THE CHARACTERISTICS OF MARKETING ACTIVITY OF THE HUNGARIAN SMEs WORKING IN THE DAIRY AND MEAT PROCESSING INDUSTRY

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ABSTRACT

The article is about the characteristics of the Hungarian SME's working in the dairy and meat processing industry based on the results of a nationwide survey. The research was done during the summer of 2008 in personal visits to 98 separate enterprises. The composition of the sample can be regarded as representative in the percentage division of the industries. The questionnaire used contained 61 questions and 44 statements concerning the following: information collecting habits, the presence of corporate planning, the structure of leadership and development strategy, and the willingness to cooperate. General market information-collection is wide-spread, but only a few enterprises have particular consumer information about the company's product. Therefore, the presence of marketing planning is low in the sample, and it usually is not connected to budget and control of results. In the long run, most of the enterprises in question want to improve mass-market products, but many companies would also like to establish a presence in markets for niche products. Yet only 8.3% of them have the marketing abilities necessary to design such products in a consumer-oriented way. Their product policy mainly focuses on mass-producing products that will be sold at low prices. Their communication is so poor that many products have, besides their price, no real indication of their quality. 53.1% of the companies visited have no brand and 60.4% have no web page.
Keywords: food processing, SME, marketing, logical frame of marketing activity

INTRODUCTION

Nowadays, the existence and the operation of small and medium size enterprises (SME-s) is one of the most important questions of the Hungarian economic policy. This sector gives the engine for economic development, the place where new and innovative solutions are born and last but not least they employ the majority of employees in countries with modern market economy at different rate in each country. The SME sector is going through a turbulent transformation period in Hungary, in which the stake is either to reach positions similar to those of the western countries, or a full submission to the huge superiority of multinational enterprises. Analyzing the situation of the two industrial branches (dairy industry and meat industry), the future prospects based on our present knowledge can obviously be outlined at first sight: the position of the small and medium size enterprises sooner or later becomes impossible because of the huge import-dumping, till finally they drop out of the market and only few enterprises producing very special products will survive.

However, we should not forget that at present these enterprises are only studying those sophisticated market mechanisms that have been used for decades or centuries by the Western-European enterprises. The example of these enterprises shows that these firms can operate in the big shade of big enterprises as well, and the sector of small enterprises can be profitable in the long run by utilizing the adequate market niches, interest enforcement methods and marketing sources. We should not be afraid to study from the former practice of these countries because we could use their experiences satisfactorily by adapting them to the Hungarian conditions. Our neighbour's, Austria's case can be mentioned as an example, where the food industry narrowly became a loser of EU-accession in the short run (*Törzsök*, 1998), because enterprises had to face a similar situation as the enterprises in our country nowadays. However, applying the proper marketing tools the enterprises operating in the Austrian food industry have become the beneficial owners of the common market for today.

Accordingly, the aim of the article is to make the picture – which is dismal at first sight – more tinged and to help create an alternative vision of the future using the new information.

The macro environmental factors of the companies

The most commonly used frame for the valuing of macro- environmental elements is provided by the so called STEEP- analysis (*Johnson and Scholes*, 1997). This is an acronym made of the English words social, technological, economical, ecological and political. It incorporates elements, over which the companies have no influence what-so-ever, they can not change them. The companies have to get used to these factors, they have to accept them as given.

The most stable element is the group of social factors. These change over quite a longer time-period, they can be considered as stable in the short- period-planning. In the developed countries there is a general tendency today, which is different in scale in the countries, towards the decrease of birth- rates and increase of older age- groups.

According to the Hungarian demographical data we can conclude that nowadays the rates of the over-sixties and the below-19's are almost equal. The forecasts for 2050 count for 80% more old-aged, than youngsters in Hungary, where the most optimistic guesses count for 1.5 million less Hungarians by this date, than there is today. The Hungarian demographical decrease will have an effect on the labour market, too: The rate of working labour will decrease gradually, and according to the forecasts it will sink to the level of the I.WW with under 4 million people (*Mátyus*, 2006).

Furthermore, there are other factors, like the expelling of the marriage, of the working start and childbearing; the growing rate of single households; the dissenting income-differences of social groups and the growing level of general qualification, that actively influence the person's value judgement.

