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**CUADERNOS DE SOFÍA
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INTERNATIONAL MARKETING ACTIVITY OF FAMILY BUSINESS

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Abstract

International marketing activity plays a key role in the enhancement of competitiveness and prosperity of family business in the region of Blagoevgrad. In this context, the aim of this paper is to assess the international marketing activity of family business from the point of view of the opportunities for development of this business. For the achievement of this aim was conducted an independent questionnaire survey among 48 representatives of family business from Blagoevgrad region. Based on the analysis and assessment of the results are made some general conclusions.

Keywords

International marketing activity – Family business – International market – Factors – Strategies

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Introduction

A business which conducts international marketing activity has the opportunity, with certain resources to satisfy its customers better as well as, to provide long-term, stable presence for itself on the world markets. This could be explained with the fact that the contemporary world is characterized by the growing importance of the processes of connection and interdependence of the social and economic life of different countries¹. In this situation

“unions of all types are becoming more and more popular, especially in international business: joint ventures, participation with small share (especially cross holdings in which the partners own equal percent of each other's share), research and marketing unions, agreements for exchange of licence and know-how, trade unions etc. The internationalization of business is increasing by the broader application of new forms of participation of the firms in this process”².

The new business environment is a prerequisite for the appearing and development of new type of organizations, multinational companies, international strategic unions, small and medium enterprises, different types of unions and entrepreneurial networks, virtual enterprises³. Furthermore, key importance for the effective realization of marketing activity on the international market is played by the participation in some kind of international cooperation. This, in turn, provides better flexibility and adaptability of the family business in the dynamic changes in the international environment. At the same time, the application of different forms of international cooperation is one of the useful measures both for increasing the international activity and for achieving competitive advantage on the international markets.

It is necessary to consider the fact that the internationalization of the activity of firms, their appearing on world markets and the enhancement of their international economic activity put special demands and responsibilities of marketing in all its aspects⁴. Moreover, marketing is considered to be the most important function of family business. With the help of marketing this business can develop more effectively due to the high effectiveness of economic activity.

It is obvious, that the management of family business based on contemporary methods of international marketing especially in dynamic international environment is a prerequisite for successful and longterm presence on the market. In this connection, Marinova points out that international marketing is a combination of all types of marketing activities, planned and conducted with the aim of increasing the effectiveness of the business on international market⁵. In scientific literature, the topic of international activity of business is discussed by several authors. They tackle the issue from different perspectives. For example, some authors discuss it from the point of view of foreign market expansion and foreign entry modes⁶. Others, view international activity as export

¹ G. Georgiev; V. Kalchev y B. Andonov, *Vanshnoikonomicheska deinost* (Sofia: Trakiya, 2003).

² P. Drakar, *Menidzhmant za badeshteto* (Varna: 1997), 230.

³ D. Ivanova, “Promenite v marketinga na potrebitelski stoki I uslugi prez 21 vek”, *Upravlenie I ustoychivo razvitiye*, num 1 Vol: 25 (2010).

⁴ N. Marinova, *Mezhdunaroden marketing* (Sofia: Nov Balgarski Universitet, 2017).

⁵ N. Marinova, *Mezhdunaroden marketing*...

⁶ S. T. Cavusgil, “On the Internationalisation Process of Firms”, *European Research*, Vol: 8 num 6 (1980): 273-281 y J. Johanson y J. E. Vahlne, “The Internationalisation Process of the Firm: A

performance and success⁷. Some others, emphasize the different forms and the impact of cooperative arrangements when doing business in foreign markets⁸. Dunning defined international activity as the “totality of cross-border activities, whether related to the production or trade of assets, goods or services, and occur within the same institution or between independent economic agents”⁹. Avdokushin sees international activity of business in the same vein, stating that international trade is the most developed form of international economic relations and international entrepreneurship. He believes that the identification of specific forms and methods of entering foreign markets is one of the most important elements in international business. To traditional methods and forms of entering foreign markets Avdokushin refers the export of goods and services¹⁰.

