

Importance of market analysis for the development of sales strategies in the MiPes of the city of Chihuahua

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Abstract

This article, analyzes the importance that has for companies in Chihuahua city to perform a market analysis, so that, based on this, the companies must be able to design sales strategies which allow them continuity and remain in force in the market.

The purpose of this research is to do a comparison between the market analysis and the relationship that this analysis has with the increases in the companies' sales. This also includes an analysis of the relationship that already exists between the effective strategies design and sales increasing.

Finally, it shows an analysis of the main factors that cause business closure in Chihuahua City. This article also contains a brief overview of the situation of Micro, Small and Medium Companies in this City, the quantity of the companies that are operating under this scheme, as well as their life expectation.

MarketAnalysis, Sales, Small and Medium Companies

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Introduction

According to data from the National Survey on Productivity and Competitiveness of Micro, Small and Medium Enterprises (ENAPROCE) 2015, 97.6% of the total companies considered in the study are microenterprises, followed by 2% of small companies and third medium-sized companies are found with 0.4%. (INEGI, 2016)

These companies contribute considerably to the national economy by generating 52% of the country's GDP, that is, they contribute more than half of the annual production that is generated in our country (National Commission for the Efficient Use of Energy, 2016). However, these companies are in a latent risk of ceasing to operate due to various internal and external factors that impact their performance. One of the main external factors that can cause the closure of MSMEs is economic instability, which impacts on price indexes and causes changes in the demand for products and services (Góngora, 2013); among the internal factors are the managerial skills that allow these companies to remain in the market, these skills refer to the manager's ability to generate strategies and adapt to changes in the environment, their character, aptitudes, competences and behaviors; which have an important value in the development of the company. (Rios, 2011)

This document is composed of five sections. The first part includes, in addition to the introduction, the justification, the problem, the hypothesis, the objectives. The second section develops the theoretical framework. Section three contains the research methodology; part four the results and finally, in section five, the conclusions are included.

Justification

The Micro, Small and Medium Enterprises contribute considerably to the economy of the country since they generate 52% of their GDP. However, the life expectancy of these companies is less than 7.8 years. Therefore, it is important to know what factors affect the closing of these businesses and to study the relationship that exists between market analysis and the development of effective sales strategies by this type of company. Once the information is obtained, it is intended to advise the owners of micro and small enterprises in the city of Chihuahua so that they can analyze the market and design sales strategies that adapt to the needs of the market. This will allow them to cope with changes in their environment and reduce the risk of closure.

Problem

In the state of Chihuahua 120,680 SMEs are registered, of which 33,543 are located in the municipality of Chihuahua, this figure is below Ciudad Juarez, which has a total of 40,003 SMEs. The life expectancy of these companies is 7.3 years, a figure that is below the national average of 7.8 years (pymes.org.mx, 2016)

Diverse investigations mention that the closing of these companies has its origin in a series of factors related mainly to the analytical capacity of those who direct them. The magazine Forbes de Mexico mentions as causes of the failure of companies in our country the following aspects: insufficient income to survive, lack of indicators, lack of analysis process, poor planning and execution problems. (Gasca, 2014)

These data, as well as the figures presented above, set the tone to investigate the importance of market analysis for the development of sales strategies of the MiPes of the city of Chihuahua and the impact of these strategies on their sales.

Hypotesis

Companies that know the situation of their market develop effective sales strategies

Objectives**General objective**

Determine the impact of market analysis in the development of effective sales strategies for mipes

Specific objectives

- Know the relationship between the increase in sales and market analysis.
- Know the relationship between the increase in sales and the design of effective strategies.
- Know the factors that cause the closure of the mipes.

Theoretical framework

The marketing environment changes incessantly and represents one of the greatest challenges for the survival of businesses, a company that is not aware of the changes generated in the micro and macro environment becomes more vulnerable and prone to disappear from the market.