The next element is the technological environment, which in opposition to the previous one, is the most dynamically changing factor. The peculiarity of small- and medium- sized enterprises (SMEs) in Hungary is, that the technological level is

higher on medium level, but the change of management- structure does not go together with the enlarged size and capacity (*Nyers and Szabó*, 2003). This means that management skills are missing behind the bigger production-potential that would be required for the more effective sales. The capacities will therefore be used under potential, which leads to the growth of cost- rates on one unit. The endeavour of the large enterprises to choose the highest qualified experts for the coordination and carrying out of the single tasks, in order to maximise the efficiency of the system, that are operated by them.

The biggest change in the technological environment, that incorporates the highest possibilities for the SME sector, is the apace spreading of information technologies. The most important effects of Internet based technologies and mobile- communication on small enterprises are the following (*Wierenga*, 1997):

- They make the use of *cost-efficient*, personalised and interactive marketing possible
- It makes the *fragmentation of the market* possible, and the products gear to the local market
- It contributes to the *rearrangement of the power relations* within the supply chain, and to the strengthening of the bargain positions of the retail trade.
- It contributes to the *dematerialization of the product*, it makes its growth of service- and information- content possible.
- It changes the absolute and relative size of *transactional costs* connected to the input barter.

It is clearly seen that the spreading of informational technologies is beneficial for the small enterprises, because through advantages like, cost-efficient marketing activity, segmentation of the market into smaller units and the possibility to connect services to the basic product, that could make them successful on the market.

The literature considers the main trend of the economical environment the globalization, which is also in Hungary roboustfully perceptible. We distinguish four types of it: the globalization of consumerism, of power structures, of financial structures and of social structures (*Lehota*, 2005). The most graspable for small enterprises in food industries is the change in consumerism and power structures. The change of financial structures is also influential, indirectly though, in the change of financing conditions; but this is less roboustful for the time being.

The food trends, which are obviously present in more developed countries, are getting stronger even in Hungary with the globalization of consumer structures. Eating is more than simple nutrient uptake, it appears as the key to health, regulator of the body's achievement and appearance, cure of illnesses, a territory in a need of science, method of pampering and discoveries, a method of self- realisation, a source of success and acknowledgement. At the same time, the boundaries of eating disappear, it's social role decreases, the rhythm of the job is more influential (*Törőcsik*, 2007).

In the case of the power structure change, the most visible effect on the life of SMEs, is the power concentration of retail trade chains, and the import abundance derived from the effective global logistic systems of multinational food- producers.

The size of concentration of the retail trade is variable in European countries (*Table 1*). There is a clear distinction to be noted between the Northern and

Southern parts of the West-European continent. In Greece, Italy and Spain the market shares of super- and hypermarkets is recently not over 50-60%, while in The Netherlands, Great-Britain or Belgium they cover about 90% of the market (*Clark and Stephanides*, 2003). In Hungary, the CR5 index is 48.2% (*Lehota*, 2005), which is far behind the West- European average, but it is the highest in Middle-East- Europe, with the rate steadily growing. Meanwhile, in the countries with high CR5 indexes, we can observe the shift of the average company sizes towards medium enterprise level, together with the strengthening of their connection-systems vertically and horizontally.

Table 1

The market share of the five biggest food retailers in some European countries

Country	Market share average (%)
Austria	79
Belgium-Luxemburg	57
Denmark	78
Finland	96
France	67
Germany	75
Greece	59
Ireland	50
Italy	30
The Netherlands	79
Portugal	52
Spain	38
Sweden	87
United-Kingdom	67

Source: *Lakner et al.*, 2004

The next element to be analysed is the circle of ecological capabilities. This is a central issue even for the small enterprises in the food- industry, because the problem of scarcity of natural resources comes to the fore. The reason for this is environmental pollution and growing energy-hunger. This problem of small enterprises appears in the prises of input factors, that are required for the production; and in the environment-conscious consumer expectations, that have appeared as a result of the environmental- destruction. There is a growing need for clear, chemical- free and retraceable food types (*Szente et al.*, 2007), though the adequacy to this notion necessitates more and more energy from the producers and processers. This paradox must be solved by the companies of the future, in order to sustain the consumer- trust and the natural environment.