The key role for the effectiveness of international marketing activity is played by correct organization and management of family business. That's why Marinova claims that one of the most important problems of international marketing activity is precisely the construction and functioning of suitable system of organization and management of this activity in accordance with the specific conceptions and requirements of international establishment¹¹. At the same time it is important to consider the fact that, at the basis of the organization of the international marketing activity of family business are put the accepted strategies. Because of this fact, one of the major issues of this business connected with the achievement of its marketing aims, is the development and application of effective international marketing strategy. In this connection, Karakasheva points out that the size and complexity of the international activity of the business require clear and precise definition of the aims and strategies with respect to optimal application of available advantages offered by the international market for its development¹². An important prerequisite for achieving success in international market activity of business, according to Naydenov, is the good knowledge of the countries in which it conducts its activity, researches international markets and chooses adequate strategies for appearing on these markets¹³. Practice shows that, at present, business is orientated mainly to the application of more than one strategy for appearing and increasing its participation on international market, which is a prerequisite for successful adaptation to the specifications of the markets of different countries.

Model of Knowledge Development and Increasing Foreign Market Commitments”, *Journal of International Business Studies*, Vol: 8 num 1 (1977): 23-32.

⁷ P. W. Beamish; R. Craig & K. McLellan, “The Performance Characteristics of Canadian versus UK Exporters in Small and Medium-sized Firms”, *Management International Review*, Vol: 33 num 2 (1993): 121-137; A. De Chiara y A. Minguzzi, “Success Factors in SMEs’ Internationalisation Processes: An Italian Investigation”, *Journal of Small Business Management*, Vol: 40 num 2 (2002): 144–153 y A. Haahti; V. Madupu; U. Yavas y E. Babakus, “Cooperative Strategy, Knowledge Intensity and Export Performance of Small and Medium Sized Enterprises”, *Journal of World Business*, Vol: 40 num 2 (2005): 124-138

⁸ E. Babakus; U. Yavas & A. Haahti, “Perceived Uncertainty, Networking and Export Performance: A Study of Nordic SMEs”, *European Business Review*, Vol: 18 num 1 (2006): 4-13 y N. E. Coviello y A. McAuley, “Internationalisation and the Smaller Firm: A Review of Contemporary Empirical Research”, *Management International Review* Vol: 39 num 3 (1999): 223–256

⁹ J. H. Dunning, “The study of International Business: A plea for a more interdisciplinary approach”, *Journal of International Business Studies*, num 20 (1989): 411-436.

¹⁰ E. F. Avdokushin, *Marketing in international business* (Moscow: Dashkov & K, 2007).

¹¹ N. Marinova, *Mezhdunaroden marketing* (Sofia: Nov Balgarski Universitet, 2017).

¹² L. Karakasheva, *Mezhdunaroden marketing* (Sofia: Prizma, 2012).

¹³ N. Naydenov, *Mezhdunaroden marketing. Analiz, strategii, realizatsiya* (Sofia: Stopanstvo, 1999).

The effectiveness of international marketing activity of family business is greatly influenced by the factors of the marketing environment. Knowing the factors, is a prerequisite for the development of predictions of longterm or short-term time aspect of international activity of family business, as well as, considering their influences and using the favourable opportunities. The appearing of a certain firm on the world market, the building, consolidation and development of stable market position abroad is a longterm process objectively defined by the influences of several controllable and uncontrollable factors¹⁴. In her understanding of the essence of international business Marinova consider the fact that this business is characterized by a variety of factors, both national and international, determined by the specifications of the respective markets¹⁵. The cited author adds, that in the environment of constantly changing and varied conditions to have successful international marketing activity, the business should concentrate its efforts on the management of some controllable factors like planning the development of its products, optimization of prices, development of its distribution policy and improving the methods and resources of appearing and staying on international markets¹⁶.

In the context of the above outline, the aim of this paper is to assess the international marketing activity of family business considering the opportunities for the development of this business.

Methodology

This study has used the primary data. The primary data was collected through a survey, which was distributed to 48 representatives of family business. The survey was a sample one of representative character. Direct survey in which respondents themselves fill in the questionnaire was used as a data collection method.

The study was limited in time and place. The survey was conducted between August-September 2019 in Blagoevgrad region in Bulgaria. Statistical methods were used to analyze and evaluate the results obtained in the study as the observation method and the method of grouping, the method of analysis, table and graphs method.

