



Elaboration and Implementation of a Market Strategy in a Romanian Company with Reference to Eco Invest Ltd-Romania

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Summary

In the condition of Romanian economy and not only in this case the elaboration of market strategy within the framework of a company holds a particularly place in the elaboration of development strategy of respective company. The company development strategies which conduct to the realization of its directives constitute a responsibility of company management alongside of its performance indicators establishment. The market strategy represents a general strategy component of company development, being known that its formulation represents the central point of marketing programming.

The company aiming the study target of this paper is named ECO INVEST LTD with headquarters in Deva-Romania and it has as principal activity object the wholesale and retail merchandising of constructions materials. In carrying on its activity the company used various strategies, namely: maintenance strategy, differentiated strategy, passive strategy, high demands strategy and defensive strategy.

These strategies weren't in concordance with economic environment in which the company takes action the fact which imposes their modification for positioning the company on a new line in the market. The proposed strategies for the company will point the adoption of increasing strategy for obtaining an ascending trend of sales volume, a differentiated strategy so that it would concentrate on the segment of great-scale consumers, an active strategy adapted to the changes of surrounding environment and an offensive strategy by which the company will conquer a new position as part of the market.

Keywords: strategy (maintenance strategy, differentiated strategy, passive strategy, defensive strategy), market dynamics, market structure, market requirements, competition, marketing objectives, general objectives, financial objectives

General characteristic concerning market strategy of an enterprise

The drawing up of development strategy of an enterprise in which a very important place it holds setting marketing strategy, represents a complex process which is subject to strategic management – the basis management component of overall economic activity. The thinking and management strategy must be materialized in development programs, in which are defined the place and role that will have the enterprise in socio-economic aggregate in which they operate, the way which it will use to conquer the desired position.

In the competence of strategic management enter three basic dimensions:

- the activity field of the enterprise;
- the establishing of its performance indicators;
- the elaboration of overall development strategies that lead to achieving established objectives.

The definition of activity field of the enterprise, the establishing of its place and role, nature and purpose must be treated with the greatest responsibility. The importance of this side of strategic management grows more in the dynamic social-economic conditions of contemporary enterprises requiring frequent strategic, involving, inter alia, the modification of realized products and services structure and ensuring new markets.

An important condition for achieving the purpose of the company is formulating of a set of objectives that express in operational terms the anticipated performances reflect the effectiveness of conversion process of enterprise resource. Every objective must contain three elements: a

specific attribute through which is expressed the objective, a scale, through which this attribute is measured, a purpose, namely a certain value on the scale which the enterprise proposes to achieve. The concrete objectives are different from one company to another, as determined by the activity profile, the place occupied by the enterprise in the market.

The strategy is the road to be traveled of these lines, the line of development which the enterprise aims to follow in order to achieve the objectives. The market strategy is a component of overall development strategy of the company. A proper market strategy is that according to which the enterprise makes a correct selection of segments to focus their marketing efforts, to which it is addressed with the proper product which is offered in the most appropriate place at the proper price and accompanied by an appropriate promotion, aiming to achieve such targets established for a certain period. It is estimated that the formulation of market strategy represent the central point of marketing programming.

The road of enterprise to achieve the established objectives consists of four strategic components. The first component is represented by products and markets sphere to which the company is committed to focus its efforts. The second component, the vector of growth, closely related with the first, indicates the direction in which the enterprise is developed in correlation with current situation of its products and markets. The third component is represented by the differential advantage, by identifying those elements of enterprise markets and products that will ensure a strong competitive position. The sphere of products and markets, the vector of growth and competitive advantage forms the

trptych by which can be characterized the enterprise way to the environment for achieving the established objectives. The fourth component, the enterprise synergy, represents the action process of several factors, a process that generates a total effect greater than the sum of individual effects of each factor considered independently. Regardless of the profile and size, the enterprise must have its own strategy which would allow efficient adaptation to changing environmental conditions. The choosing of market strategy is the result of multiple choice options. It is made after careful research both of the environment in which the enterprise operates and of its potential resources: human, material and financial. Consequently, the coordinates of an enterprise strategy are influenced, on the one hand, exogenous factors – acting on the enterprise in the form of some environmental forces - and on the other hand, endogenous factors - which represent the resultant of internal forces of the enterprise. Between the most important exogenous factors can be mentioned: the nature and characteristics of buyers segments and modality of expressing of their demand, the structure and share of participants in the market share, the political, socio - economic, legal and cultural background in which the enterprise operates its activity, etc.