As the last element of the STEEP- analysis we need to overview the political and legal environment. The function of this system is to secure the conditions of

production, processing and trade; and the sanctioning, when legislative provisions are violated. The rate, to which it can fulfil its role, depends on its acceptance, development and on it's skill to keep everyone to the provisions. Nowadays all three conditions are more or less violated. The regulation environment of the SMEs in food industry, the overwhelming administration, the lack of strategy in agrarian politics; all lead to the fact that the majority of the companies do not see any possibility for planning. Without long term strategy and stable market-environment the goal is mostly mere survival.

The inner environment of the enterprises

The definition of the elements of the micro-environment is dissimilar in theories. The most extensive study is found in the works of *Lehota et al.* (2001), where the following ones are listed: the inner environment of the enterprise, the consumers and the customers on the organised market, the competitors, the suppliers, the organisations on the market, assistant organisations (in finance, research, education, etc.), logistical- and marketing- service organisations, informational organisations, trade associations, representation of interests, political parties, public opinion, non-governmental organisations and the media. From all these factors, the present study makes an effort to analyse the inner environment of the enterprises, and within it, the analysis of the marketing resources, to demonstrate factors the companies can definitely have influence on, opposite to the ones, we investigated in the STEEP-analysis.

The marketing resources according to *Hooley et al.* (1998):

- customer based instruments,
- instruments of the supply channel,
- inner instruments,
- competitor based instruments.

In the survey of *Sajtos* (2004) he analysed, among other, the opinion of the companies about marketing- resources. In the research companies with more than 20 employees participated, and they valued the aspects seen on *Table 2* on a scale from one to five (one: significant advantage of the competitor, 5: our significant advantage).

According to the research, the companies surmise themselves best in customer based instruments among their competitors. And they feel themselves in a less privileged position in the case of inner instruments and strategic competitors, where they consider their access to patents, licences, know-how-s, information systems and financial sources less successful. According to averages, the company brand name stands as a fore, there are great differences in this field. In opposition to this stands the case of patents and licences, where the companies do not feel their superiority, but we can experience the high deviation in the answers. In the aspect of financial resources and information systems, the two indices show that the companies have no assets what-so-ever, and this is generally true for all companies (*Sajtos*, 2004).

Table 2

The marketing instruments valued as assets

Instrument	Average	Instrument-type
The name, and judgement of the company and brand.	3.47	Customer based instruments
Customer trust based on the stable market position.	3.70	
High level of customer service.	3.64	
Good connection with the key customers.	3.91	
Cost- efficient production.	3.23	Inner instruments
Advanced marketing information system.	2.80	
Advanced cost-controlling system.	3.04	
Patents and licences.	2.69	
Connection with the suppliers.	3.47	Instruments of the supply channel
Extended supply channel.	2.97	
The uniqality of the distribution.	3.13	
Connections within the supply channel.	3.14	
Market access through strategic alliance and connections with partners.	3.20	Competitor based instruments
Collective technologies with strategic allies.	3.07	
Access to the know-how and management experiences of the strategic ally.	2.94	
Access to the financial sources of the partner.	2.87	

Source: *Sajtos*, 2004

Aims of the research

Researches that test enterprises' market orientation characteristically did not deal with the specificity of food industry in Hungary, the existing surveys analysed it independently from industrial branch and excluding almost all micro-enterprises and a big part of small enterprises.

On the other hand, it has to be mentioned that food industrial marketing researches are characteristically focusing on analysing the consumers' behaviour. This is why the aim of this article to form a comprehensive picture that introduces the marketing activity of food industrial small and medium size enterprises in Hungary through the example of two sectors that are dairy and meat industry.

The following concrete aims were drawn up within this general aim:

1. Meeting the factors influencing the marketing activity of Hungarian dairy and meat industrial SMEs.
2. Revealing groups of enterprises with the same behaviour.
3. Creating a logical frame that accounts for the marketing activity of food industrial SMEs that can be tested extensively later.

MATERIALS AND METHODS

The two fundamental methods of marketing research – primary and secondary data collection - were used to collect results that are introduced in this research.

