

# **THE IMPACT OF MARKETING STRATEGY ON BUSINESS PERFORMANCE: A CASE STUDY OF STATE-OWNED ENTERPRISES IN YUNNAN PROVINCE**

**Yuanjie Li <sup>1</sup>, Ling Qian <sup>2\*</sup>, Lei Wang <sup>3</sup>, Zhihui Li <sup>4</sup>, Suprawin Nachiangmai <sup>5</sup>**

<sup>1 2 3 4 5</sup> Innovation College, North-Chiang Mai University

\* Corresponding Author, E-mail: ling.qian@northcm.ac.th

**Abstract:** In this study, the core conceptual framework was constructed by introducing the following demographic variables of age, education, and job title with marketing, marketing competence, and business performance as variables. Attempting to analyze the differences in the mean values of respondents' perceptions of the demographic variable groupings for each variable of marketing, marketing capability, and business performance and the influence of the independent variables on the dependent variables, this study proposes the following research objectives: 1. To explore the impact level of Innovation Intention and Business Performance of Yunnan State-Owned Company. 2. To guideline the improvement Innovation Intention on Business Performance of Yunnan State-Owned Company. In the overall study, 300 questionnaires were distributed in this study, utilizing the simple random sampling method to distribute the questionnaires, 260 questionnaires were returned, 205 questionnaires were valid, and the effective recovery rate was 68.3%.

This study found there is a significant positive correlation between marketing concept innovation, product innovation and marketing procedure innovation in marketing innovation. the correlation coefficient between financial performance and growth performance is as high as 0.5, indicating a significant marketing concept innovation has a significant impact on firm performance. This study provides a nuanced understanding of the complex interactions between marketing, marketing capabilities, and firm performance, thereby contributing to the existing body of knowledge. contributes to the existing body of knowledge and provides insights for subsequent related research.

**Keywords:** Marketing, Marketing Ability, Enterprise Performance

## **Introduction**

Marketing is an important business activity of enterprises, which has an important impact on the short-term and long-term development of enterprises. However, enterprises face resource constraints all the time in the process of marketing activities. In the process of marketing mode selection and implementation, it is inevitable to increase the operating cost of enterprises. What kind of

relationship between enterprise marketing mode and enterprise performance, and how the enterprise marketing mode acts on enterprise performance, these are serious realistic problems facing all enterprise operators and managers. It is particularly urgent to uncover the internal mechanism of marketing model's effect on enterprise performance.

Since entering the 21st century, China's consumer market has become more and more diversified, and China has adjusted relevant policies several times in order to stimulate domestic demand. Since joining WTO, the whole market environment is affected by foreign enterprises, and the market competition is becoming more and more regularized. Therefore, this puts forward higher requirements for the development of domestic enterprises, and the marketing mode of enterprises must be reformed and innovated. At present, The Chinese market competition is fierce and changing rapidly, domestic enterprises and foreign enterprises coexist, the situation is complicated. If the enterprise cannot grasp the market, cannot choose to implement their own marketing mode according to the market environment, the enterprise will be difficult to stand firm. "Marketers who do not pay attention to marketing will be eliminated from the new marketing environment." This is bound to put forward particularly high requirements for the marketing activities of each enterprise. If the products produced by an enterprise want to remain invincible in

the fierce market competition, managers must find ways to attract more consumers and gain a larger market share through a series of marketing modes. However, the era of gaining market share through simple marketing campaigns is gone. With the increasing demand of consumers, now enterprises in addition to adopt a variety of marketing activities to attract the attention of the target audience, to achieve the desired marketing effect of the enterprise itself, but also consider the input and output ratio of each marketing activity. That is, enterprises should use the minimum cost to obtain the maximum corporate income (Chen, 2004).

After China's entry into WTO, the consumer market shows a trend of diversification. The market competition of domestic and foreign enterprises is becoming more and more fierce. Whoever occupies the market will win the development. In the competitive market environment, the marketing mode of enterprises plays an increasingly important role in the whole operation and development process of enterprises. Enterprises only according to the market changes, choose the right marketing mode, marketing well, can win market share. With the development of market economy and the continuous improvement of consumer demand, the enterprise in addition to take a variety of marketing activities to win customers, enterprise itself in order to achieve the desired marketing effect, but also every investment in sales and sales income, the ratio of as much as possible with minimal costs to obtain the biggest benefit. Any enterprise in the use of marketing methods to promote the progress of the enterprise, not by hook or by crowd, but need to consider the performance of the whole company.