For elaboration of market strategy we will take into account also the company's internal possibilities, so - called endogenous factors. Upon the enterprise strategy proceeds also the phase of life cycle in which the company is found out, its degree of development, the prestige which it gained on the market. Throughout its life cycle, it is estimated that the company covers the following phases:

- *Establishment phase*, when the new enterprise is seeking a place in the market, a segment which would react favorably to its market policy;

- *Development phase* in which the enterprise designs a such strategy to enable the expansion of its products both by intensive way, increasing its share on a particular market segment and also by extensive way, addressing new segments market;

- *Consolidation and stabilization phase*, characterized by efforts to increase further enterprise, especially to maintain the gained positions by a corresponding policy of market.

Strategy practiced by the ECO INVEST LTD ROMANIA

ECO INVEST SRL COMPANY was founded in 1995 with an initial capital of 200 lei by two partners. In August 1995 the company requested and received two loans amounting to DM 100.000 and 100.000 USD respectively for the purchase of land where would be built first deposit of building materials from a number of 3. Also, in the same period were purchased 5 vehicles, 4 of 3 tons and 1 of 10 tons. In 1998 the company's share capital increased from 200 lei to 500 lei - contribution of the two partners.

ECO INVEST COMPANY, located in Deva - Hunedoara County, has as main activity wholesale and retail sale of building materials in Hunedoara County and neighboring counties. Thus, the retail sale is done through its own network of retail stores that know an important development in Hunedoara County both in its main cities and in most

important communes and villages. In neighboring counties have set up of shops-selling partners which commercialize on the basis of custody agreements the products of the company. The wholesale trade is realized principally through the three deposits which have the following geographical distribution: one in Deva, one in Hunedoara and last deposit is located in Timisoara.

The products covering the commercialization object of the company Eco Invest were carefully selected so that the resulting range provides optimal and complete solutions to potential customers (individuals and legal entities). In this way some collaboration with different local manufacturers of building materials and foreign ones were founded, the collaborations which constitute in fact the main strategic advantage of the company, especially since it's exclusive contracts in certain markets. The pivot product is however represented by the bituminous plate ONDULINE, which by its outstanding features has known a strong market penetration in a relatively short time. This product is part of a wider range of products of a French concern.

Other products merchandised by Eco Invest can be classified into the following types: grit stone and faience, sanitary ware, paints, varnishes, adhesives, cement, lime, plaster, plasters, bricks, timber, etc. Lack of a department / marketing department that motivates Eco Invest company did not implement well-designed and strategies related to the real situation existing in the market in which it operates, but proceeded to adopt strategies without prior study of the external environment and internal resources .

In this way until now Eco Invest Company has used in carrying on its activities the different strategies. These strategies according to states and structures of the environment are included in Table 1.

These strategies were not consistent with the economic environment acting the company, being not effective enough to propel the company above the level of developed competition activities. It is necessary to modify these strategies and establish a new set of objectives that will position the company on a new line in the market.

Harmonization of marketing objectives with business strategy

An important condition for achieving the purpose of business activity is formulating a set of objectives which can express in operational term the anticipated performances and to reflect the effectiveness degree of conversion process of enterprise resources.

The new set of objectives of Eco Invest Company is divided into three categories: general objectives, financial objectives and marketing objectives. By the general objectives of the company are targeted the performance levels to be attained within a certain period of time, those refer to all business activities of the company. By formulating these objectives the company aims to raise to the expectations level of all stakeholders directly or indirectly by its results, namely customers, suppliers, its staff, etc. In defining financial objectives there are frequently used indicators such as growth rate of profit, profit rate, investments efficiency, sales growth index, etc. The marketing objectives can be expressed in qualitative or quantitative terms.