Secondary data collection
We wanted to process all the available data of information sources during secondary data collection that can offer relevant data in this topic. During secondary data collection our aim was to map the results of researches investigating the marketing activity of the Hungarian small and medium size enterprises theoretically establishing the survey. Moreover, all of the international information was also processed that might mean a useful example in Hungarian practice, and at the same time that also contributes to the establishment of the theoretical background of the research. To reach international special literature I have used the searchable online databases of scientific professional articles, such as Science Direct, EISZ or EBSCO. Moreover, I have reviewed several copies of journals published in printed form as well as I have looked over books and statistical databases in the topic.

Primary data collection
Primary data collection can be separated into two phases: the phase of preparation and quantitative data collection.

The questionnaire was tested previously by 11 enterprises of the South-Transdanubian Region in 2005, then based on the obtained experiences it was remodelled to the current, final form.

The field work of the national in-hall test was carried out in June and July in 2008 with the help of the countrywide network of Szocio-Gráf Market and Public Research Institute seated in Pécs.

To fill in the questionnaires was the task of previously prepared questioners who filled them personally with marketing leaders of enterprises, or if there were not any with a leader of each enterprise who had full overlook to the whole activity of the enterprise.

The determination of basic abundance's consistence was prepared by KSH (National Statistical Office) in December 31, 2005 according to the number of categories and according to the register of sectors. According to this 1079 enterprises operated in Hungary belonging to the processing industry of these two sectors. These enterprises meant the basic abundance of the research. We wanted to ensure representativity regarding size-categories and the relation of the two sectors in the survey. It caused serious problems that several enterprises rejected the questionnaires and that the size of the basic abundance is very small, as well as, the low number of enterprises that could be found in our database. These problems caused that the respresentativity of the sample can be taken into consideration in relation of the two sectors.

The basis of sample-forming was created with the help of a database that has been received from a query of 1511, 1512, 1513 (meat processing) and 1551, 1552 (milk processing) TEÁOR* numbers – which occur in KSH's fourth quarterly

CÉG-KÓD-TÁR publication of 2007 –, as well as on the basis of the size of enterprises. This database contained data of 688 enterprises. Its random type was ensured with a random number generator that helped choose enterprises from the database to get into the inquiry. *Table 3* contains the composition of the sample.

Table 3

Composition of the sample (number of employees)

Industry	0-9	10-19	20-49	50-249	Altogether
Meat processing, production of meat products	27	14	20	15	**76**
Production of dairy products and ice creams	9	1	3	7	**20**
Altogether	**36**	**15**	**23**	**22**	**96**

The applied questionnaire can be separated into two blocks of questions that are followed by background variables. Altogether 61 questions were put to respondents and as a last group of questions statements were created, in which the agreement of respondents were examined. This question-group helped form clusters. At the end of the questionnaire 7 background variables took place.

Characteristically closed type questions were applied with two or more possible answers. However, respondents were allowed to give opinions different from the given ones in the "Others" answer-category. In the questions – where scales had to be used – Likert scales expanding from 1 to 5 were applied in all cases. In these scales only the first and the last points were named.

The first group of questions examined the information collection habits of the respondents; the second one studied the presence of enterprise's planning; the third one considered the leading structure; the fourth one examined the expansion conceptions and cooperation willingness of enterprises. The next four groups of questions analysed the marketing tools according to the 4P. At the end of the questionnaire – as a ninth question-group – 44 statements suitable to form took place clusters. With these statements the respondents' agreement was analysed.

The applied research method was chosen according to the methodology of the Hungarian enterprise market-orientation researches.

RESULTS AND DISCUSSION

Marketing situation report on food industrial SMEs
As an element of the examined enterprises' information collection habits, we wanted to know that in how big proportion the enterprises do market-research/data collection activity. 69.8% of the respondents do some kind of information collection in order to meet their potential target markets. This rate can be regarded quite favourable until we take into consideration the channels used to get information, which are summarized in *Table 5*.

Table 5

Information sources used to meet the potential target markets (N=67)*

Answer-category	Division of answers	
	Respondents	**%**
Acquaintanceship	55	82.1
Database, available in public	29	43.3
Own research of enterprises	19	28.4
Market-researcher company	3	4.5
Others	3	4.5

* Respondents could give more than one answer

It can be seen that these information sources are suitable characteristically to get knowledge about general market tendencies (acquaintanceship, public databases). Those channels that could give concrete consumer information about the enterprises' products (own research of enterprises, market research company) got rather back on the list. According to this, the target market selection based on market information is characteristic only 3.1% of the respondents. Nevertheless, the respondents judge the level of information-supply sufficient.