Using questionnaire as research instrument enables the collection and analysis of quantitative data using descriptive statistics. Data were collected from these enterprises using an own questionnaire, due to the fact that it corresponds to a high degree to the goals set for this current research.

Results and discussion

In order to achieve a better and more complete understanding of the issue, we consider it necessary to outline the profile of family business. The results of the analysis of businesses according to application forms, shown in figure 1, reveal that the biggest part belongs to LTD (56.3%), followed by SLTD (27.8%) and ST (15.9%).

¹⁴ L. Karakasheva; L. Mencheva; D. Dinkov y B. Markova. *Mezhdunaroden biznes* (Sofia: Prizma, 2001).

¹⁵ N. Marinova, *Mezhdunaroden marketing...*

¹⁶ N. Marinova, *Mezhdunaroden marketing...*

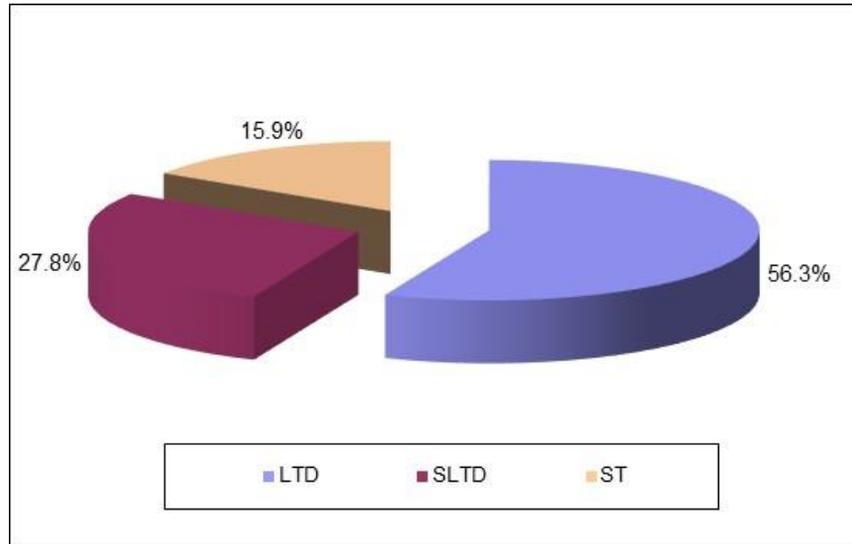


Figure 1
Distribution of family business according to application forms
Source: authors' own research

An important element in the characterization of family business is the choice of sphere of economic activity. The results in figure 2 show that, the biggest part belongs to representatives of family business in the production sector (76.8%), followed by the trade sector (15.6%). Considerably low is the percent of representatives of the service sector – 7.6%.

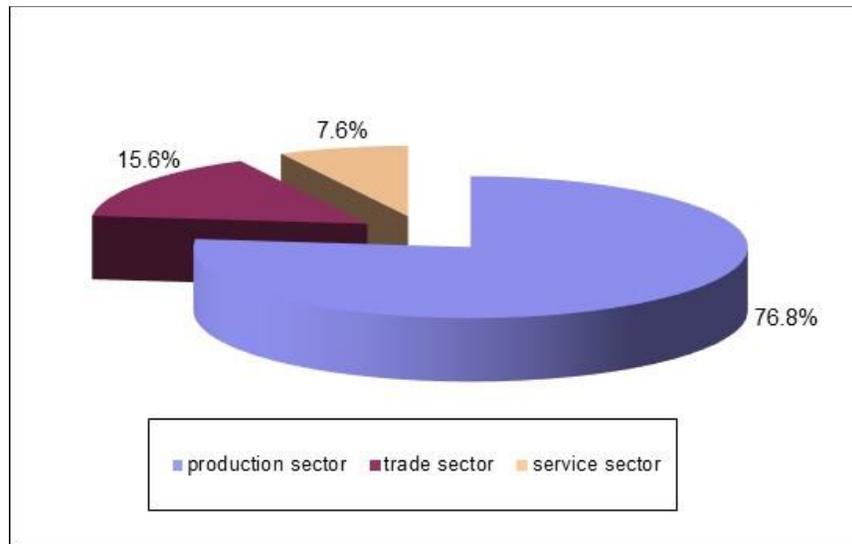


Figure 2
Distribution of family business according to sphere of economic activity
Source: authors' own research

The structure of the researched business could be discussed from the perspective of its size. From the results on figure 3, we can see that small enterprizes prevail 62.8%. Considerably small is the part of businesses with 50 to 249 employees – 23.9%. Only 13.3% of respondents point that they represent micro enterprizes.

