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## **IMPACT OF MARKETING APPROACHES ON THE PERFORMANCE OF MALAGASY SMEs**

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### **ABSTRACT**

In a global environment marked by increased competition and recurring economic crises, the opening up of borders has intensified the challenges for businesses, particularly in developing economies such as Madagascar's, where low purchasing power complicates the situation. Malagasy SMEs, which are in the majority but often vulnerable because of their size and dependence on their environment, are struggling to survive, with some even closing in their first year. This raises the central question of the impact of marketing strategies on their performance, a crucial issue given that their success is often hampered by a marketing approach that is poorly adapted to consumer needs. A study of 125 Madagascan SMEs revealed that these failures are often due to inconsistencies between marketing practices and consumer needs.

**KEYWORDS:** Consumers, Needs, SMEs, Strategies, Marketing.

## INTRODUCTION

In a constantly changing world, increasing international competition and recurring economic crises are interdependent phenomena that present new strategic issues and challenges. This relationship has led to the opening up of borders and the advent of international trade, relocation and the free movement of goods and services - in other words, free trade. It has to be said that this opening up of borders has accentuated the competition and challenges facing businesses.

The Malagasy economy, like most developing economies, is characterised by the population's limited purchasing power. Faced with the country's socio-economic vulnerability, Malagasy businesses find it hard to survive, let alone grow, and some even close their doors before their first year of existence. Faced with the complexity of the environment, most of them try to hold on by implementing different strategies that are not necessarily adapted to these socio-economic contexts.

SMEs, which make up the majority of Malagasy businesses, are the most affected by this difficulty, given that they have a number of specific characteristics that differentiate them from the large companies that currently dominate the market. Because of their size, they have a flexible structure, but are often dependent on their environment and have a vulnerable business. In their quest for growth and profitability, these companies are now faced with the question of what kind of strategies to adopt to ensure performance. This raises the question of how marketing approaches impact on the performance of Madagascan SMEs.

Marketing is seen as an investment, yet its productivity and performance are rarely measured (Merrick and Shaw, 2005). It is with this in mind that this study aims to analyse the role of marketing approaches in SME performance. An opinion poll of 125 Malagasy SMEs across all activities confirmed that the failure of Malagasy SMEs is explained by the inconsistency between their marketing approaches and consumer needs.

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## I. CONCEPTUAL FRAMEWORK

**Ambler et al (2004)** conducted a study to determine the variables that can contribute to the measurement of marketing performance. They identified 19 variables, but only five were commonly used. These were sales, gross margin, profits, brand awareness and market share.

The marketing literature has moved towards a categorization of performance measures for assessing marketing credibility.

Early work on measuring marketing performance was closely linked to the accounting and finance

literature. Primarily aimed at assessing the contribution of marketing efforts to the production of financial results, these approaches were generally quantitative and focused on financial ratios such as turnover and margin. The first work in this field was done in the 1960s and 1970s. We find the famous book by Charles Sevin (1965) entitled "*Marketing Productivity Analysis*" and the work of Feder (1965), Goodman (1970) and Mossman et al. (1974), seeking to link financial outputs to marketing inputs.

These studies have generally been designed to provide managers with advice on how to better allocate their marketing resources, drawing on both marketing and financial knowledge (Bruce and Clark, 1999). These financial and accounting indicators, which do not take into account other aspects of performance measurement, are criticised for giving only a limited view of performance. They are generally static, backward looking and do not provide information that can be used to assess the company's performance over the long term (Piercy 1986). In response to these inherent limitations of financial measures, a series of non-financial measures have been adopted.

The non-financial measures most frequently cited in the researchers' work are: market share, customer satisfaction and brand equity.