Thus, it is not surprising that planned marketing activity is characteristic only a very low rate. 29.2% of the respondents stated to make a marketing plan, which seems a good rate at first. The examination of the further elements of the group of questions focusing on planning got more and more detailed, e.g.: presence of marketing budget, its controlling and lifecycle analyses. The former determined number began to decrease seriously after the detail questions. Only 15.6% of them have a marketing budget, which is controlled regularly by 14.6% of them (the way of control is not mentioned yet), and only 9.4% follow and evaluate their products' lifecycle. So the former 29.2% pretty much decreased as the questions got more detailed.

These results forecast the level of the enterprises' marketing knowledge. One element of the question-group examining the management of the company searched its source. *Table 6* contains the results of this question-group.

Probably the following tendency can be found in the background of the not too favourable results concerning the situation of marketing: enterprises consider the experiences obtained in the course of business satisfactory for marketing activity. A question arises here: what kind of knowledge these enterprises can receive from each other if none of them have marketing knowledge? Altogether 9.4% of the enterprises have a colleague with – in most cases medium level – marketing qualification.

Analysing product-policy, it has been found that the examined enterprises try to compete on the market with their products' good quality. However, they do not possess any information about their consumer judgement. The product's pretended consumer judgement coincides with the respondents' admittedly own opinion in this question. Moreover, they are convinced that the product's quality would be the most important factor of competition in food industry nowadays, with an average

rate of only 3.64 on a one to five scale. Some 65.6% of the respondents deal with the production of mass products that provide the majority of their income.

Table 6

Source of marketing knowledge (N=96)*

Answer-category	Division of answers	
	Respondents	**%**
From experiences in the course of business	76	79.2
From journals and special books	13	13.5
From participation in professional conferences	10	10.4
The enterprise has a leader with marketing qualification	9	9.4
Others	3	3.1

* Respondents could give more than one answer

Analysing price-strategy together with product-policy it can be proved that the enterprises believe that the basis for positioning obviously is in the dimension of lower price and good quality. The basis of the respondents' pricing is formed by firstly, the consumers' acknowledged market value, secondly, by the production costs and thirdly, by the profit maximization. Among pricing point of views there was not observed any consideration resulting from marketing aims (e.g. positioning considerations).

Enterprises do not carry out conscious channel-policy: 60.4% of the respondents do not select their markets, they try to be present everywhere where they can. 58.3% of the respondents use a channel with one or two elements in order to pass their products to consumers, but in spite of this, the average rate for this question is 3.47 on a one to five scale ("1" means "I cannot follow at all" and "5" means "I am completely able to follow it").

An important character of their communication is that 53.1% of them do not possess a brand-name. Those who do some kind of planned communication, characteristically target the final users, and they target intermediate persons at a lower rate, or a group with 15.6% of respondents wants to send messages to both groups. The characteristic applied tools are consumption inspiration and direct selling, while intermediate persons are mostly motivated with gifts. Both communication forms are done at low intensity.

The appearing latent demand

Several Hungarian researches (*Sajtos*, 2004; *Szabó*, 2009; *Polereczki and Szabó,* 2005; *Józsa*, 2004) show the same unfavourable picture analysing the small enterprises' marketing activity as the above mentioned situation. A question arises here whether the judgement of marketing as a tool is so really unfavourable among Hungarian small enterprises or not. In order to give an answer we had better analyse what companies think about future, which fields they expect development in.

*Nyers and Szabó (*2003) asked enterprises in their survey about which fields they see the main future success-factors. The answers are shown in *Table 7*.

