

Why New Businesses Fail Due To Ineffective Services In Marketing Strategy

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ABSTRACT

Entrepreneurship has seen one of the major growths in Pakistan, in fact, just last year, the country ranked as 4th in the World for the highest ratio of startups and small businesses. With many new campaigns and programs in support for new and thriving business ideas for youth by the government and tax wagers, the market has seen a significant growth in the last few years however the sustainability and effectiveness hasn't grown alongside. One of the major reasons is the ineffective marketing strategies that small businesses implement due to their lack of exposure to understanding the industry. Another hypothesis that can be reached is the effect of Covid in the recent months especially since last year that has brought a huge downturn in the industry and has significantly damaged the state of existing as well as new SMEs in its duration. Our study adopted a simple questionnaire through which we tested and found out the insight and learned how ineffective marketing has affected businesses everywhere resulting in business failures and bankruptcy, along with the current Covid situation that has driven many SMEs to forced closure. Through this study, many rising businesses in their initiation phase will learn the keys to rescuing a failing business specially through recognizing the importance of marketing and its latest trends.

KEYWORDS: business, ineffective marketing, failure, entrepreneur, organization.

1. INTRODUCTION

There are a lot of common reasons to fail in business some common are they don't have effective marketing strategy the lack of effectiveness in business. In the changing scene with rivalry, there is need to receive arrangement and system that business with profanely and adequately in all business cycle (Du and Kim 2021). Achievement and disappointment and frequently seen as different sides of the coins so that by staying away from the last mentioned the previous turn out to be more achievable. Difficulties could be because of seen insufficient promoting system which is having adverse consequences on the business's execution item quality productivity (Longenecker, Simonetti, and Sharkey 1999). Entrepreneurs will actually want to deal with

intricacies of new small business promoting maintainability and adding to the flourishing of their representative. Specialist at the SBA characterized a small business as a firm with under 500 employees (Haji Nor Amin et al. 2019). Small commercial enterprise administration research, only half of recent agencies survive for the first 5 years and only one-0.33 of latest organizations are capable of live on for 10 years. The inverse is compelling as we are able to finish that if simplest 50% of recent organizations continue to exist for the primary 5 years, then the alternative 50% fail within the first five years. We also can finish that approximately 65% of latest organizations don't make it to the ten-12 months mark (Abebe and Gebremariam 2021). Strategy implementation is additional vital for the organization than the strategy formulation, as a result of if the strategic plan isn't with success enforced by the employees and management, its price and damages grow quite the failure of strategy formulation (Williamson 2000). It's necessary for the management and employees to use the suitable and authentic models and framework for the implementation of the strategic set up in a corporation. The most reason of failure of the strategic plan implementation is lack of acceptable models and frameworks to guide the management and employees that square measure involved in implementation of the strategic set up in well-known organization (McPherson 1996). Leadership role is important in formulation and strategic plan implementation and if the strategic leader isn't involved in strategy implementation, leadership isn't able to create a vivid vision for any strategic program. Implementation of the strategic plan is more important than formulation; otherwise it's nothing except well documented pieces of paper in a company (Lebrasseur, Zanibbi, and Zinger 2003). The organizational longevity or viability of business enterprises has been the topic of numerous empirical studies that have focused on causal factors, like organizational resources, that are relevant to the present phenomenon.

Scholarly literature tends to agree that multiple characteristics exists that make sure the longevity of organizations which they are available from both the external environment and internal organizational systems position is that, because of the constant change in external environmental factors in reference to marketing and global competency, organizations must adapt internally to the strain of their environment (Henrekson and Stenkula 2010). By changing internal factors like strategies, designs and plans, companies can adapt to the wants of the business world. Embracing better business practices allows organizations to embrace new ideas, suggestions and a good range of business opportunities (McAdam, Reid, and Shevlin 2014).