Given this scenario, companies need to know key information to monitor the market, important information that allows them to visualize and anticipate changes that take place in the environment. The purpose of the market analysis is for the company to analyze what happens in the market that operates and what can be expected to happen in it (Parmerlee, 1993).

A market analysis provides information on how the market is structured, the entry barriers that exist in it, the intensity of competition, the power of buyers and suppliers, among other relevant factors that the company must consider for growth or the incursion into a new business.

The market analysis is made up of the internal analysis of the company, as well as the macro and micro environment. The internal analysis consists of examining the strengths and weaknesses of the company, in order to know the competitive advantages of it, as well as its areas of opportunity. Regarding the macroenvironment, this includes the economic, political / legal, natural, technological and cultural factors; whereas, the micro environment is made up of competition, suppliers, customers and intermediaries.

The information of the market factors mentioned above is essential for the survival of companies, in addition to allowing them to visualize the environment. However, the reality of SMEs in Mexico indicates that this type of companies establish their business based on what they know or like to do, leaving aside the previous analysis of the market, its structure and its needs. (Mexico Stock Exchange, 2013)

It is important to highlight that sales represent one of the fundamental pillars for any company, since they generate the income required to provide support and generate profits that allow it to remain in force in the market. However, generally, do not invest what is necessary in this area to achieve better performance. (García, 2009)

As mentioned earlier, the marketing environment is constantly changing and these changes also have an effect on the sales environment, as an example we can mention the changes in the needs of customers, in their buying habits, in their training professional and the impact of technology on purchases; all of the above requires that companies develop new sales channels and technologies at the service of the consumer, that better prepare their sales force and respond more effectively to the actions of the competition. (García, 2009)

The analysis of the market, in addition to allowing the company to visualize and anticipate changes in the environment, provides tools to develop sales strategies according to the needs of the market in order to adequately attend to its customers and get new consumers through an efficient prospecting.

Research Methodology

Kind of investigation

This study is of a quantitative type conducted through the survey method.

Theoretical methods

Within the theoretical methods, analysis-synthesis is used in this investigation since the analysis of the surveys applied in the sample size of the population of the city of Chihuahua is performed.

Results

Variables were established to determine if the entrepreneurs of the city of Chihuahua conducted a market analysis to develop sales strategies, with the following results:

Figure 1 shows that the entrepreneurs that monitor the competition have had an increase in sales.

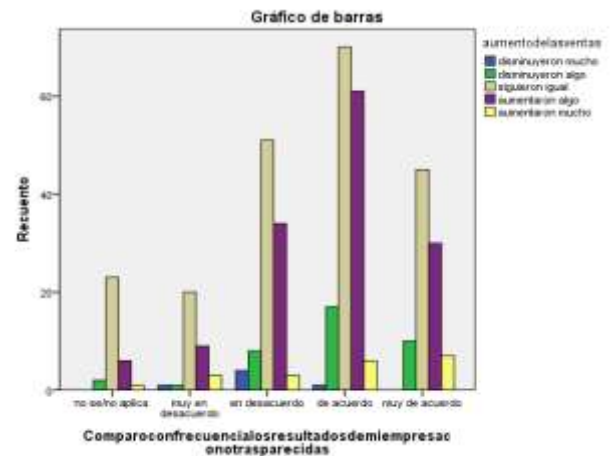


Figure 1 Relationship of increase in sales with the monitoring of the competition. (Own elaboration)

Figure 2 shows that employers who perform a competitive analysis of the competition agree that they have had an increase in sales.