Table 7

The main success-factors determined by SMEs

Main success-factor	The rate of high (5) agreement	
	Firms in foreign property	Firms in Hungarian property
Better service of clients' needs	*39,3*	*44,8*
Occupation of new markets	*26,2*	*26,3*
Introduction of international quality assurance	31,1	24,3
Forming individual markets	*13,1*	*16,2*
Introduction of a new product or service	*21,3*	*15,1*
Improvement of employees' qualification	9,8	13,7
Introduction of modern information system	13,1	12,9
Developing new technology	8,2	11,7
Development of cooperation	13,1	11,5
Service providing	*16,4*	*10,3*
Opening export-markets	*11,5*	*8,1*

Source: *Nyers and Szabó*, 2003

If we examine the answers written in bold letter in *Table 7*, then we can see that respondents named fields in big proportion that are in strict connection with marketing. Forming new markets, better understanding of the clients' needs, creating individual (niche) markets are all tasks that can be developed classically with the help of marketing tools.

The results of our research also show a similar tendency. The results that can be seen in *Table 8* show the respondents' ideas about future development. The respondents also named several fields that can be covered with marketing tools in big proportion, such as extension of the group of clients, or product-innovation.

Table 8

Possible future development directions according to respondents (N=96)*

Answer-category	Division of answers	
	Respondents	%
Extension of the group of clients	*45*	*46,9*
Product-innovation in the field of mass-products	*26*	*27,1*
Product-innovation on the market of niche-market products	*26*	*27,1*
Development of marketing activity	*10*	*10,4*
Forming horizontal integrations	5	5,2
Forming vertical integrations	2	2,1
Other	4	4,2

* Respondents could choose from more than one answer

In another question respondents stated that they would be able to make an acceptable profit by an average of 18.23% price level increase. The tools of reaching a higher price level according to enterprises are summarized in *Table 9*.

Table 9

The tools of reaching a higher price level according to respondents (N=96)*

Answer-group	Division of answers	
	Respondents	%
Development of connection system	*36*	*37,5*
Product-innovation on the market of niche-market products	*27*	*28,1*
Product-innovation in the field of mass-products	*22*	*22,9*
Development of marketing activity	*11*	*11,5*
Horizontal cooperation with other processors	10	10,4
Application of brand-names	*6*	*6,3*
Vertical cooperation	3	3,1
Others	10	10,4

* Respondents could choose from more than one answer

The fields that also need an important marketing activity were also emphasised in this case.

Another important aspect of the results is that respondents ranked marketing activity behind in both *Table 8* and *Table 9* only about 10-11% of them think it could be important in the future. It can be stated that enterprises do not consider marketing a key-factor from the point of view of their future, but at the same time they name such directions important that belong definitely to this field.

The apparent contradiction can be resolved as follows. It is well known that these enterprises' real marketing knowledge is very low. In other words we can say that these enterprises do not really know what activities marketing really contains. In spite of this, they instinctively see their way out of this more and more difficult market fight in such fields that are in strong connection with marketing. This is nothing else but a latent demand for an effective marketing activity present in enterprises.

At this point it is worth mentioning the work of *Chikán and Czakó* (2002) in which they explain that the position of marketing has become stronger in enterprises during the past few years, but at the same time it is well behind the level of western countries. According to the results of *Achrol and Kotler* (1999) this tendency can be reckoned as natural because it is observed in their research that the marketing-orientation of enterprises operating under hard competition conditions was getting stronger. So enterprises exposed to hard competition consider marketing more and more as a strategic tool. It can be concluded that with a stronger competition in Hungary a stronger marketing-orientation can be expected.

It can be stated that with a fiercer market competition among the investigated enterprises such field are expected to develop in the future that might lead to an improvement in their marketing orientation in the future.

The appearance of marketing-orientation

In the next step a question arises: if this latent demand really exists among the analysed enterprises then does it appear at the level of real activity and can it be identified.

In order to clear up this question, factor- and cluster-analyses (K-means) were carried out on the basis of agreement of 44 statements appearing at the end of the questionnaire regarding the enterprise's way of thinking and activity. The results of research showed the following: 4 different characteristic behaviour-models succeeded to be identified during factor-analysis among which the marketing-oriented way of thinking could already be found. These are those who consider it necessary to pay emphasised attention to understanding the consumers' needs. They try to form product features according to these needs at an economically justifiable level considering point of views of sustainability. However, it has to be noted that this factor could barely be identified.