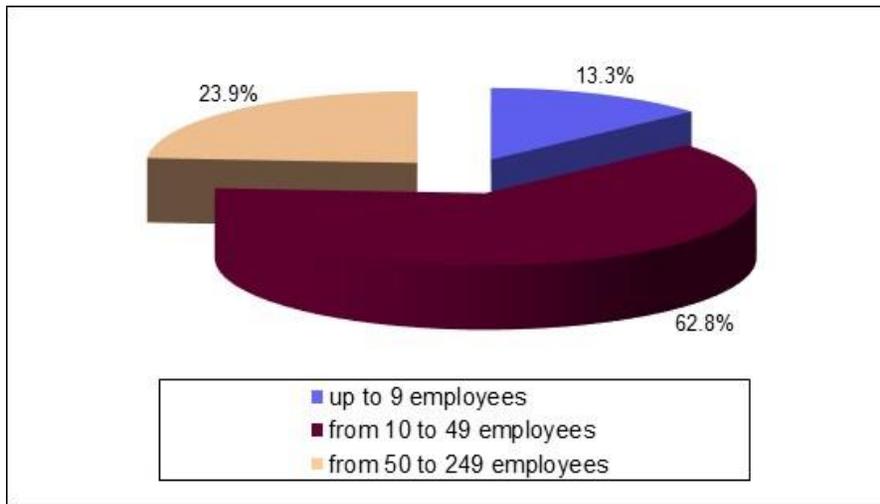


Figure 3
Distribution of family business according to size
Source: authors' own research

Of huge importance for the family business is the ability to conduct international marketing activity. With its help business manage to appear on the international market and win better market positions aiming at increasing its market shares. In this context, the results of the survey in figure 4 show that 66.8% of the representatives of this business claim that they conduct international marketing activity.

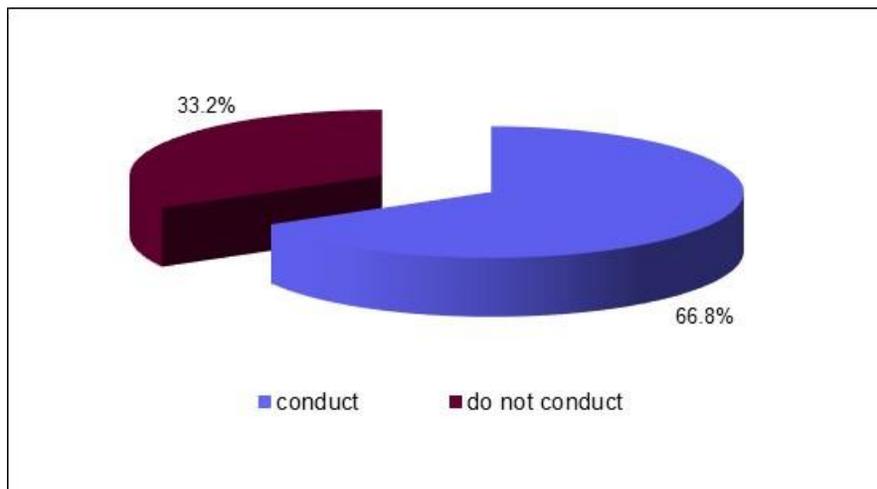


Figure 4
Distribution of family business according to the existence of international marketing activity
Source: authors' own research

It is interesting, when discussing the international marketing activity of family business to point out the issue of using mediators. It was found that 74.3% of respondents use mediators for the realization of their products or services on the international market (fig. 5).

