps safeguard the sales of the original brand or compensate for volume of the original brand not sold due to competition.

CONCLUSION

Branding, as a marketing technique, enables customers to identify products from certain producers while market research enables producers to understand customers' needs and develop tailor-made products that are branded basing on customers understanding and liking. Branding hints the quality expectation to customers because certain group brands are associated with genuine brand products whereas others are not known to be of poor quality. The advantage of branding in general is that it gives psychological satisfaction to consumers as a result using a socially accepted or respected commodity. Conversely, branding helps firms to segment the market for a variety of its product. This is especially crucial in Mongolia where the population is heterogeneous in terms of composition and needs. The above marketing techniques could be beneficial for various business sectors in Mongolia, its government's responsibility to introduce and promote the International Labor Organizations and arrange training programs for them, which emphasize on small and medium sized enterprises to know their business and learn to grow it through effective marketing research.

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