- The emergence of work on market share as a better measure of marketing performance at the time was explained by the convergence of three factors: firstly, the work of marketing professors at Harvard Business School, and professionals in large American companies as part of the PIMS (Profit Impact of Marketing Strategy) research project in 1970 (Buzzell et al 1987). Secondly, the work of consultants at The Boston Consulting Group, whose main finding was the existence of a positive relationship between market share and profitability (Henderson and Bruce 1973). Thirdly, the success of Japanese companies which focused on market share as a key measure of performance. However, after the great success of this work, subsequent research was able to show the limits of this measure by calling into question the market share/profitability relationship, which proved to be controversial. (Jacobson 1988; Szymanski, Bharadwaj and Varadarajan 1993).

- Customer satisfaction has also become an important benchmark measure in many companies (Halstead, Hartman and Schmidt 1994). The Marketing News Customer Satisfaction Research Directory counted 200 companies specialising in satisfaction measurement in 1997 (Bruce and Clark 1999). It has been included as an appropriate Key Performance Indicator (KPI) in the Balanced Scorecard (Kaplan and Norton 1996). Having a satisfied customer base is seen as a key marketing asset that contributes to increasing loyalty and reducing marketing costs (Bruce and Clark 1999). Although simple in theory, the process of measuring customer satisfaction has proved complex in practice and suffers from several obstacles, especially those of manipulation compared with other objective measures (Piercy and Morgan 1995).

- Other researchers have considered brand equity or brand awareness as a key indicator in measuring

marketing performance. Keller 1993 defines brand equity according to two approaches: the behavioural approach which takes into consideration the reaction of customers to the brand, either in terms of perceptions or purchases, and the financial approach which seeks to find the financial value of the brand for the company and its investors. However, the relationship between the behavioural and financial approaches to brand equity has proved controversial.

As the performance derived from marketing operations was generally considered to be indisputable, marketing managers did not bother to measure the productivity of their actions. Their only priority was to meet customer needs. As a result, they often focused on customer satisfaction to the detriment of marketing performance measurement, which was considered to be of secondary importance.

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## **II- RESULTS**

In relation to the objective of analysing the role of marketing in the performance of Madagascan SMEs, the results that follow will focus on the marketing practices of SMEs and, above all, an evaluation of the performance of these SMEs.

### **2.1 The benefits of market research**

Market research is vital for businesses because it provides factual data on the market, consumers and competitors. It enables them to target customers effectively, adjust products and services, set appropriate prices, choose the right distribution channels and create more effective marketing campaigns.

The results on the frequency distribution of SMEs' opinions on their interest in carrying out market research are particularly instructive. These data reveal significant trends in SMEs' responses, suggesting marked differences in their approach to market research. Firstly, it is striking that the majority of SMEs (50.0%) stated that they had never carried out market research. This indicates a significant gap in their understanding of the market and their target audience, and could also have an impact on their strategic decision-making. In addition, 27.5% of SMEs replied that they very rarely carried out market research. This suggests a lack of regular use of this valuable tool for making informed decisions.

On the other hand, only a minority of SMEs indicated that they carried out market research frequently (3.3%) or very frequently (0.8%). This distribution of responses raises important questions about the importance attached to market research in the decision-making process of Malagasy SMEs.

**Table 1: Frequency distribution of SMEs' opinions on their interest in carrying out market research.**

FREQUENCY	Frequency
Never	50,0%
Very rarely	27,5%
Rarely	18,3%
Frequently	3,3%
Very frequently	0,8%
TOTAL	100%

Source : Authors, 2023

### 2.3 Information Gathered

Despite the apparent low prevalence of market research in the activities of Malagasy SME managers, our study has attempted to highlight and examine in depth the various categories of information that are generally sought and analysed as part of this market research. Our aim is to gain an exhaustive understanding of the different aspects and dimensions that SME managers take into consideration when undertaking market research, with a view to deciphering the specific dynamics and particularities of the Malagasy context.

To this end, an analysis of the opinions of Malagasy SMEs regarding the information collected during market research reveals significant trends and practices. The results indicate that the majority of SMEs surveyed rarely or never use certain categories of specific information, particularly those relating to the PESTEL environment, consumer characteristics, product expectations, purchasing locations, purchasing decisions, competitors' strengths and weaknesses, and relations between competitors and suppliers.