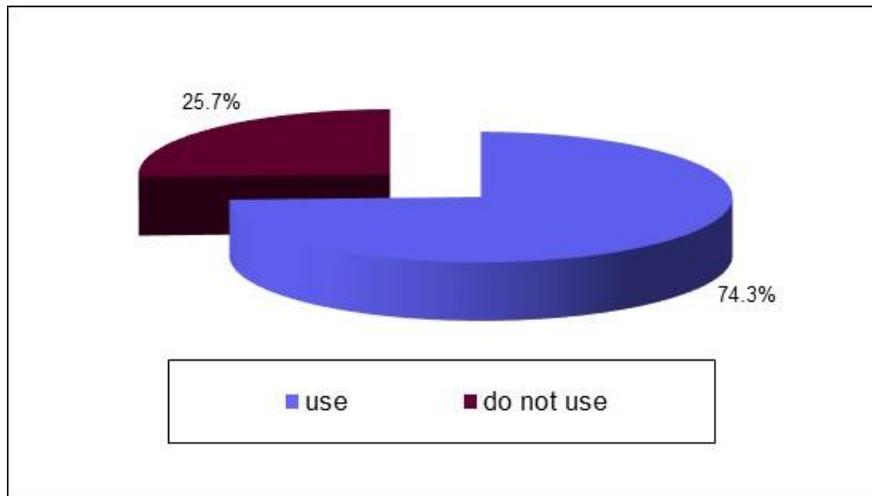


Figure 5

Distribution of family business according to the existence of mediators

Source: authors' own research

Also important for every business conducting international marketing activity, is the question connected with market research, the aspects of this research and the market countries. In this respect, the distribution of respondents presented in figure 6 based on whether or not they conduct market research, shows that a considerable part of them do such research – 83.6%. Quite small is the part of those who don't conduct market research – 16.4%, pointing as the main reason for that, the lack of personal experience.

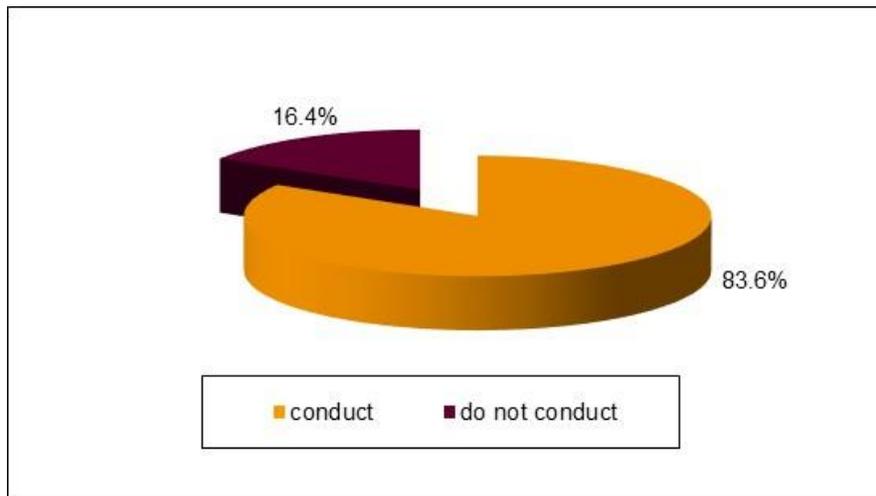


Figure 6

Distribution of family business according to whether they conduct research of the international market

Source: authors' own research

The results of the analysis of the aspects of the research of international market shown in figure 7, reveal that the main aspects of research are: demands of the market (24.9%); its configuration (8.2%); assortment and prices (28.6%); competitors (25.7%); cultural peculiarities (12.6%).