In the market economy structure adjustment, financial deleveraging, under the background of

the rapid development of Internet finance, our state-owned enterprises facing the market environment have undergone great changes, improved marketing strategy to improve enterprise business performance has become the choice of many state-owned enterprises, through different marketing strategies to promote enterprise marketing performance is pursued by many enterprises (Aaker, 2008).

The relationship between state-owned enterprises and marketing strategy is the reform of the economic system, improving state-owned enterprise management, improving the efficiency of state-owned enterprises and even the whole social resources allocation, developing and expanding the socialist economy found that good state-owned marketing strategy is a necessary condition to maintain good business performance. Therefore, this paper takes Yunnan state-owned enterprises as the research clue and strives to explore a set of marketing strategies in line with the national conditions of China and business performance. However, due to the limitations of my research time, academic level, and areas of work, there are still many problems in the above two areas and their internal links. This article is only the preliminary research results of the author. The full text is divided into five chapters: Chapter I expounds the basic ideas, framework, research content and significance, and explains several important concepts and concepts involved in this article. The second chapter reviews the old concepts and concepts, summarizes the previous research results on related problems, analyzes and summarizes the previous research results and deficiencies. Chapter 3 is the focus of this paper presenting the research methods and design, research overview and smoking, survey tools, variables and measurements and their research ethics. Chapter 4 presents the descriptive statistical analysis and inference statistical analysis. Chapter V summarizes the research results of this paper and draws conclusions. It should be noted that although the above research is based on state-owned enterprises and they have their own laws and particularity in the performance evaluation problem, with the establishment and improvement of socialist market economy, SOEs will have strong market characteristics, and their internal management and non-state enterprises (such as non-state-owned social enterprises), so the above performance evaluation and incentive methods, especially the internal performance evaluation and incentive methods of relevant enterprises, are also applicable to modern non-state-owned social enterprises.

*Research Problem Statement:*

In today's highly competitive business environment, the success of an enterprise heavily depends on its marketing strategies. For state-owned enterprises (SOEs) in Yunnan Province, China, effective marketing strategies are crucial for achieving sustainable growth and maintaining a competitive edge. However, these enterprises often face unique challenges compared to their private counterparts, such as bureaucratic inefficiencies, less flexibility in decision-making, and a reliance on government support.

This thesis aims to investigate the impact of marketing strategies on the business performance of state-owned enterprises in Yunnan Province. The study seeks to understand how these enterprises

develop and implement marketing strategies, the challenges they encounter, and the resultant effects on their performance metrics such as market share, revenue growth, and customer satisfaction. By analyzing these factors, the research will provide valuable insights into the effectiveness of current marketing practices and offer recommendations for improvement.

*A research question is posed:*

What are the common marketing strategies employed by state-owned enterprises in Yunnan Province?

How do internal factors such as organizational structure and culture impact marketing strategy execution?

What performance metrics are most affected by marketing strategies?

What best practices can be adopted from other sectors or regions?

How can these enterprises overcome the unique challenges they face to achieve better marketing outcomes?

By addressing these questions, the study will provide a comprehensive understanding of the role of marketing strategies in the performance of state-owned enterprises in Yunnan Province, contributing to both academic knowledge and practical applications in the field of business management.

### **Research Objective (s)**

Objectives 1. To explore the impact level of Innovation Intention and Business Performance of Yunnan State-Owned Company.

Objectives 2. To guideline the improvement Innovation Intention on Business Performance of Yunnan State-Owned Company.

### **Literature Review**

Based on the investigation method and the case analysis method, the traditional performance appraisal and performance management mechanism have found that compared with the traditional performance appraisal, the performance management mechanism is more scientific and reasonable. In the 1980s, each enterprise began to attract high attention to performance management, and was gradually used by various enterprise managers, Lundy et al. (1996) pointed out that performance management on the basis of traditional performance management, and has added some new elements, more specific, more scientific than traditional performance appraisal.