**Table 2: Breakdown of SMEs' opinions on the information gathered from market surveys**

Opinions Information categories	Never	Very rarely	Rarely	Frequently	Very frequently
PESTEL	40,8%	25,8%	29,2%	4,2%	0,0%
Estimated demand	25,8%	25,8%	0,0%	28,3%	20,0%
Consumer features	55,8%	21,7%	13,3%	9,2%	0,0%
Product expectations	52,5%	20,8%	5,0%	21,7%	0,0%
Purchasing power	49,2%	30,0%	8,3%	12,5%	0,0%
Where to buy	51,7%	24,2%	10,0%	13,3%	0,8%
Purchase decision	48,3%	20,0%	8,3%	23,3%	0,0%

Satisfaction	24,2%	31,7%	5,0%	20,8%	18,3%
Competitors	42,5%	24,2%	4,2%	16,7%	12,5%
Competitors' strengths and weaknesses	48,3%	25,0%	5,0%	15,0%	6,7%
Competitor/supplier relations	43,3%	25,0%	5,0%	24,2%	2,5%
Competitors' reputation	26,7%	22,5%	40,0%	10,0%	0,8%

Source : Authors, 2023

These results highlight a general tendency among Malagasy SMEs to neglect certain key dimensions that are nonetheless essential for a full understanding of the market and the competitive environment.

On the other hand, the study shows that Malagasy SMEs attach greater importance to estimating demand, customer satisfaction and competitor analysis, with significant percentages of SMEs declaring that they use these types of information frequently or very frequently. Consequently, although certain dimensions are neglected, Malagasy SMEs recognise the importance of other essential aspects of market research that are directly linked to satisfying customer needs and understanding the competitive landscape.

### 2.3 Basis for SMEs' strategic choices

Our results, based on an analysis of entrepreneurs' opinions on the basis of their strategic choices, significantly confirm the various results that highlight the determining factors in their decision-making. It is interesting to note that competition, product specificity, and the product life cycle are the factors most taken into account by entrepreneurs, with 23.3%, 21.7%, and 23.3% respectively strongly agreeing with the influence of these elements on their strategic choices. Conversely, the results show that the economic context, consumer characteristics, and customer expectations are the factors least taken into account, with only 4.2%, 7.5%, and 4.2% of entrepreneurs strongly agreeing on their impact.

It is therefore essential for SMEs to recognise and understand the influence of these factors in order to develop effective strategies adapted to their environment. Entrepreneurs need to be aware of the impact of competition, product specificities, and the product life cycle on their business, while taking into account the economic context, consumer characteristics, and customer expectations to ensure a holistic and integrated approach to their strategic decision-making process.

**Table 3: Distribution of entrepreneurs' opinions on the basis of their strategic choices**

Opinions	I totally disagree	No agreement	I quite agree	Agreed.	I totally agree	TOTAL
Basics of strategic choice						
Economic context	17,5%	40,0%	23,3%	15,0%	4,2%	100%
Features cons	20,8%	43,3%	16,7%	11,7%	7,5%	100%
Customer expectations	20,0%	45,8%	20,8%	9,2%	4,2%	100%
Competition	22,5%	11,7%	26,7%	15,8%	23,3%	100%
Budgets	18,3%	20,8%	25,8%	16,7%	18,3%	100%
Product specifications	21,7%	19,2%	20,8%	16,7%	21,7%	100%
Product life cycle	14,2%	23,3%	17,5%	21,7%	23,3%	100%
Product profitability	15,0%	20,8%	16,7%	21,7%	25,8%	100%
Corporate cultures	15,8%	24,2%	20,8%	20,8%	18,3%	100%
Technological developments	18,3%	18,3%	25,8%	17,5%	20,0%	100%
Digital	11,7%	19,2%	27,5%	20,8%	20,8%	100%

