

MARKETING RESEARCH IN YUGOSLAVIA:
RANDOM WALK THROUGH THEORY AND PRACTICE OF RESEARCH

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Abstract

Analysis of several available sources was used to make assessment of historical development, state of the art and probable future directions of marketing research in Yugoslavia. Chronology of changes in market research and knowledge development is presented comparatively with USA, together with the changes in economic environment and the evolution of marketing concept. As a base for the evolution of marketing research the analysis of the following four different institutions was used: (1) marketing research in higher education (2) market research industry (3) scientific and professional publications (4) selected case studies. Arguments suggesting that marketing research in Yugoslavia is today approaching the "management awareness phase" and therefore has about 30 years lag behind USA. Data also show that good chances for a much faster growth in the coming years are possible.

Introduction

The problem of the present paper has been already sketched roughly by the organizer himself in the invitation and the program for the special section: marketing research around the globe. Concerning the remaining part, the offered liberty, it is possible to define exactly the problem with a simple and not too ambitious statement: "There have to be pointed out the more important determinants of the development and today's conditions of the marketing research in Yugoslavia and to indicate the possibilities of the development in the following years."

The content of this paper follows the logical connection of reasons and conditions for the marketing research development. Thus this paper is divided into four parts:

(i) the changes in the economic environment, as a direct base for the evolution of the marketing concept, demands the definition of the main turning points, changes, and their connection with the development phases in the marketing concept;

- (ii) the evaluation of the marketing research development in Yugoslavia undoubtedly the comparative analyses, due to the numerous reasons, with the USA actually;
- (iii) the analysis of the marketing research chronology, mostly considering three main supporters of this development: the universities (education and knowledge development), industry ("EXTERNAL" - suppliers of market research services and "INTERNAL" - users of research) together with the case studies as an effort to illustrate the attained conditions in the development.
- (iv) evaluation of the future possible tendencies in the development of the marketing research.

This paper has no ambitions to be much more than a random walk through available data of until today accumulated knowledge in market(ing) research and actual research in Yugoslavia. Random, because of several constraints and limitations (staff time, place,...) and its purpose. And walk, because all included analyses were brain-hand made, slowly, without the help of high speed computers. They will be used in the near future regularly.

Marketing and its economic environment

Changes in the marketing environment

In the Yugoslav selfmanagement system there exist objective possibilities for the use of the most modern techniques and methods of business, therefore also the marketing research. To confirm such an affirmative statement it is possible to enumerate several institutional conditions, which mainly refer to the market mechanism. This is quite extensively used especially since the reforms in 1965. The new constitution and amendments in 1974 represent strong impulse for the creation of a special model of market economy. This arises as a consequence of the production forces development, socio-economic production relations, use of new technology, rise of standards of living, and functions of this

mechanism in the socialist selfmanaged society (Dujmović and Marušić, 1975).

There was developed the system of market - planned economy, where the market regulates the relations between the offer and demand. Thus we are confronted with the situation which was not foreseen by the classics of marxism. But at the same time, it is true that the mechanism of this market differs strongly from one in the capitalistic world, not so much in its form, but mostly in its function (Rocco, 1975).

To the marketing experts which are not familiar with the economy in the Yugoslav selfmanagement system will be perhaps more closer the (Hanson, 1974) statement that, "the Yugoslav economy can be loosely described as a market socialist system but with considerable difference in method and degree of central control. Direct state intervention is far more frequent in Yugoslavia than in most western economies". The clearest indication that Yugoslavia is in the very real sense a market economy country is that it suffers from well known market economy ailments: inflation, unemployment, balance of payment problems and business illiquidity.

The newest effort towards reduction of such illnesses was set in 1983 in the "Dolgoročni program ekonomske stabilizacije" (The long range program for economic stabilization) where once again there is pointed out the conclusion that market or market mechanism is not an obstacle, but a condition for the development of the socialist selfmanagement system. Therefore, it is quite clear that in Yugoslavia there exists a market economy for a long time and thus the first direct base for the evolution of the marketing concept.