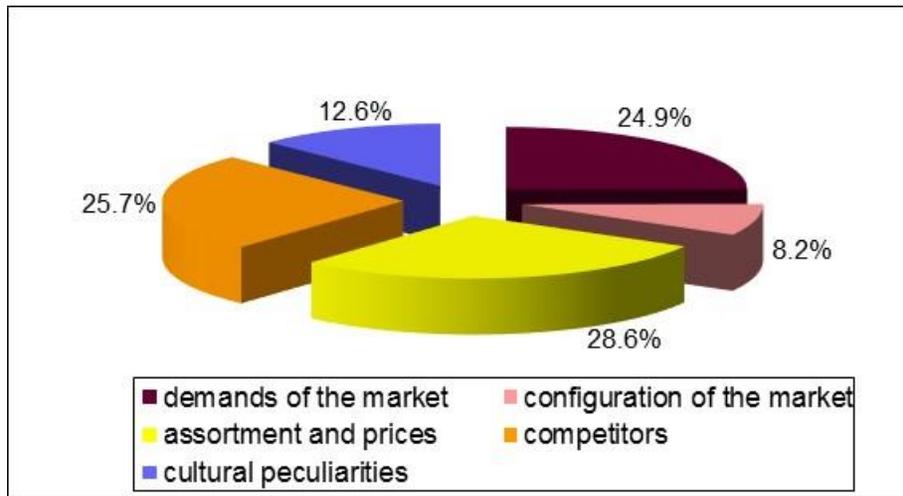


Figure 7

Distribution of family business according to the aspects of research of international market
Source: authors' own research

In connection with the distribution of family business according to the research of foreign markets, the results of table 1, show that the majority of respondents research the markets in Greece, Italy and Macedonia. It was found that the least interest they have in markets in Poland and Albania (table 1).

Research of foreign markets	Relative share, %
Greece	28.6
Italy	18.3
Macedonia	15.9
Serbia	10.1
Germany	6.7
Poland	2.3
Albania	1.7

Note: The answers are below 100% because not all respondents have answered that they research foreign markets

Table 1

Distribution of family business according to researching foreign markets
Source: authors' own research

It is also interesting to note the opinion of respondents with respect to the number of markets on which they conduct international marketing activity simultaneously (fig. 8). The results of the survey show that the dominant number is of those respondents which do such activity only on one market (83.1%), followed by the percent of those who operate on two foreign markets – 14.4%. Only 2.5% of representatives of family business state that they do international marketing activity on more than two foreign markets.

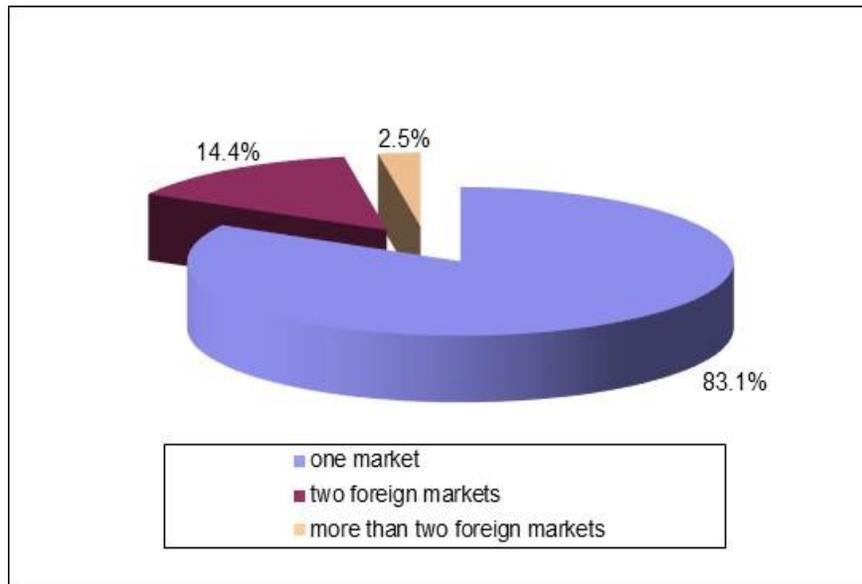


Figure 8

Distribution of family business according to number of markets on which it conducts simultaneous international marketing activity

Source: authors' own research

It is very important, for the correct decision – taking of family business whether to realize international activity to consider the influence of various factors. In this context, the results of figure 9 show that the biggest part of respondents (85.8%) analyse factors influencing the taking of managerial decision regarding international marketing.