Source : Authors, 2023

#### 2.4 Adaptation strategies to address consumers' economic vulnerabilities

Examining coping strategies in response to consumers' economic vulnerabilities is an essential part of the modern business landscape. This strategy is of paramount importance to businesses concerned with their sustainability and competitiveness. Consumers' economic vulnerabilities, whether due to financial crises, changes in the employment market or other factors, have a direct impact on their purchasing habits and purchasing power. Consequently, understanding these vulnerabilities and adapting commercial strategies accordingly is essential to meet changing customer needs, maintain customer loyalty and identify new opportunities, even in fluctuating economic environments.

Our results exploring this context revealed significant differences of opinion among entrepreneurs regarding their strategies for adapting to consumers' economic vulnerabilities.

First of all, the importance attached to "Creating needs" stands out, with 22.5% of entrepreneurs saying they "strongly agree" with this approach. However, almost 40% of respondents disagreed with this strategy. This divergence highlights the existence of contrasting opinions among entrepreneurs as to the effectiveness of creating needs to address consumers' economic vulnerabilities.

Next, the importance of "consumer needs" is highlighted, with 30% of entrepreneurs saying they "strongly agree" with this strategy. However, 35% of respondents disagreed with this approach. This disparity suggests that taking consumers' needs into account is not unanimously perceived as the key to success in



a context of economic vulnerability.

Finally, support for the 'low prices' strategy is limited, with only 25% of entrepreneurs saying they 'agree' or 'strongly agree'. The majority, 62%, disagreed with this approach, indicating that it is not widely seen as an effective solution to consumers' economic vulnerabilities.

In short, these analytical findings reinforce the diversity of opinions among entrepreneurs regarding coping strategies in the face of consumers' economic vulnerabilities. This variability highlights the importance for decision-makers of understanding divergent perspectives and adapting their strategies accordingly to better navigate a fluctuating economic environment. It would be useful to compare these results with other similar studies in order to better identify trends and variations.

**Table 4: Breakdown of entrepreneurs' opinions on the basis of their strategies for adapting to consumers' economic vulnerability**

Opinions Adaptation factors	I totally disagree	No agreement	I quite agree	Agreed.	I totally agree	TOTAL
Creating needs	19,2%	20,0%	18,3%	20,0%	22,5%	100%
Consumer needs	30,0%	35,0%	25,8%	5,8%	3,3%	100%
Low prices	25,0%	36,7%	20,8%	10,8%	6,7%	100%
Product specifications	15,8%	15,0%	17,5%	25,8%	25,8%	100%
Product features	17,5%	25,0%	19,2%	21,7%	16,7%	100%
Consumer characteristics	21,7%	32,5%	19,2%	16,7%	10,0%	100%
Communication	17,5%	22,5%	17,5%	24,2%	18,3%	100%
Adaptation Communication	13,3%	21,7%	23,3%	22,5%	19,2%	100%

Source : Authors, 2023

### III- DISCUSSIONS

The analysis of the hypothesis suggesting that the failure of Madagascan SMEs is explained by the inconsistency between their marketing approaches and consumer needs is essential in providing essential clarification for improving the performance of the country's small businesses.

#### 3.1 Flaws in market research have an impact on the effectiveness of marketing practices

To reach this conclusion, we conducted a regression analysis to assess the sustainability of SMEs as a function of several factors, including the adaptation of products to consumer needs, the implementation



of marketing strategies aligned with customer expectations, the collection of information about consumer expectations regarding products or services, and the frequency of market research. The results of this analysis of variance reinforce the overall validity of the relationship between these factors, given the significant sig. value of 0.43.

The results of the analysis of the coefficients of the predictor variables in the SME sustainability model based on the adjustment of products to consumer needs, the design of marketing strategies in line with customer expectations, the collection of information on consumer expectations regarding products or services, and the frequency of market research provide valuable information on the factors influencing the sustainability of small and medium-sized enterprises. This study reveals significant associations between some of these variables and the sustainability of SMEs, which may have important implications for the commercial strategies of these companies.