2. LITERATURE REVIEW

Today, remaining identical public notice of sale and selling technique bear doubt less thanks to mathematical shopping. In addition, it exist thus powerful that it can facilitate bring back to life the frugality and might develop in mind or physically tremendous lucky probability for governments to operate modern an adept form (Watkins 1983). Because the Internet is changing the brand, price, distribution, and promotion strategy, marketing managers who fail to recognize the role of the Internet in their corporate marketing plan will be at a disadvantage. With 20 million

people having access to the Internet, Pakistan has experienced significant development in media, yet marketers continue to do things the old way (P. Jennings and Beaver 2016)

The execution requirements are very stringent. Big ideas sometimes demand large sums of money and well-organized groups. Successful entrepreneurs need an evangelical ability to recruit, maintain, and balance the interests of investors, customers, workers, and suppliers for a seemingly impossible idea, as well as organizational and leadership abilities to swiftly grow a huge, complicated firm (Khokhar, Iqbal, et al. 2020). Furthermore, the entrepreneur may demand a high level of technical expertise in deal making, strategy planning, overhead management, and other commercial abilities. To put it another way, the revolutionary entrepreneur appears to require nearly supernatural talents that regular mortals do not possess (Alayón, Säfsten, and Johansson 2022)

Relationship marketing is an old concept with a new focus that is currently at the forefront of both practice and academic study in services marketing. The maturation of services marketing with an emphasis on quality, more realization of potential advantages for the company and the consumer, and technical advancements have all fueled its growth (HOU et al. 2021)

Marketing and entrepreneurship have long been viewed as two of the firm's most important duties. Despite their close relationship in practice, marketing and entrepreneurship have mostly grown inside their own discipline bounds, with little cross-disciplinary fertilization (Khokhar 2019). It might be a new year, but the ongoing Covid-19 pandemic means that there are further challenges for the retail industry to come in 2021 (Irshad et al. 2019). Lockdowns fueled considerable ecommerce purchases in the fourth quarter of 2020. November and December witnessed a 39 percent and 37 percent increase in online sales, respectively. Overall, according to new statistics from IMRG, internet sales increased by 36% in 2020, the largest increase in 13 years. This contrasts with overall retail sales, which decreased by 2%., the yearly growth rate fell to 0.13 percent, the lowest in 25 years (Khokhar, Hou, et al. 2020)

Businesses will have to adapt their strategic plans due to the changing nature of information and the technology that impact it. As smaller rivals learn to use information in ways that offer them a competitive edge, all sectors will alter. Relationships between firms and their suppliers, for example, will shift. Banking and other financial services industries are examples. The existing business model of newspaper publication will be severely threatened. In the future, branding will be a valuable asset. Business model innovation is critical to the long-term viability of open innovation (Yumei Hou 2020).

3. METHODOLOGY

3.1 PROCEDURE

Business growth and expansion necessitate the same level of careful and strategic planning as day-to-day operations. Before opening a new location, even well-established and successful commercial franchises such as fast-food restaurants and convenience stores conduct extensive

research and planning. Before proceeding, they assess local and regional demographics and spending trends, future development plans for the area, and other pertinent issues. To avoid failure, you must do the same for your business. Conduct extensive research to ensure that the time is right and that the funds are available for expansion. Before expanding to another location, ensure that the initial business is stable. The methodology details the research methods used and explained in the study. The approach used in this activity report is deductive in nature. The sample size was 202. Data were collected using one set of questionnaires, as it was a practically feasible way to gather information for the study from a number of participants over a short period of time (Khokhar et al. n.d.).

3.2 SCALE AND MEASUREMENT

Four constructs used in the study were replaced by a five-point Likert scale. Usually, respondents still feel comfortable completing the type of questionnaire that includes a Likert scale. The statistical package for the social sciences (SPSS) was used for the statistical analysis. Four constructs are used as independent variables and as dependent variables. A variable “Business failure” is used as moderating variable which has a linked between the ineffective marketing strategy and consumer awareness intentions.

4. CONCEPT FRAMEWORK

The conceptual framework is shown in the following figure 1. After that, a description that supports the relational derivative of the independent variable and the dependent variable comes out.