Tab. 1 Current strategies About Eco Invest Ltd.

Tab. 1 Obecne strategie About Eco Invest Ltd.

Market indicators	Strategies adopted by the company
Depending on market dynamics	Maintenance strategy - the company has tried to maintain the volume of activities.
Depending on market structure	Differentiated strategy – the company focused in the moment of starting on the market on small customers (individuals) by ensuring the direct access to them (retail stores).
Depending on market changes	Passive strategy - the company has adapted its activities to changes inside environment without influence on it.
Depending on market requirements	High demands strategy - the company tried to satisfy at the highest possible level the market requirements.
Depending on the level of competition	Defensive strategy (maintaining market share) – the company, by the measures taken as a response to competition actions, considered to maintain market share.

The general objectives of Eco Invest SRL Company:

- turnover growth by increasing of sales volume by 10% in 2013 through:
 - increasing of sales volume by 4% in sales units and through sales force an increase of 6%;
 - increasing of products onduline sales in total of company sales with 7% (currently accounting for 28%) and other products by 3%;
- continuous training and improvement of the staff in advising the customers to better use of products;
- development of an website which will include a description of the company, its activities and sold products (their illustration by the images);
- increase of annual profit by 15%;
- increasing sales force size to 2012;
- the extension of the range of products marketed to reach the range offered by competition;
- obtaining from the French provider Onduline of the exclusivity clause on the Western area of the country;
- passing to a remuneration policy of the all personnel structured as follows: monthly flat rate fixe for each employee and a variable rate – percentage applied to monthly profit registered by the company, to each employee based on responsibility and contribution.

Financial objectives of Eco Invest SRL Company:

- increase the company's financial autonomy;
- offering flexible discounts depending on purchased quantity (for large consumers);
- providing facilities for making the payments (payment terms greater for large consumers);
- optimization of pricing in relation to the policy practiced by the competitors.

Marketing objectives of Eco Invest SRL Company:

- the establishment of a marketing department;
- the increase of brand identity and loyalty of a large number of consumers;
- elaborating of the advertising budget.

Objectives expressed in quantitative terms were:

- the increase of market share by 3%;
- the increase of market coverage degree.

Objectives expressed in qualitative terms were defined as follows:

- design of brochures, leaflets and catalogs illustrating marketed products;
- promotion of brand image of external suppliers: Onduline - France, Elvico - Greece, COÈME - Italy;
- improvement of the company image through: enhanced publicity actions, improving public relations, etc.

Proposed marketing strategy for ECO INVEST

The enterprise strategy is the result of strategic options of its top management concerning the ways which it will follow and alternative means that it will use to achieve the objectives.

The strategy is a product of the strategic management process consisting of a comprehensive unitary and integrated plan of management action established for achieving the objectives set, which specifies how the company will be headed and how it will act and what actions will be conducted to ensure to the company carrying of the assumed mission.

Successful marketing strategy depends above all on its realism of the measure in which its choice and well founded formulation are realized, this condition being accomplished, the means put in place will take into account to promote it in practice.

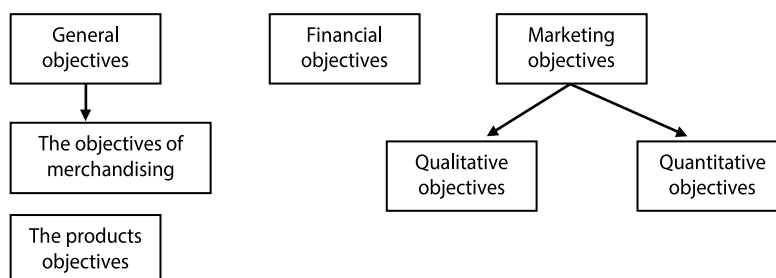


Fig. 1 The objectives of the company

Rys. 1 Cele spółki

In the light of results obtained from the use of strategies currently applied in the SC Eco Invest Ltd. as well as the SWOT analysis of enterprise, the necessity of redrafting of business objectives and enterprise strategies is established. After determining the new set of objectives should be adopted following types of business strategies according to the market position of the company:

1. Depending on market dynamics - Eco Invest Ltd. will adopt the growth strategy by which it will try to obtain an upward trend of sales volume both for ten available retail units and for each product apart. Once obtained by adopting this type of strategy, this trend will ensure profit margin of 15% targeted, the increase in the expected turnover as well as achieving of the other general objectives proposed for the company.
2. Depending on market structure - differentiated strategy - focused on major consumer segment, proposed for Eco Invest SRL Company proposed will lead to increased of turnover for 2013. This choice is reinforced by the evolution of transactions during the last three years between Eco Invest and representatives of this market segment. Thus, by the value traded with Eco Invest SRL company it was registered for enterprise a percentage of about 90% of the total turnover in 2012. In 2011 the traded value registered a value of 61% of turnover, and in 2012 this value was 77% of turnover.

3. Depending on market changes - Eco Invest Ltd. will practice a proactive strategy for permanent knowledge of changes in perspective of the environment, finding the opportunities and influencing its development through a continuous process of innovation.

4. Depending on market requirements. The strategy to be adopted by SC Eco Invest Company strategy requirements will be the strategy of high exigencies, since by its use in recent years of the activity, the company has achieved positive economic results and has attracted a significant number of consumers.

5. Depending on the level of competition. Unlike the previous period Eco Invest Company pursued a defensive strategy, to maintain market share, for the next period it will try to use an offensive strategy and thereby to win a new position in the market. The practice of this strategy will be possible by practicing a new pricing policies.

For the enterprise the market strategy is only a "guide". Its materializing - and thereby the promotion of a global marketing policy - supposes taking a series of practical actions and drawing of some efforts for its improvement. It is the matter not of isolated action but of a coherent aggregate, met in motion on the basis of some programs that optimize the marketing efforts necessary to promote the market strategy.

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Opracowanie i wdrożenie strategii rynku w rumuńskiej spółce z odniesieniem do Eco Invest Ltd-Rumunia.

W warunkach gospodarki rumuńskiej i nie tylko w tym przypadku, opracowanie strategii rynkowej w ramach spółki zajmuje szczególne miejsce w opracowaniu strategii rozwoju danego przedsiębiorstwa. Strategie rozwoju firmy, które prowadzą do realizacji jej wytycznych, wraz z ustanowieniem wskaźników jego wykonania stanowią odpowiedzialność kierownictwa firmy. Strategia rynkowa stanowi element ogólnej strategii rozwoju firmy i jest wiadomym, że jego sformułowanie stanowi centralny punkt planowania marketingowego.

Firma będąca celem badań niniejszej pracy nazywa się ECO INVEST LTD z siedzibą w Deva-Rumunia, a główny obiekt jej działalności to hurtowa i detaliczna sprzedaż materiałów konstrukcyjnych. W prowadzeniu swojej działalności firma wykorzystwała różne strategie, a mianowicie: strategia konserwacji, zróżnicowana strategia, strategia pasywna, strategia wysokich wymagań i strategia obronna. Strategie te nie były zgodne ze środowiskiem gospodarczym, w którym firma podejmuje działania, a fakt, który narzuca ich modyfikację to pozycjonowanie firmy w nowej linii w rynku. Proponowane strategie firmy wskażą przyjęcie strategii wzrostu w celu uzyskiwania tendencji rosnącej wielkości sprzedaży, strategii zróżnicowanej, która będzie koncentrować się na segmencie klientów większej skali, aktywnej strategii dostosowanej do zmian otaczającego środowiska i ofensywnej strategii, za pomocą której firma będzie zdobywała nowe stanowisko na rynku.

Słowa kluczowe: strategia (konserwacji, różnicowania, pasywna, obronna), rynek (dynamika, struktura, wymagania, konkurencja), cele (marketingowe, ogólne, finansowe)