Firstly, the frequency of market research seems to play a key role in the sustainability of SMEs. The results show that companies that carry out more frequent market research tend to be more sustainable. Although this association is only marginally statistically significant, with a p-value of 0.055, it nevertheless indicates a trend whereby SMEs that regularly keep their finger on the pulse of the market have a better chance of maintaining their sustainability. This finding underlines the importance of vigilance and responsiveness to market developments for SMEs.

In addition, the collection of information on consumer expectations in terms of products or services is another variable significantly associated with the sustainability of SMEs. Companies that actively gather this information tend to be more sustainable. This finding is reinforced by a p-value of 0.028, indicating more robust statistical significance. SMEs that invest in a thorough understanding of their customers' expectations are better positioned to adapt their products and services accordingly, which contributes to their long-term sustainability.

However, a surprising result emerged with regard to the design of marketing strategies in line with customer expectations. Contrary to initial intuition, SMEs that design their marketing strategies in line with customer expectations tend to be less sustainable. This finding is statistically significant, with a p-value of 0.008. Although it may seem counter-intuitive, it suggests that simply following customer expectations does not guarantee the sustainability of SMEs. It is quite possible that these companies lack innovation or differentiation in their strategies, which can make them vulnerable to changes in the market. Finally, adapting products to consumer needs is another variable that has a positive influence on the sustainability of SMEs. Companies that actively adapt their products to consumer needs tend to be more sustainable. This relationship is statistically significant, with a p-value of 0.034. It therefore seems that

the ability to respond effectively to changing customer needs is a key factor in maintaining sustainability.

In short, this analysis of the results highlights the importance of the frequency of market research, the collection of information on consumer expectations and the adjustment of products to customer needs for the sustainability of SMEs. However, it also raises an important nuance concerning the design of marketing strategies in line with customer expectations, which appears to have a negative impact on SME sustainability. These findings offer important insights for SME managers seeking to improve their resilience and long-term success in the competitive marketplace.

**Table 5: Summary of the SME sustainability model based on adjusting products to consumer needs, designing marketing strategies in line with customer expectations, gathering information on consumer expectations regarding products or services, and conducting frequent market research.**

Model	R	R-two	Change in F	ddl1	ddl2	Sig. Variation in F
1	,742	,551	2,549	4	115	,043

Source : Authors, 2023

The results of the analysis of the coefficients of the predictor variables in the SME sustainability model provide essential information on the factors that influence the sustainability of these companies. In this analysis, we examine the impact of four specific variables: the frequency of market research, the collection of information on consumer expectations regarding products or services, the design of marketing strategies in line with customer expectations, and the adjustment of products to consumer needs.

Firstly, the variable "How often do you carry out market research?" (Variable 9) shows a positive relationship with SME sustainability. Although the p-value of 0.055 is slightly higher than the conventional significance level of 0.05, the trend is clear: SMEs that carry out more frequent market research tend to be more sustainable. This suggests that constant vigilance towards market developments can contribute to sustainability.

With regard to the variable "Do you gather information on consumer expectations in terms of products or services?" (Variable 24), the results indicate a significant positive association with the sustainability of SMEs. With a p-value of 0.028, this association is statistically robust. SMEs that actively gather information about their customers' expectations tend to be more sustainable, highlighting the importance of understanding consumer needs.

However, an unexpected result appears with regard to the variable "Our marketing strategies are designed

in relation to customer expectations" (Variable 39). Contrary to intuition, SMEs that align their marketing strategies with customer expectations appear to be less sustainable. This negative association is statistically significant, with a p-value of 0.008. Simply adapting to customer expectations does not guarantee sustainability. The reasons behind this relationship deserve further exploration, but it is possible that companies are focusing excessively on existing expectations, neglecting the innovation and differentiation needed to remain competitive.