In the next step cluster-analysis was carried out on the basis of factors. Four characteristic behaviour-groups were identified. It can be seen from the results that none of cluster groups are characteristically marketing-oriented. The presence of marketing could be found only in one group, but even there marketing got a very subordinated and executive function with no noticeable effect on the enterprise's strategy. So, the presence at the level of factors, as we expected, cannot complete itself in forming a group with characteristic behaviour.

Although marketing-oriented way of thinking could not be proved at the level of enterprise cluster, a further examination was carried out in order to try to find an enterprise group with marketing-oriented attitudes. For this reason four fields were stressed from the question block connected to marketing information-collection and marketing planning. Answers given to these questions gave the basis of determining sufficient marketing activity. These four fields are the following: market information collection serving the basis for product-features, an existing marketing plan with own budget, control of amounts spent on marketing as well as analysis and use of product life cycle. Thus, the rate of enterprises that carry out market information collection as a basis of marketing planning for concrete products, which possess formerly determined own marketing budget, which control the utilization of this money, and which set their planning to the current life cycle of their products/product-groups figures out 2.3% of the whole sample. This rate increases to 8.3% in case the proper operation of three of the listed four elements is considered sufficient.

Testing these enterprises regarding the enterprise size two poles can be found. Their common feature is that all but one of them belong to meat industry and all of them operate in the form of an Ltd., as well as they do not show local uniformity. A smaller group of them belong to small enterprises with between 0-20 employees and maximum Ft 250 M net income. Enterprises with 20-100 employees and more than Ft 750 M net income form a bigger part. These are the firms that can be called innovators – to the example of consumer novelty acceptance – in the examined group of small enterprises.

According to the results it can be stated that the marketing-oriented way of thinking already exists among the enterprises of both examined industries, although, it has only small effect on SMEs operating in the sectors.

The logical structure of the marketing activity of food-industrial small and medium size enterprises

It is important to analyse what kind of factors have an effect on the development of the marketing activity in the examined group of enterprises in order to present the logical system of the results that came to the light during the research.

For this, external and internal elements determining the marketing activity of food industrial SME sector (*Figure 1*) were summarized in a logical frame. During creating this we disregarded describing those elements that mean external features/environment. Its aim was to understand what external stimulus means to the enterprise, as well as to present the connections between internal processes.

My approach is basically divided into two main levels: the first is the place of marketing as enterprise philosophy in the management's way of thinking; the second is the enterprise's function role originating from the enterprise's operation.

In the first level, the leader of the enterprise has a determining influence on the enterprise's philosophy approach of marketing. Basically, the owner or owners unanimously and exclusively determine(s) the effect of consumer-oriented way of thinking on the enterprise characteristically because of the family ownership. The judgement of this group of owners determines the employed leaders' and subordinates' opinions about marketing. If the owner group is committed to marketing as an enterprise's leading philosophy, then it influences the whole enterprise. In SME sector the management and the owners are usually the same, which makes their central role clear. These two statuses are basically separated in the case of big companies. In this way, the different way of thinking of these two groups influences the whole organization in different ways.

Marketing as an independent corporate function can be found on the next level. In case leaders committed to marketing were found on the previous level, then on this level a strong marketing function can be found.

Two different factor groups can be separated on the level of corporate function. One of them are the factors that determine the strategy building abilities of the SMEs. These are the existence of experienced workforce, the information collection practice and the independent marketing budget, the creation of which is based on market goals. These three factors jointly affect the level of the marketing strategy ability of the enterprise, on the other hand, the experienced workforce has an outstanding importance. An organized marketing activity could be found in case of SMEs that were in possession of this factor.

The previously introduced two levels – a committed management to marketing as a corporate philosophy and a strategy making ability – can jointly result in the creation of marketing strategy in harmony with the enterprise aims and the ability of long term planning, which are the results of the process.

The second field of the functional level is the execution. It includes two factors: one of them is the independent decision making and the other is the claim to supervise the marketing budget efficiency.

The presence or the lack of independent decision making can fundamentally influence the execution success. In case the responsible leader of the execution of the formerly created marketing strategy has the right to make independent decisions, then it can contribute to its success.

An astonishing result of the research is that the frequency of the supervision is really low among the examined enterprises even if they have planned marketing budget and a marketing plan. The satisfactory level of supervision creates the conditions for the control of the marketing strategy. There is not a planned marketing activity without it.