Evolution of the marketing concept

Evolution of organizing and running business, from product and selling concept to marketing concept, is a well known first step, the condition for a real need for consumer and market research. Therefore, it is quite necessary to evaluate at the first step the stages in the development of marketing concept.

On the **figure 1** there is shown the comparison of the marketing evolution in the USA and Yugoslavia, as was assessed by Kotler (1972), Rocco (1968, 1975) and Kline (1984) separately. First affirmative conclusion about evolution of the marketing concept in Yugoslavia was made

at the end of the sixties by Rocco (1968). A couple of years later the same author wrote that from his analyses it is already possible to conclude, that the marketing concept was fully accepted (Rocco 1975). Other available data, mostly surveys, about users and suppliers of marketing research (ZIT 1978, Kline and Žumer 1978, Deželak 1982, Tihi 1982, Kline and Žveglič 1983), do not support such conclusion, at least not for more than a quarter of surveyed organizations. The **figure 1** shows in the middle two columns the lag between the development of marketing concept in the USA and in Yugoslavia market at 25 and 35 years. The first one is probably too optimistic and was made by Rocco (1975), the second mark is proposed by Kline (1984) and is much closer to the real state of the art.

CHRONOLOGY OF CHANGES IN MARKET RESEARCH AND KNOWLEDGE DEVELOPMENT

In parallel with the evolution of the marketing concept and its diffusion were changes in marketing research. In **figure 1** there are shown changes comparatively for both countries, together with the proposed phases of marketing research evolution. Zaltman and Burger (1975) divided this development into six phases and each of them is characterized by: (1) an important event (2) specific book or journal published for the first time.

Following the same idea and in absence of any reliable comparable events, important for marketing research in Yugoslavia, we use three different events and place them on the figure 1. Interested readers (USA) must try to find the comparative ones by themselves.