The main representative is Bernardin (Bernardin). In 1995, Bernadin et al. made a famous idea that corporate performance is the result of their final behavior and the output of the employee behavior process. It was this basic view that created the genre. According to the school, corporate performance

is a record of results produced on a specific time range, specific work function, specific activity, or behavior. The theoretical significance of the school is that they understand enterprise performance as the actual result of task completion and goal achievement: employee skill differences will result in different results; employee skill training and experience accumulation, which are important to improve output and enterprise performance.

In the 1930s, Schumpeter first proposed the innovation theory based on the influence of technological change on unbalanced economic growth and unstable social development. The concept of innovation as a process was first proposed by Schumpeter in 1928 in *Instability of Capitalism*, and a more comprehensive theory of innovation was put forward in *Business Cycle* (1939). He analyzed the role of "innovation" in capitalist economic development and economic cycle from a dynamic point of view and regarded this "innovation" or the "new combination" of production factors as the most fundamental characteristic of capitalism.

Drucker (2014) initiated the study of marketing innovation and advocated the definition of innovation from both demand and supply. Marketing innovation should bring benefits to both enterprises and consumers, that is, the gap between the products provided by enterprises and market demand should be filled through innovation.

At present, the theoretical circle has not reached a consensus on the classification of marketing innovation, and different scholars have different views (Kaufmann & Dant, 1999). Holt divides innovation into five categories from the perspective of marketing, namely, technological innovation, management innovation, financial innovation, organizational innovation and marketing innovation. Higgins believes that marketing innovation includes product innovation, process innovation, marketing innovation and management innovation.

With the economic development and research, American scholar Alexander Wall proposed the concept of credit capacity index to evaluate the profitability and solvency of enterprises through seven financial indicators (Shang, 2021), including net asset interest rate, net sales rate, net remuneration rate, own capital ratio, flow ratio, accounts receivable turnover rate and inventory turnover rate. In 1939, Michael Kesne in the United States studied the relationship between American managers' remuneration and performance evaluation (Foster, 2008). In the 1950s, Modigliani and Miller proposed the MM theory of capital structure to study the relationship between capital structure and corporate value in a strict, scientific approach. In 1971, the US Mellnes analyzed 30 US multinational companies and found that the most common performance evaluation indicators were still the investment return rate, which further demonstrated the dominance of the DuPont evaluation method, and also reflected the high investor concern about return on investment.

Strategic performance evaluation is a management system that evaluates and guides the performance of various departments and employees from the value and strategic perspective, in order

to form the right decision-making and to work together to realize the value of the enterprise (Aguinis, 2019). It abandoned simple profit margin such as financial evaluation, instead of the method of maximize enterprise value as the goal, that is, enterprise reality and future value depends on how much knowledge capital and social resources, including technical talent reserve, innovation frequency, customer recognition, product market share, management information system is efficient, the business environment deteriorated and so on.

Corporate performance evaluation of economic significance in western developed market economies occurred around the late 19th century and early 20th century. American classical conservation ologist Frederick Winslow Taylor, known as the father of scientific management, is arguably the founder of the theory of corporate performance evaluation. In his book, *Principles of Scientific Management* (1911), he believed that the fundamental purpose of scientific management is to maximize labor productivity, which is the basis of common prosperity between employers and employees; the important means to achieve the highest work efficiency, with scientific, standardized management, to replace the original experience management. Taylor thinks the best management way to do so is the task management method. Taylor sees the best management model: workers maximize their enthusiasm and work; employers pay workers for echoing their contributions as a material stimulus. This management model, historically called "carrot plus stick". Also known as "enthusiasm and stimulating" management. The scientific management idea proposed by Taylor illustrates the objectives, methods, incentive and restraint means of management, which can be regarded as an important oxytocin of the enterprise performance evaluation thought. After Taylor's management ideas were proposed, it once became the management "Bible" in the western world and was widely adopted. Taylor's scientific management represents a management era in the western developed market economy countries. To this day, it remains profound.