Figure 1

**Logical frame of marketing activity of the SMEs working
in the food industry**
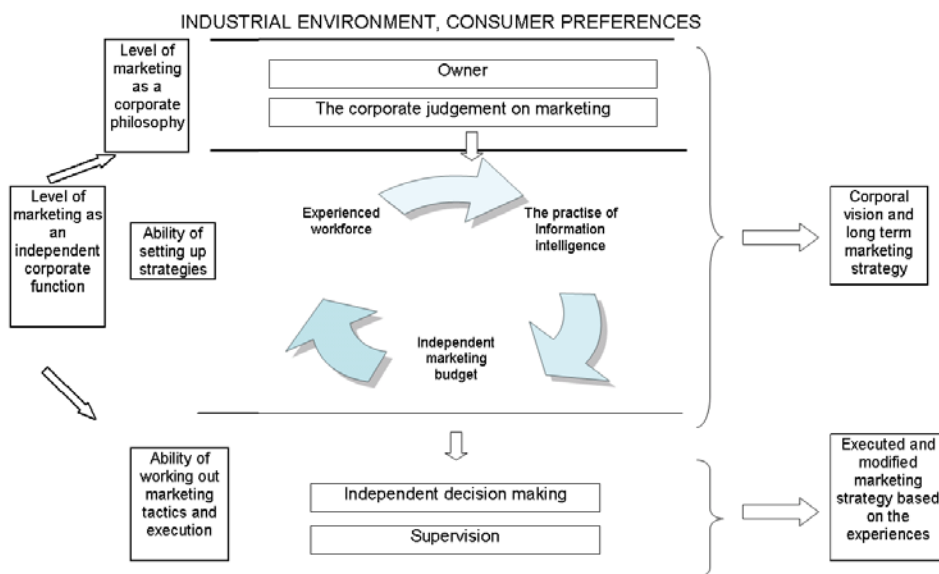
If this level works satisfactorily then a marketing strategy realized effectively and modified based on the results can be created, which can be defined as the output of the effective operation of the three described levels. In this case we can talk about a dynamic marketing plan that continuously adapts to the changes of the environment and which takes long term strategic aims into consideration as well. The dynamic character of planning is ensured by the presence of the feedback.

CONCLUSIONS

According to the results information collection pertaining to the general market tendencies is typical of the respondents, and few of them have particular information about their own product. Otherwise they believe that their market research activity is at the required level. It shows that they do not perceive the lack of information and it is not believed as an obstacle from the view of their market success.

Therefore the presence of marketing planning is low in the sample, on the other hand, it is not linked to budget and subsequent supervision. The tested enterprises

usually do not have an employee with marketing qualification, therefore there is not a permanently responsible person for the marketing activities. This kind of behaviour is behind the lack of strategic approach. It causes the disability of setting up long term conceptions. It also results in the low marketing efficiency even among companies that have some kind of planned marketing activity.

An overwhelming majority of the companies believe that the way to future is the improvement of mass products, on the other hand, more and more of them want to produce special products as well. It is mainly caused by the lack of alternative future perspectives, which is due to the lack of information about the consumer demands, and the production and sale oriented approach. They do not have the abilities to plan the company's activities on a consumer oriented way, or to reach the target groups effectively, and no more than 8.3% of them have the adequate marketing skills. It means that a marketing oriented way of thinking can be measured among the factors, on the other hand, at the same time it is characteristic of such a few enterprises that an independent behaviour group (cluster) cannot be found. It also means that a market oriented way of thinking is getting stronger among SMEs in the food industry, which is defined as one of the side effects of stronger market competition by the literature.

Their product policy focuses on producing mass products, which is linked to a lower price position. 72.9% of them are able to make profit at present prices, but they would like an average price rise of 16.7%.

The classical channels (retail trade, wholesale trade, HORECA) dominate their sales. Their communication is accidental and the market position of their products is the lower price-proper quality. 53.1% of them do not have an own brand-name and 60.4% of them have no web page. Their communication strategy is built up according to the pull strategy, therefore the target of their messages are the final consumers, on the other hand, the push strategy is less wide-spread. It can be stated that the push strategy is more useful for them regarding the characteristics of their products and the features of these two strategic options.

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