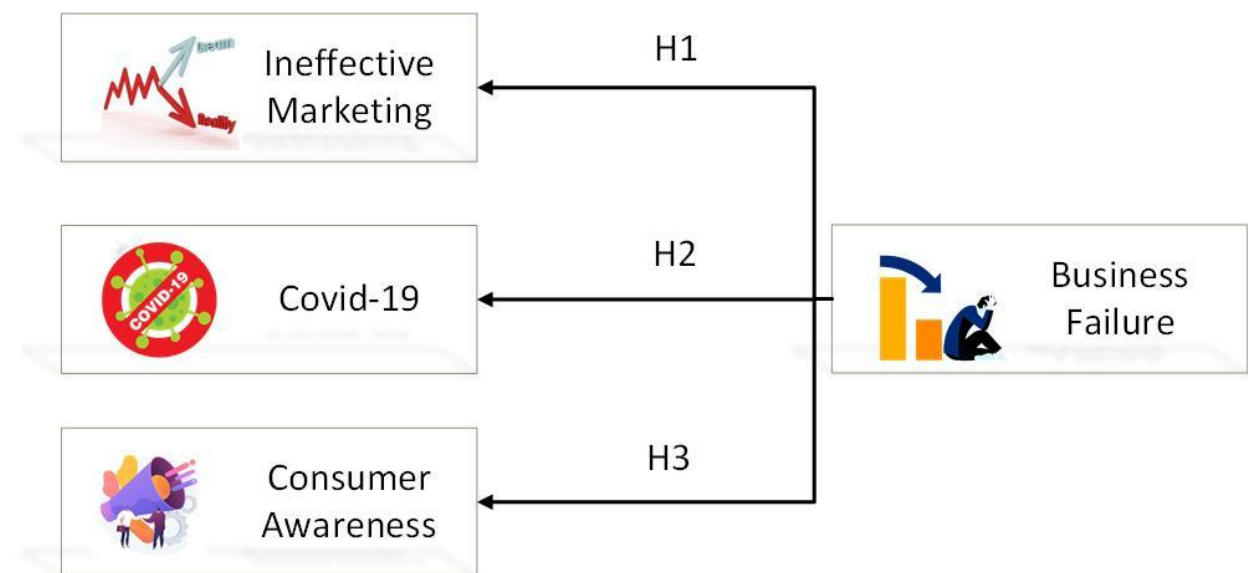


Figure 1: Conceptual Framework of Business Failure

4.1 INEFFECTIVE MARKETING AND BUSINESS FAILURE

The conclusion is that there is a positive correlation between lack of marketing skills and business failure (P. L. Jennings and Beaver 1995).

H1: ineffective marketing directly effect on business failure.

4.2 COVID-19 AND BUSINESS FAILURE

The COVID-19 pandemic is considered a black swan event that has affected all aspects of human life. Despite the short duration of the pandemic – only four and a half months so far – a sizable body of research on COVID-19 has been published (Beaver 2003).

H2: COVID-19 directly effect on business failure.

4.3 CONSUMER AWARENESS AND BUSINESS FAILURE

The first inter-organizational perspective looked at the key factors that contributed to the success or failure of a partnership in to better understand the effects on consumer perception (LANE and SCHARY 1991).

H3: consumer awareness directly effect on business failure.

5. DESCRIPTIVE STATISTICS

Descriptive Statistics Skewness and Kurtosis analyses are used for evaluating the uni-variate normality of the adopted constructs. The results are summarized in below Table 1:

Table 1: Descriptive Statistics

	Descriptive Statistics									
	N	Mini mu m	Maxi mum	Mean	Std. Deviation	Skewness	Stati stic	Std. Error	Stati stic	Std. Error
For a start-up or any business in its early stage, brand awareness is more important than anything else.	196	1.0	5.0	4.153	.9210	-1.304	.174	2.003	.346	
Failure to understand a customer's or consumer's behavior is the major reason of collapse for businesses today.	196	1.0	5.0	4.301	.8450	-1.649	.174	3.664	.346	

80% Businesses									
fail mainly due to ineffective marketing.	19 6	1.0	5.0	3.51 5	1.09 30	- .349	.174	- .56 7	.34 6
Marketing is the most important process in an overall business	19 6	1.0	5.0	3.77 6	1.01 30	- .434	.174	- .64 2	.34 6
Marketing is the most important process for a business to make profit.	19 5	1.0	5.0	3.70 8	.942 5	- .392	.174	- .20 7	.34 6
A business should invest a good sum of its budget on effective Marketing.	19 6	1.0	5.0	4.38 8	.860 9	- 1.42 5	.174	1.8 00	.34 6
During Corona virus, many retail businesses closed down. it might be because of how some businesses failed to adapt to the new	19 6	1.0	5.0	4.11 7	.860 2	- 1.20 6	.174	1.9 42	.34 6
Ecommerce market									
The present pandemic corona virus -19 has led to business failure because not to maintain the demand and supply of market.	19 6	1.0	5.0	4.08 7	.915 7	- 1.02 3	.174	.97 1	.34 6
New business fail in the beginning because they try to do it all strategies	19 6	1.0	5.0	3.50 5	1.05 49	- .517	.174	- .37 1	.34 6

