

## **PECULIARITIES OF DEVELOPMENT AND IMPLEMENTATION OF MARKETING STRATEGIES IN A PRIVATE COMPANY**

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**ABSTRACT:** *A main condition for achieving economic purpose is to formulate a firm by its management market strategies to be adopted for successful business. The paper presents the main strategies used in SC Eco Invest LLC, how to link the marketing objectives with strategy practiced in the firm and establishing a new set of objectives are presented the types of strategies that are to be adopted by the firm position against the market.*

**KEY WORDS:** *strategic management; strategy; marketing strategy; strategic objectives; types of strategies; the company's general objectives; financial goals; marketing objectives.*

**JEL CLASSIFICATION:** *M*

### **1. INTRODUCTION**

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.

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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. In developing the objectives should be considered also other considerations:

- it is necessary that for a certain purpose to be given some quantitative formulation as precise as possible and the performance for its realization must be measurable;
- a certain object is required to be well employed in the hierarchical structure of the set objectives of a program.

There are many ways to classify targets. For conditions of our economy, it is work paying attention to distinguish between macroobjectives and microobjectives of the company. The macroobjectives are represented by general objectives common to all enterprises that make up an economic branch, a sector of activity, being included in their development plans and programs. The microobjectives refer to the particular objectives of an enterprise according to its specific conditions.

In terms of their nature, the objectives of an enterprise can be economic and social objectives. Through economic objectives aimed the optimization of the efficiency of utilization of enterprise resources. Among them are:

- the objectives aimed at economic efficiency (net income, profit, net currency supply, etc.)
- the objectives concerning the rate of enterprise development, its market share and competitiveness.

In the adoption of its market strategy the enterprise has to choose between different alternatives of development. They can be defined based on the basic elements of the vector of growth. If we consider all directions of development in conjunction with the current state of enterprise products and markets, we obtain a wide range of possible strategies, having the following contents:

- **Market penetration strategy** involves improving the position of the current markets in the conditions of offering the same products.
- **Market development strategy** guides the enterprise to find new segments of customers that would require actual products following give them new uses.
- **Reformulation strategy** leads to improvements of products aiming to increase sales to current markets.

- **Enlargement market strategy** takes into account the changes of existing products and introduction in new sale markets.
- **Replacement strategy** aims to launch at the same kinds of markets some new ranges of goods improved realized on the basis of new technologies similar to those of the original product.
- **Product differentiation and market segmentation strategy** is conceived in order to develop new variants of a product assortment and launch them on the market in order to satisfy its segments.
- **Product line expansion strategy** aims to develop new products based on existing related technologies and the same market segments.
- **Concentric diversification strategy** supposes attracting of new segments of customers, adding new variants in the current line of products.
- **Horizontal diversification strategy** consists in development of new products using different technologies than those current and which are intended for the same market segments.
- **Lateral diversification strategy represents** the alternative leading the enterprise towards the realization of new products which are not related to current products neither of technological point of view not that of market segments to which they are intended.

From the multitude of strategic alternatives, the enterprise should choose the variant that allows taking into account the highest degree of factors actions of endogenous and exogenous nature. It is necessary to exist a complete concordance between developed market strategy and all other elements of the marketing policy, so to ensure effective participation in the enterprise market.

## **2. PRACTICED CORPORATION STRATEGY**

ECO INVEST SRL (Ltd) company was founded in 1995 with an initial social capital of 200 lei by two partners. In august 1995 the company requested and received two loans worth DM 100.000 and 100.000 lei respectively for the purchase of land on which would be built the first warehouse of construction materials from a number of 3. Also in the same period 5 vehicles of 4, 3 and 10 tons have been purchased. In 1998 the company's share capital increased from 200 lei to 500 lei - contribution of the two partners.

ECO INVEST SRL, based in Deva - Hunedoara county, has as main activity wholesale and retail sale of building materials in Hunedoara county and surrounding counties. Thus, retail trade is done through its own network of retail stores that know a very important development in Hunedoara county level, both in its main cities and communes and villages. In neighboring counties have set up a network of shops, selling partners based on custody agreements of company products. Wholesale trade is done mainly through the three warehouses that have the following geographical distribution: one in Deva, one in Hunedoara and the last warehouse is located in Timisoara.