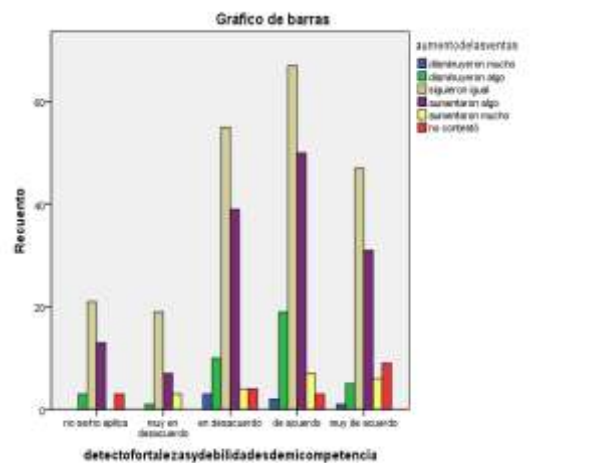


Figure 2 Foda de la competencia y la relación aumento en las ventas. (Elaboración Propia)

Figure 3 shows that entrepreneurs who care about identifying their customers and adding them to their portfolio agree that they have had an increase in sales.

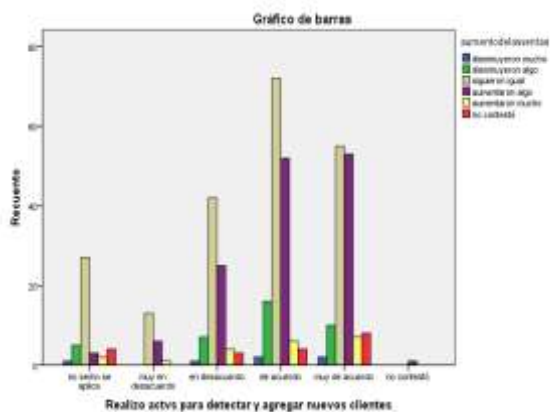


Figure 3. Detect new customers with increase in sales (Own Development)

Figure 4 shows that 35.65% of companies agree to apply effective methods to meet customers, their needs and preferences; this as part of a market analysis.

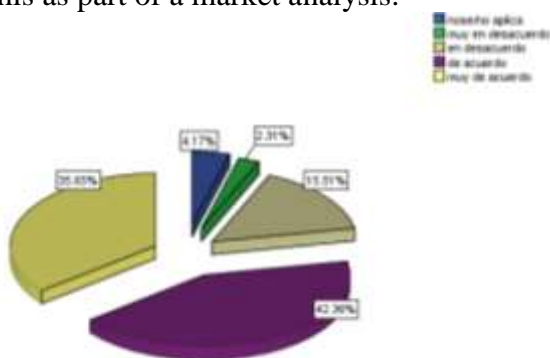


Figure 4. Effective methods to know the clients, their needs and preferences (Own Elaboration)

Figure 5 shows that the reasons why the micro and small companies have closed or can close, a list of the active and non-active companies was made to know the reasons for the closure. As a result, it is obtained that the external factors are those that determine that a company decides to close, among these are: the increase of costs, exchange rate, economic condition of the country, lack of financing sources, inflation and the rise of fuels.

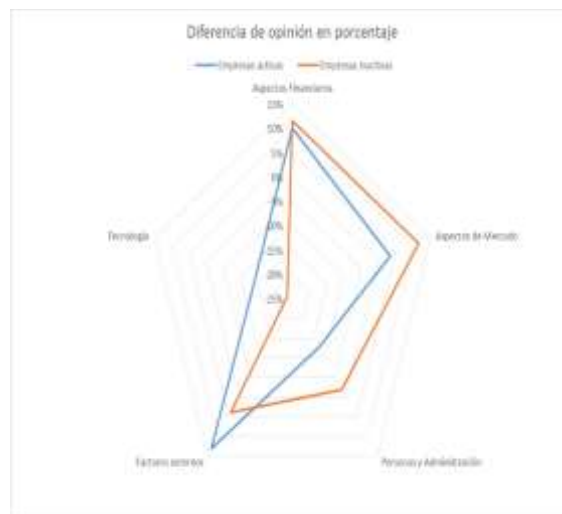


Figure 5 Factors that determine the closure of companies according to active and inactive companies (Own Development)

Conclusions

The analysis of the results allows us to conclude that the Mipes require a market analysis to know their environment and create adequate sales strategies, which are reflected in an increase in sales. This helps companies stay in the market, as well as generate profits and avoid closing.

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