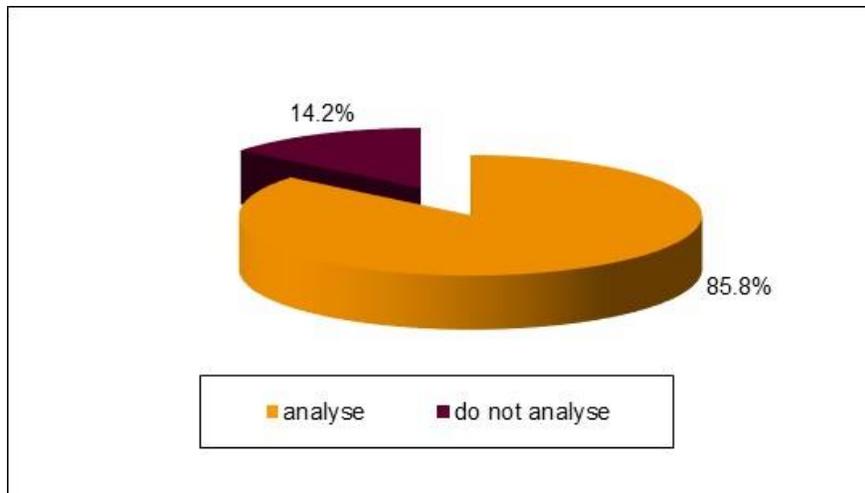


Figure 9

Distribution of family business according to factors influencing managerial decision – taking regarding international marketing

Source: authors' own research

As regarding the researching of the factors influencing the differentiation of markets based on products (fig. 10), it was found that 82.6% understand their influence, more precisely, with regard to differences in customer behaviour, differences in organizational structure of product market and differences in competition environment.

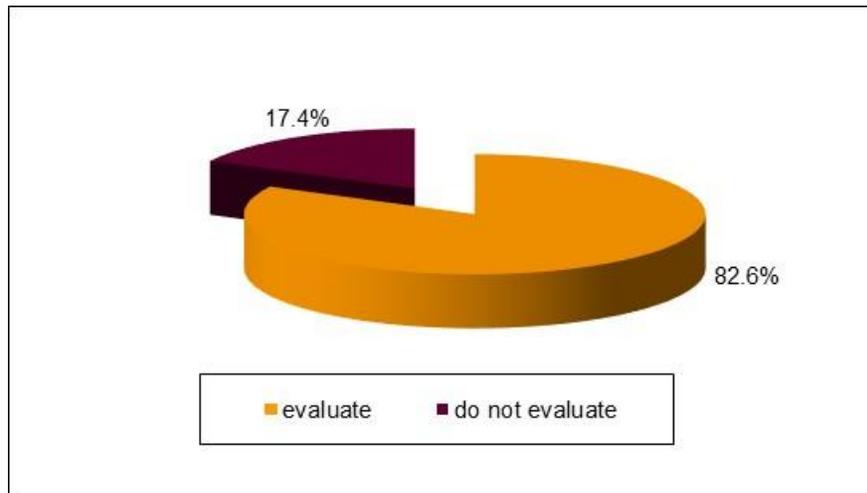


Figure 10
 Distribution of family business according to factors influencing the differentiation of markets with respect to products
 Source: authors' own research

As regards the factors influencing the formation of prices, 81.4% of representatives of family business claim that they analyse them (fig. 11).

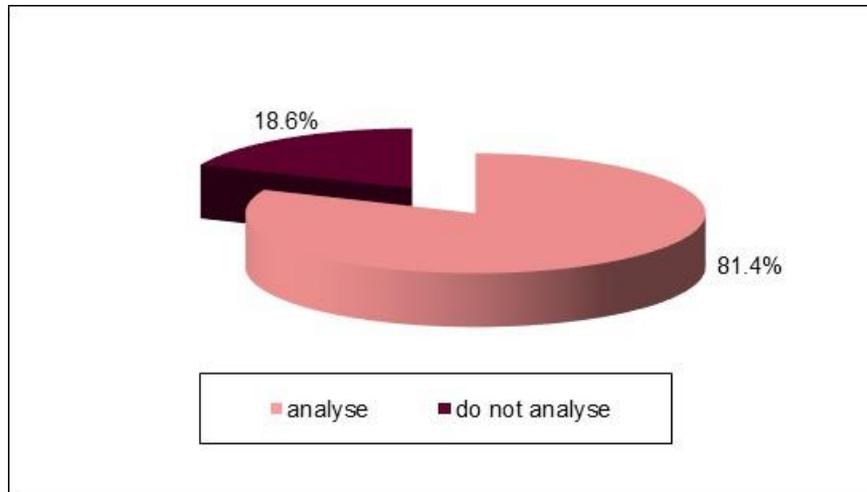


Figure 11
 Distribution of family business according to factors influencing formation of prices
 Source: authors' own research