Finally, the variable "We adapt products according to consumer needs" (Variable 49) shows a significant positive association with SME sustainability. With a p-value of 0.034, this relationship is statistically valid. This suggests that SMEs that tailor their products to consumer needs tend to be more sustainable. This finding underlines the importance of flexibility and the ability to respond to changing customer demands.

**Table 6: Coefficients of the predictor variables in the model of SME sustainability based on the adjustment of products to consumer needs, the design of marketing strategies in line with customer expectations, the collection of information on consumer expectations regarding products or services, and the frequency of market research.**

	Non-standardised coefficients		Standardised coefficients	t	Sig.
	B	Standard error	Beta		
(Constant)	2,306	,395		5,836	,000
9-How often do you carry out market research?	,326	,107	,305	,055	,037
24-Do you collect information on consumer expectations in terms of products or services?	,228	,082	,232	,348	,028
39-Our marketing strategies are designed to meet customer expectations	-,155	,096	-,147	-1,618	,008
49-We tailor products to consumer needs	,178	,095	,170	1,872	,034

Source : Authors, 2023

This analysis highlights the importance of the frequency of market research, the collection of information on consumer expectations and the adjustment of products to customer needs for the sustainability of SMEs. However, it also establishes an intriguing aspect regarding the design of marketing strategies in line with customer expectations, which appears to have a negative impact on SME sustainability. These findings provide valuable insights for SME managers seeking to maximise their resilience and long-term success in the competitive marketplace.

### **3.2 The development of the customer portfolio is largely based on taking account of consumer expectations.**

Expanding and developing the customer portfolio are key objectives for many businesses, and are closely linked to the ability to meet consumer expectations. It explores the idea that taking account of consumer expectations plays a central role in strengthening companies' customer portfolios. We will examine this assumption through a correlation analysis and analyse how its validation helps to support our research hypothesis.

The results of the correlation analysis of the effectiveness of SME marketing practices offer important insights into how certain variables relate to changes in customer portfolio and market share. These correlations help us to better understand the factors that influence companies' marketing performance.

Firstly, the significant positive correlation of 0.383 between the collection of information on consumer expectations (variable 24) and the evaluation of the evolution of the customer portfolio (variable 73) indicates that there is a favourable relationship between these two aspects. SMEs that actively collect information on consumer expectations tend to better assess the evolution of their customer portfolio. Consequently, an in-depth understanding of consumer needs and preferences is a valuable asset for strengthening the customer portfolio.

However, a significant inverse correlation of -0.474 between the design of marketing strategies in relation to consumer characteristics (variable 38) and the evaluation of the evolution of the customer portfolio (variable 73) is surprising. This correlation suggests that SMEs that design their marketing strategies with consumer characteristics in mind tend to evaluate the evolution of their customer portfolio less favourably. This unexpected finding merits further exploration to understand the underlying reasons for this inverse relationship.

Furthermore, a significant positive correlation of 0.331 between the adaptation of distributions to consumer characteristics (variable 53) and the evaluation of the evolution of the customer portfolio (variable 73) claims that SMEs which adjust their distributions according to consumer characteristics tend to better evaluate the evolution of their customer portfolio. We can therefore say that aligning distribution

channels with consumer needs can contribute positively to customer portfolio growth.

In summary, these results highlight significant correlations between certain SME marketing practices and the evaluation of customer portfolio evolution. Gathering information on consumer expectations and adapting distributions according to consumer characteristics appear to be favourable factors. However, designing marketing strategies with consumer characteristics in mind shows a surprising inverse correlation that requires further analysis to understand its implications.