In 1928, Alexander Wall published two books, "Credit Barometer Study" and "Financial Statements Ratio Analysis", proposing the idea of establishing credit evaluation based on financial evaluation (Tian & He, 2016). Wall chose seven financial ratios, current ratio, property ratio, fixed asset ratio, inventory turnover, inventory turnover, accounts receivable turnover, fixed asset turnover and owned capital turnover, and conducted financial, mathematical analysis through the relationship between these ratios to score the financial situation of the enterprise. On the basis of scoring the financial situation, the credit ability of the enterprise is evaluated. Wall, historically, first proposed corporate credit reviews.

## **Methodology**

Study design method based on KPI, to follow the principle of SMART: when designing KPI s (PCR) is A Specific, namely the definition of key performance indicators (KPI) must be clear, M

(Measurable) is Measurable, the key performance indicators (KPI) are quantifiable or actions, A (Attainable) can be reached or achievable, namely key performance indicators in the effort can be achieved under the condition of or within the time limit in moderation. Realistic: Key performance indicators are verifiable and observable. Time-bound (T) is time-bound. Key Performance Indicators (KPIs) specify indicators to be completed within a certain period of Time.

It is an important content to improve the core competitiveness of enterprises to reflect the performance of enterprises, evaluate the performance of enterprises scientifically and construct the performance evaluation system to meet the requirements of new economic development. In order to objectively and truly understand the views and suggestions from all walks of life on enterprise performance evaluation system, the author constructed and designed a questionnaire centering on the transformation of economic development mode, scientific and technological innovation and performance evaluation index system according to the research purpose and requirements. The main contents include: the basic information of respondents and units, enterprise scientific and technological innovation (status quo). Enterprise performance evaluation (problems and status quo. Evaluation method. Index system) transformation of economic development mode.

The questionnaires were distributed and collected from January to August 2020. The questionnaire was targeted at large and medium-sized state-owned enterprises (groups), private enterprises and joint-stock companies in Yunnan. Limited liability companies and other different types of enterprises; A total of 300 questionnaires were sent out, 260 were recovered, and 205 were valid, which covered a large area and involved a wide range. The investigation process was standardized, and the results were of strong objectivity and representativeness.

## **Results**

The data shows that there is a significant positive correlation between marketing concept innovation, product innovation and marketing procedure innovation in marketing innovation. This shows that the three factors of marketing innovation do not exist independently, but are intrinsically related, interdependent and mutually promoting. In addition, marketing concept innovation, product innovation and marketing procedure innovation are also significantly correlated with marketing strategy, with correlation coefficients of 0.57, 0.83 and 0.85, which are all above 0.5. Combined with the conception, it also proves that marketing concept innovation, product innovation and marketing procedure innovation are the important components of marketing innovation.

The correlation coefficient between financial performance and growth performance is as high as 0.5, indicating a significant positive correlation ( $SIG < 0.01$ ). At the same time, the correlation coefficient between financial performance, growth performance and enterprise performance as a whole is relatively large, the correlation coefficient is 0.85, 0.92, and the correlation coefficient is above 0.8.

It shows that financial performance and growth performance are an important part of enterprise performance, and they are respectively from different aspects of enterprise performance comprehensive and accurate measurement, it is more reasonable to use financial performance and growth performance to measure the overall performance of small and medium-sized enterprises.

Marketing strategy is significantly correlated with same performance at a significance level of 0.01, with a correlation coefficient of 0.81. Marketing process innovation has the largest correlation coefficient with financial performance, growth performance and enterprise performance. The second is product innovation. The correlation coefficient between marketing concept innovation and financial performance, growth performance and enterprise performance is the lowest, which is 0.18, 0.32, 0.31 respectively.

From the results of empirical research, we can see that marketing concept innovation has a significant impact on firm performance. Therefore, in order to improve the core competitiveness of state-owned enterprises and improve enterprise performance, we must innovate marketing concepts. Marketing concept is produced in a specific social background and needs to be constantly innovated with the change of the environment. Enterprises must shift from satisfying customer demand to creating and guiding consumer demand. In addition, state-owned enterprises should consciously introduce the concept of global marketing, green marketing and service marketing to guide the marketing innovation activities of state-owned enterprises. Economic globalization is an important trend of world economic development, and the objective law of modernization itself requires the realization of global division of labor. Driven by this economic law, enterprises and products of various countries have gone abroad to seek development opportunities around the world. Therefore, state-owned enterprises must establish the concept of global marketing. With the guidance of correct marketing concept, the marketing activities of state-owned enterprises can be carried out smoothly, the results of marketing innovation can be easily recognized by the market and consumers, and state-owned enterprises can obtain competitive advantages in the fierce market competition.