An important practical question raised by the family business in connection with the reaching of basic and specific marketing aims, is the development and application of effective international marketing strategy. In this context, it was found that 81.2% of respondents use segmentational strategies (strategy of pre-segmentation, strategy of product specification and strategy of market specialization), as well as some specific business strategies (strategy of integration, strategy of focusing, strategy of product development, strategy of market development).

Considering the fact, that the achievement of success in the international competitive fight depends on the different forms of organization of international cooperation, it is of

huge importance to find out whether family business is aware of these forms and whether it takes part in such. In this connection, the survey shows that 36.7% of respondents are aware of the forms of international cooperation (fig. 12).

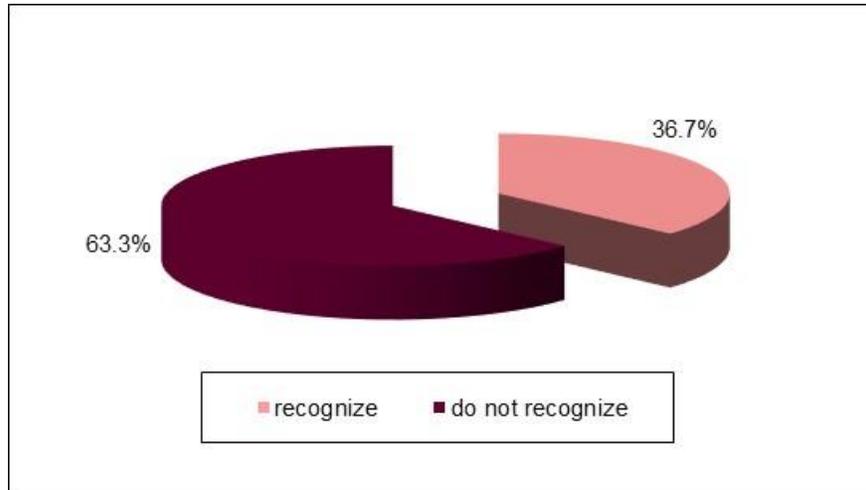


Figure 12

Distribution of family business according to awareness of the forms of international cooperation

Source: authors' own research

Additional analysis shows, that the most suitable forms of international cooperation on which family business based its activity are: joint enterprizes, franchising, managerial contracts and clusters.

Conclusion

From the above made analysis, following general conclusions could be made:

1. As regards the characteristics of family business present on the international market, it is found that the predominant are: enterprizes LTD according to application forms; enterprizes of production sector; small enterprizes.

2. As regards marketing research, the majority of representatives of family business state that they carry out research aimed at establishing the needs of the market, assortment, prices and competitors. At the same time, it is found that they research markets mainly in Greece, Italy and Macedonia. The main priority of a considerable part of respondents is the operation only on one foreign market.

3. The opinion of respondents is that, in the process of international marketing activity they should analyse mainly the factors influencing the managerial decision – making in international marketing; the factors influencing the differentiation of markets based on products; the factors influencing the formation of prices.

4. For the effective development of international marketing activity of family business of crucial importance is the development and implementation of segmentation and specific business strategies.

5. Small part of respondents are aware of the specifications of organizational forms of international cooperation. They define as the most suitable the following forms: joint enterprises, franchising, managerial contracts and clusters.

The research and analysis of the international marketing activity of family business in the region of Blagoevgrad show that it is necessary to take actions for the development of this activity. Primary emphasis should be placed on encouraging the international marketing activity of micro enterprises. Focusing the attention on the organizational forms of international cooperation is a prerequisite for the economic stability and successful development of business.

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