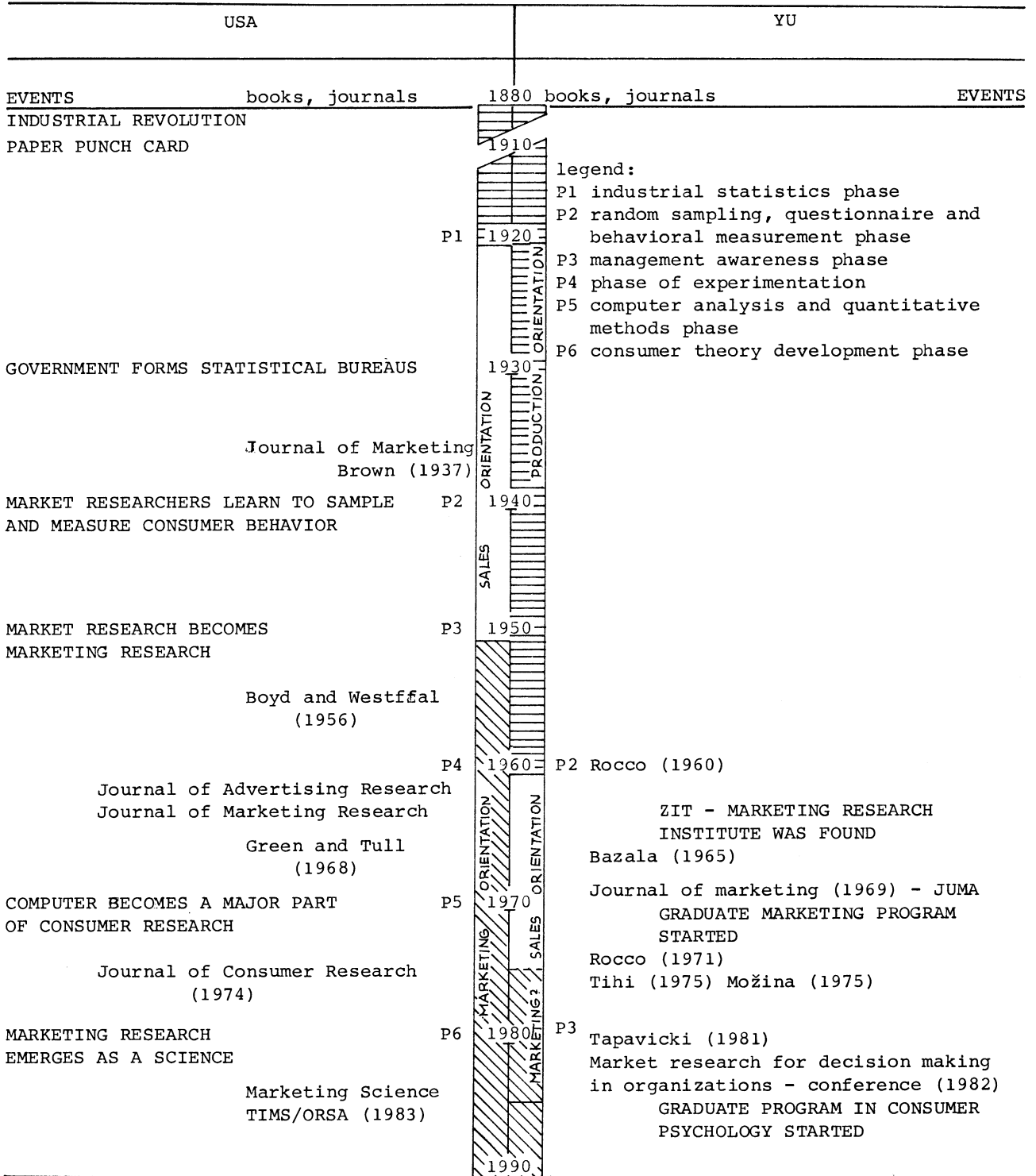
Using Zaltman and Burger label of marketing research phases chronology and combine them with Kotler phases of marketing development, it is possible to come to conclusion that marketing research in Yugoslavia is at present in the transition period from the random sampling, questionnaire, and behavioral measurement phase (P2) to the management awareness phase (P3).

To make quite more accurate and educate estimation about the time when Zaltman and Burger phases of marketing research development appeared in Yugoslavia, it was necessary to analyse several available sources about:

- (1) marketing research in higher education
- (2) market research industry

- (3) scientific and professional publications
- (4) published case studies

FIGURE 1: Comparison of the chronology of marketing and marketing research in USA and YU



Source: compiled, constructed and adapted from: Zaltman and Burger 1975, Kotler 1975, Dujmović and Marušić 1975, Rocco 1982

Marketing research in the Yugoslav higher education

The Yugoslav marketing and marketing research is being studied exclusively at the schools of economics and therefore the analysis of programs can give us the answer to the question whether there are any possibilities to create specialists for marketing and specially market(ing) research. In this case again we can use some of the Rocco data (1975):

a/ incorporation of different functions of marketing which are independently thought in different schools, grow moderately from 1971 to 73,4% of all schools had included marketing by 1975. Almost the same number of educational institutions (63,1%) had included marketing research in their programs. At the same time, the total amount of hours of marketing courses grew to 12,8% with still a quite high variability among schools (from 4% to 31%);

b/ post graduate programs are also important indicators of the development stage marketing has achieved. Half of the schools are offering those programs from 1969 and are quite popular. Problems do exist because of frequent changes in programs, very low level of graduation (15%), and that all students are taking night courses because there are no other possibilities.

Formally looking at the above data the improvement of marketing research education over the years is quite satisfactory. A more closer look at it shows that one of the very marketing element is not present in the right amount: behavior science orientation. Marketing concept places the consumer at the focus of all decisions by the firm. Out of that it is clear that the knowledge of consumer behavior is germane to marketing and therefore the consumer behavior research has an important part in the marketing research.