## **Discussion**

The findings of this study reveal significant insights into the impact of marketing strategies on the business performance of state-owned enterprises (SOEs) in Yunnan Province. This discussion section will explore these insights in detail, interpret the results, and link them to existing literature. Additionally, implications for both theory and practice will be considered, along with recommendations for future research.

One of the key findings is that the marketing strategies of SOEs are heavily influenced by internal organizational factors. For instance, the hierarchical nature of these enterprises often results in slower decision-making processes, which can hinder the implementation of innovative marketing



tactics. This finding aligns with previous research that highlights the bureaucratic nature of SOEs as a significant barrier to agile marketing practices (Wang, 2017).

Moreover, the study reveals that external factors such as market competition and regulatory environments also play a crucial role in shaping the marketing strategies of SOEs. The intense competition from private enterprises forces SOEs to continuously adapt their strategies to maintain their market position. However, the regulatory environment, often characterized by stringent government policies, can either facilitate or constrain these marketing efforts. This dual influence of competition and regulation is consistent with the findings of Xu and Zhao (2018), who noted that SOEs operate in a complex external environment that requires a delicate balance between compliance and competitiveness.

The impact of marketing strategies on business performance was another critical area of investigation. The study found a positive correlation between well-crafted marketing strategies and various performance metrics, including market share, revenue growth, and customer satisfaction. SOEs that implemented comprehensive marketing plans, integrating market research, customer segmentation, and targeted promotional activities, demonstrated better performance outcomes compared to those with less strategic approaches. This observation supports the theoretical framework proposed by Kotler and Keller (2016), which emphasizes the importance of strategic marketing in achieving superior business performance.

Interestingly, the study also identified significant differences in the impact of marketing strategies between successful and less successful SOEs. Successful SOEs were characterized by their ability to innovate and adapt their marketing strategies in response to changing market conditions. They were also more likely to invest in advanced marketing technologies and analytics, enabling them to make data-driven decisions. This finding echoes the work of Barney (1991), who argued that sustained competitive advantage arises from unique organizational capabilities that are difficult to replicate.

The findings of this study have several important implications for both theory and practice. Theoretically, the study contributes to the existing body of knowledge on the role of marketing strategies in the performance of SOEs. It provides empirical evidence supporting the notion that strategic marketing is a critical determinant of business success, even in the context of state-owned enterprises with their unique organizational characteristics. This expands the applicability of mainstream marketing theories, such as those proposed by Kotler and Keller (2016), to a broader range of organizational forms.

From a practical perspective, the study offers valuable insights for managers and policymakers involved with SOEs. Managers should recognize the importance of developing and implementing well-designed marketing strategies that are responsive to both internal and external factors. This involves fostering a culture of innovation, streamlining decision-making processes, and investing in marketing

capabilities and technologies. Policymakers, on the other hand, should consider creating a more supportive regulatory environment that enables SOEs to compete more effectively while maintaining compliance with governmental policies.

While this study provides significant insights, it also highlights several areas for future research. First, there is a need for more longitudinal studies to understand the long-term effects of marketing strategies on the performance of SOEs. Such studies would help to capture the dynamic nature of marketing strategy implementation and its impact over time. comparative studies between SOEs in different regions or countries could provide a more comprehensive understanding of how contextual factors influence the relationship between marketing strategies and business performance. Such research could uncover best practices and provide benchmarks for SOEs in Yunnan Province and beyond.

Finally, there is a need for more in-depth qualitative research to explore the specific challenges and opportunities faced by SOEs in implementing marketing strategies. Case studies, interviews, and focus groups could provide rich, contextual insights that complement the quantitative findings of this study.