**Table 7: Correlation between the effectiveness of SME marketing practices**

	73-How would you assess the development of your customer portfolio?	74-How do you see your market share developing?
24-Do you collect information on consumer expectations in terms of products or services?	0,383	0,455
Sig (bilateral)	0,018	0,002
38-Our marketing strategies are tailored to consumer characteristics	0,380	-0,474
Sig (bilateral)	0,024	0,020
53-We tailor our distribution to consumer characteristics	0,331	0,463
Sig (bilateral)	0,032	0,042

Source : Authors, 2023

### 3.3 Pricing policy impacts sales in an economically vulnerable market

This analysis looks at the significant impact of pricing policy on the turnover of small and medium-sized enterprises (SMEs) operating in this precarious market. This analysis is intrinsically linked to our third research hypothesis, which highlights the presumed inconsistency between the marketing approaches adopted by Malagasy SMEs and the real needs of local consumers. We will examine this assumption through a correlation analysis of the pricing policy and the evolution of sales and turnover of SMEs.

The results of the analysis of correlations between pricing policy and changes in SME sales and turnover show significant trends that shed important light on the economic dynamics of the Malagasy market.

Firstly, the significant positive correlation of 0.484 between offering low prices and evaluating sales growth shows that SMEs that offer low prices tend to evaluate their sales growth better. This suggests that in an economically vulnerable market, where consumers are price-sensitive, adopting an affordable pricing strategy can be a key factor in stimulating business revenue growth.

In addition, the significant positive correlation of 0.577 between the offer of low prices (variable 50) and the assessment of sales volume growth reinforces this trend. SMEs that offer low prices also tend to assess the growth of their sales volume more accurately. This presupposes that Malagasy consumers react favourably to lower prices, which translates into an increase in sales for companies that adopt this strategy. However, the significant negative correlation of -0.413 between the fact that the pricing policy is based on market needs and the evaluation of sales volume growth is intriguing. This correlation suggests that SMEs that adjust their prices in line with market needs tend to evaluate their sales volume growth less favourably. It is therefore plausible that adjusting prices in response to market needs does not automatically generate an increase in sales. Other elements, such as competition or the way consumers perceive value, could play a role in this complex dynamic.

In summary, these results reinforce the irrefutable importance of pricing policy in the evolution of sales and turnover of SMEs operating in an economically vulnerable market such as Madagascar. Low prices seem to stimulate growth in sales and turnover, but adjusting prices in line with market needs does not always seem to produce the same effect. This analysis highlights the need for companies to gain an in-depth understanding of their customers' price sensitivity, and to design pricing strategies tailored to their specific market.

**Table 7: Correlation between pricing policy and sales and turnover trends for SMEs**

	77-How do you see your sales developing?	78-How do you see your sales volume developing?
50-We offer low prices	0,484	0,577
Sig (bilateral)	0,033	0,012
60- Is your pricing policy based on market needs?	,514*	-0,413
Sig (bilateral)	0,019	0,021

Source : Authors, 2023

All the results obtained contribute significantly to the validation of our third fundamental hypothesis, which states that the failure of Malagasy SMEs can be explained by the existing mismatch between their marketing approaches and the real needs of consumers. These findings converge towards a deeper understanding of the challenges faced by SMEs in the Malagasy context, highlighting the critical

importance of aligning business practices with local market expectations.

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## CONCLUSION

In conclusion, faced with a rapidly changing economic world and intensifying international competition, Malagasy SMEs are facing major challenges that threaten their survival and growth. The results of the survey of 125 Madagascan SMEs in different sectors show that the failure to adapt marketing strategies to consumers' real needs is a significant cause of their poor performance and high failure rate. This situation highlights the crucial importance for SMEs to develop marketing approaches that are more coherent and aligned with the expectations and economic capacities of local consumers.

The future success of Madagascan SMEs will therefore depend on their ability to adapt quickly and effectively to constantly changing socio-economic realities, to make the most of innovation in their marketing strategies and to establish a close relationship with their customers. It is essential that the economic players, decision-makers and institutions supporting entrepreneurship take note of these challenges and work to put in place an ecosystem conducive to the development of effective marketing practices tailored to the realities of the Malagasy market.

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