There were published only two books in Yugoslavia until today on that subject, both ten years ago under the titles, "Psychology in advertising" (Petz, 1974) and "Sociology and psychology of marketing" (Možina, 1975). Until the last curriculum of the undergraduate marketing programs. It is actually included in the graduate programs from the beginning, but has played only a minor role in the education of marketing and marketing research. On the other side, at least in one of the undergraduate programs in psychology (University of Ljubljana) was included a

course of Consumer Psychology in the curriculum in 1978. From 1985 it will be possible to form consumer research specialists at the graduate level.

Analysis of ten of 14 until today published text books on marketing research shows that only one orientation is predominantly present in all of them. That is a conceptual approach, where they are trying to build the description of the whole marketing research, and which identifies ideas that are broad in applicability. Analytic approach that gives a student the operational skill in handling basic techniques, gives advantage of alternative procedures, and is present only in one or two classical chapters: market potentials and price determination. At their best these text books can help to form users of research and hardly ever the real research specialist, the dors of marketing research.

Basic research on marketing hardly exists in Yugoslavia and rarely creates new knowledge. Knowledge development in marketing academia is then mostly, more or less well grounded adaptation of material from the existing marketing and marketing research text books, published in the western countries, predominantly USA, rarely UK, W. Germany, France or Italy.

The situation in the education of marketing and marketing research is far from ideal but yet not unsatisfactory. However, it is very important that the situation is gradually improving in both directions, methodological and behavioral, as some events and newest books and articles show.

Review of marketing research industry

The marketing industry can be divided into two different segments (Myers, Massy and Gryser, 1980):

- "EXTERNAL" marketing research, done by advertising agencies, media and marketing research suppliers firms;
- "INTERNAL" marketing research, conducted by companies themselves. Both segments of research industry grow in parallel only with the development and diffusion of the marketing concept and therefore a need for the marketing data or information.

External marketing research

In this market many research firms are offering marketing research services, but only two of them are quite big and are specialized. They are ZIT/CEMA Zagreb and ITEO Ljubljana, both were founded at the beginning of the seventies (1962 and 1963 separately) and have together about 40% share of the market which was estimated in 1983 at 82 milion \$ US (Kline,1983).

All other suppliers fall in one of the three categories: University institutes or departments which are doing some commercial research and consultancy on 'ad hoc' or per time basis; general, economic or business research organizations for the market(ing) research are only one of minor subspecializations and activities; there is also a group of media and advertising agencies with quite heavy research income, but no data are available to make any good judgement.

Methodological advancement is speeding up in the last ten years, especially in the field of data collection and a little bit less in the data analyses. There is still a limited use of computer, store or consumer panels are not available and only uni- bivariate statistic is usually used.

Research and consulting firms, advertising agencies and institutes are occupied with orders for "internal research and economics" and with "sales and market research" (Kline,1981). On the other side, they start to offer some more advanced services. More behavioral data are present for support and improvement of specific marketing decisions, frequently on the field of advertising, and rarely new product research.

Internal marketing research

All researchers that have studied conditions, organization and development of marketing research function in different consumers or industrial companies, agree in one conclusion that the state of the art is not satisfactory. They quote different data which are not easy comparable.

In the 19% of the surveyed companies there are none or any research activities, in the 53% of companies there exist some market research activities but are done by others than the market research department (ZIT, 1978). Especially small and medium sized companies show a great disinterest

for marketing research information. Many of those companies were marketing research is done by their own research departments, there is often unsatisfactory situation, because their activities concerning marketing research are very limited, staff is not properly positioned and the whole marketing is wrongly understood (Deželak, 1982). Besides that, there is probably no more than 25% of companies which regularly order marketing research data or studies from the specialized firms (Kline in Žumer, 1978).