New start up done€™t have proper information that how to maintain their business	19 5	1.0	5.0	3.45 6	1.00 61	- .554	.174	- .17 7	.34 6
New start up fail because they don't have proper direction	19 4	1.0	5.0	3.88 1	1.05 86	- .926	.175	.24 4	.34 7
Valid N (list wise)	19 3								

The above table shows that the highest Skewness level (SK=-1.64)

5.1 RELIABILITY STATISTICS

The two most important factors of precision are Reliability and Validity. Reliability is measured by taking and analyzing several measurements on the same objects. Internal consistency of the adopted constructs has been measured through the Cronbach's Alpha. Summarized results are depicted in the Table 2 below.

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
0.771	0.776	11

The above table shows that the highest reliability is 0.771

5.2 EXPLORATORY FACTOR ANALYSIS:

Here we will find the principal analysis which is a type of exploratory factor analysis. EFA being explorative in nature was used for understanding relationships between the constructs and indicator variables. Below lays the table 3 which shows results.

Table 3: KMO and Bartlett's Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.742
Bartlett's Test of Sphericity	Approx. Chi-Square	526.191
	df	55
	Sig.	.000

6. DISCUSSION / RESULTS

The main objective of conducting this study was to understand why businesses fail and in the recent conditions, what are the major factors affecting the growth or downfall of businesses.

Our major goal was to analyze how much of that failure is due to the ineffective marketing of such businesses and their failure to identify and adapt to the recent marketing trends. The result we reached based on different means of research conducted were the following: The hypothesis that business fail due to ineffective marketing strategy proved to have a positive relation as many businesses in the recent years, especially due to the growing digitalization, have failed to succeed in the market due to not identifying the trend therefore the conclusion based on the hypothesis has been failed to reject. The hypothesis that Covid 19 played a role in business failure lead to the learning that over the period of time in Covid and the sudden distraught it brought has affected the economy and the major economic powers of the world, significantly due to which, many businesses have also suffered and therefore it has contributed as one of the major factors in business failures in the past months resulting in our second hypothesis to be failed to reject based on the present research and responses.

The hypothesis that businesses fail due to not recognizing and properly evaluating their consumers demands and therefore planning their marketing and product development accordingly has been failed to accept as the study led to the recognition that each product has its audience due to which the product has been designed and therefore the major reason of a business' failure isn't it. All the findings in the research are in accordance with the earlier studies.

7. CONCLUSION

A successful business is not something that can be left to chance or luck. From the start to the end of your company's life cycle, you'll need a well-defined business plan, strategic operations, and strong financial management. To promote their products, reach their target audience, and attract new customers, every business needs a successful marketing strategy. Unfortunately, many of the executives who set out to develop these plans fall short of their objectives. Given all of the factors that go into any marketing team's planning and execution process, it should come as no surprise that marketing plans fail for a variety of reasons. They aren't having to, however.

To conclude this research, we have highlighted a major concern over the latest business trends and studies in our business sector and why our economic growth is suffering in the view of the recent events. Major one that can be considered an environmental factor is Covid that we're all familiar with and which has caused major changes in the business practices of all industries in the world. The marketing trends and practices have greatly been affected and reformed in the light of it as the forecast seems to claim it to be a long-term condition with many side effects and long-lasting effects on the world even after it. Another major hypothesis we successfully studied was also a fairly recent one yet something that has grown largely due to the Covid factor and the recent growing digitization of the world into global connectivity which is the new market trends and failure to identify and adapt to them leading to many business failures and losses. Our third hypothesis has been failed to accept although we believe it requires a more in-depth research in later time to reach a more conclusive result over it to identify what percentage of role it plays in business failures and potential success. We believe this study will serve as a great learning to readers who wish to study the market and business trends of the recent years and help forecast the

changing states and growing needs of the industry in order to better develop themselves and their businesses for it.

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