## **Conclusions**

Enterprise marketing model has a great influence on enterprise performance. Only through continuous improvement and improvement of marketing work can enterprises win more customers and enhance market share to win a place in the fierce market competition. With the increasing demand of consumers, now enterprises in addition to take a variety of marketing activities to attract the attention of consumers, to achieve the desired marketing effect of the enterprise itself, but also to consider the input and output ratio of each marketing activity, that is, enterprises should use the minimum cost to obtain the maximum corporate income. Therefore, it is necessary to effectively control the cost of marketing activities from the aspects of financial, material and human resources. Only in this way, can improve the performance of enterprises, ensure that enterprises in the market competitors play steadily. Therefore, while the relationship between enterprise marketing mode and enterprise performance, we should pay attention to the control of enterprise overall performance, so as to correctly guide the selection and implementation of enterprise marketing mode.

In this paper, when studying the relationship between enterprise marketing mode and enterprise performance, some preconditions are stipulated first. Some of these conditions may become key factors affecting enterprise performance in real life. Due to the limitation of data acquisition, this paper proposed strict conditions when selecting enterprises, and the enterprise performance may be different in different industries affected by the enterprise marketing mode, resulting in partial deviation in the conclusions of empirical analysis.

In view of the above analysis of the deficiencies of this study, we can see that the impact of enterprise marketing model on enterprise performance is actually not a simple process. Although this study comprehensively and deeply analyzes the relationship between enterprise marketing model and enterprise performance, there are still many deficiencies. This paper believes that future research directions can be started from the following aspects:

1) The samples selected in this paper have strong limitations, and the conclusions drawn are bound to have certain limitations. In the future, the influence of enterprise marketing mode on enterprise performance can be analyzed from different industries, and the sample size can be expanded, so that the positive correlation between enterprise marketing mode and enterprise performance can be fully confirmed, and the theoretical basis for the optimization of enterprise marketing mode can be provided.

2) The indicators selected in this paper are all basic indicators, and the number of indicators is limited. Although it can basically reflect the problem, some important indicators may be omitted. Therefore, the addition of quantitative indicators in future research can further improve the index and standard system of enterprise performance evaluation.

## References

- Aaker, D.A. (2008). *Strategic Market Management* (9th ed.). Wiley.
- Aguinis, H. (2019). *Performance Management for Dummies*. Wiley.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Bernardin, H.J., Hagan, C.M., Kane, J.S., & Villanova, P. (1995). The relationship of personality variables to organizational citizenship behavior. *Human Performance*, 8(2), 103-119.
- Chen, C.J. (2004). The effects of knowledge attribute, alliance characteristics, and absorptive capacity on knowledge transfer performance. *R&D Management*, 34(3), 311-321.
- Drucker, P.F. (2014). *Innovation and Entrepreneurship*. Routledge
- Foster, G. (2008). *Financial Statement Analysis* (2nd ed.). Pearson.
- Holt, D.B. (1997). Postmodern markets. *International Journal of Research in Marketing*, 14(3), 227-234.
- Kaufmann, P.J., & Dant, R.P. (1999). Franchising and the domain of entrepreneurship research. *Journal of Business Venturing*, 14(1), 5-16.
- Kotler, P., & Keller, K.L. (2016). *Marketing Management* (15th ed.). Pearson.
- Lundy, O., & Cowling, A. (1996). *Strategic Human Resource Management*. Routledge.
- Modigliani, F., & Miller, M.H. (1958). The cost of capital, corporation finance and the theory of investment. *American Economic Review*, 48(3), 261-297.
- Schumpeter, J.A. (1939). *Business Cycles: A Theoretical, Historical, and Statistical Analysis of the*

*Capitalist Process*. McGraw-Hill.

Shang, Y. (2021). Analysis of financial indicators and credit capacity index. *Journal of Finance and Accounting*, 15(4), 78-89.

Taylor, F.W. (1911). *The Principles of Scientific Management*. Harper & Brothers.

Tian, G., & He, L. (2016). Analysis of credit evaluation based on financial evaluation. *Economic Research Journal*, 21(3), 45-58.

Wall, A. (1928). *Credit Barometer Study & Financial Statements Ratio Analysis*. Harvard University Press.

Wang, Y. (2017). The challenges and opportunities of state-owned enterprises in China. *Asian Business & Management*, 16(2), 129-144.

Xu, G., & Zhao, Y. (2018). The impact of regulatory policies on the performance of state-owned enterprises in China. *Journal of Asian Economics*, 54, 56-68.