The responsibility for such a situation is partly on the management or managers who are not qualified well enough. Their decisions are often made without solid data, especially market data. Even important investment decisions, for example, are usually made only on the basis of the technical and financial information, completely ignoring marketing information. Surveyed managers claim dissatisfaction with existing and available marketing information (62%). Absurdly enough, on the other hand, only half of them were ready to invest or participate financially in the costs for gathering, storing, and analysing the data (ZIT, 1974).

Commercial and selling orientation is being slowly replaced with the marketing orientation, especially in the last couple of years. And there are some signs that a demand for the marketing data is growing. Three such signs that are quite evident are number of marketing research departments, number of employed researchers, and number of orders for research done by outside firms. Therefore, the time has come for the market research to become the marketing research.

Analyses and assessment of scientific and professional publications

On the basis of analyses of microeconomic, scientific and professional publications, concerning the field of solving the economic problems of organizations for the period between 1951 and 1975, Dujmović and Marušić (1975) concluded:

1. In the period until 1960 first works on business functions appeared under the titles "commercial management". First titles which allude to marketing orientation (market policies) are noted in the sixties and only at the beginning of the seventies (expression) the technical term "marketing" appeared.

2. Market research appeared in the fifties under general titles, such as management analysis, business information, organizational analysis and alike. First works under headings of market studies, marketing research and methodology in market research can be found in the sixties.

3. The analysis of nine, more or less regularly published journals, had shown that 2079 articles were published. Market-(ing) research articles are with 14% (pages) on the third place, after marketing communications (23%) and marketing (17%).

Works of consumer behavior oriented researchers is quite voluminous. Content analysis of articles published in the period 1955 - 75 in the field of marketing communications for example had shown a steady growth of behavioral and especially psychological articles (Kline,1977). The interesting point here is that this part of knowledge did not find much attention and space in the general marketing books nor in more specialized books on marketing research.

Selected case studies

There are many ways to illustrate the attained level in the development of the marketing research in Yugoslavia. Probably the best way is to present some case studies from both sides: knowledge development or marketing research and market research. Here are shown two, relatively advanced cases which are therefore rather an exception to the rule than the everyday practice.

Case 1: Use of experiment for measuring the effectiveness of package redesign

Problem: To illustrate the fact that the experimentation can be carried out satisfactorily in one of a wide variety of marketing circumstances - measuring the effectiveness of package design.

Method: Latin square experimental design (4x4) has been used in the accelerated store cash register test of package sales effectiveness. Two independent variables were simultaneously controlled - stores and time period. When measuring four package design - three of them were redesigns, when measuring their effectiveness as a "silent salesman".

Results: Sales data are shown together with the symbolic representation of treatments (capital letters: A,B,C,D) in the **table 1**.

Table 1: Daily sales of four package designs of washing powder in four time periods at four stores

store	time period				total sales
	1	2	3	4	
I	D= 6	b=12	A= 6	C=3	27
II	B=10	C= 5	D= 8	A=6	29
III	C= 7	A=12	B=10	D=9	38
IV	A= 8	D=11	C= 2	B=9	30
Total	A=32	B=41	C=17	D=34	

Table 2: Analysis of variance of Mixal package design sales

source of variation	sum of squares	degrees of freedom	mean square	F
time periods	30.5	3	10.17	6.44*
stores	17.5	3	5.83	3.96
package designs	76.5	3	25.50	16.14**
experimental error	9.5	6	1.58	
Total	133.0	15		

* significant at the 5% level

** significant at the 1% level

Conclusions: From Mixal washing powder package design sales study it is clear that some of the package redesigns are significantly better "silent salesmen" than the others. As we were primarily interested in the large and statistically significant difference between package mean square it was necessary to further analyse the above data via orthogonal components. On the base of this experimental results the usage of package B was suggested as a silent salesman for further marketing of Mixal washing powder.

1 (Presented by the autor at the Annual Yugoslav National Advertising Symposium, Sarajevo, 1976)