The products covered by marketing firm Eco Invest were carefully selected so as to provide optimal solutions to potential customers (individuals and legal entities).

Were laid the foundations of such collaborations with different local and foreign manufacturers of building materials that in fact represent the principal strategic advantage of the firm, especially if it is matter of exclusive contracts in some markets. The privat product is also represented by the bituminous plate ONDULINE, which by its outstanding features had 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 marketed by Eco Invest can be classified into the following types: grit stone and faience, sanitary ware, paints, varnishes, adhesives, cement, lime, plaster, polishing plasters coat, bricks, timber, etc. Lack of division / marketing department motivates the fact that the company Eco Invest didn't implement the strategies well realized and correlated with the real situation existing in the market in which it operates, but it has done the adoption of some strategies without a previous study of the external environment and internal resources.

So far Eco Invest Srl company has used in its activities different strategies, depending on the states and structure of environment, which are included in the table below.

**Table 1. Current strategies of Eco Invest SRL**

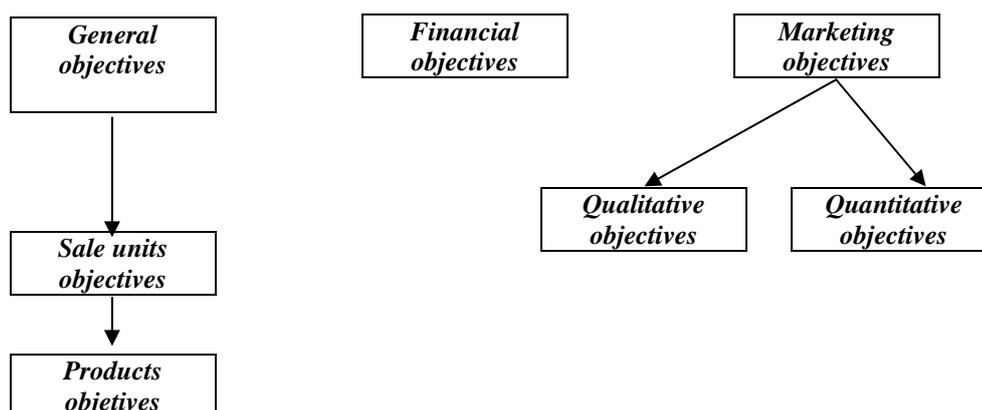
<b>Market indicators</b>	<b>Strategies adopted by the company</b>
<b>Depending on market dynamics</b>	Maintenance strategy - the company has tried to maintain the volume of activity.
<b>Depending on market structure</b>	Differentiated strategy – when the company focused in issue to market on small when consumers (individuals) by providing direct access to them (retail stores).
<b>Depending on market changes</b>	Passive strategy - the company has adapted its activities to the environmental changes without having influence on them.
<b>Depending on market demands</b>	High demands strategy - the company tried to satisfy at the highest possible level the market demands.
<b>Depending on the level of competition</b>	Defensive strategy (maintaining market share) – the company through measures taken in response to competition actions, had in view maintenance of market share.

These strategies were not in concordance with the economic environment in which the company acts, they aren't effective enough to propel the company above the level of activities developed by the competition. It is necessary to amend these strategies and establish a new set of objectives that will position the company on a new trajectory in the market.

### 3. HARMONIZATION OF MARKETING OBJECTIVES WITH COMPANY STRATEGY

An important condition for achieving the purpose of enterprise activity is formulating of a set of objectives that should express in operational terms the anticipated performances and reflect the effectiveness degree of conversion process of the enterprise resources.

The new set of objectives of Eco Invest Srl company is divided into three categories: general and financial objectives and marketing. By general objectives of company the level of performance are targeted following attained within a certain period of time, they refer the set of activities developed by the company. By formulating these objectives the company aims to raise the expectations of all parties interested directly or indirectly by its results, namely customers suppliers, own staff, etc. In defining financial targets are commonly used indicators such as growth rate of profit, profit rate, investment efficiency, sales growth index, etc.. Marketing objectives can be expressed in qualitative or quantitative terms.



**Figure 1. Company objectives**

The general objectives of SC Eco Invest SRL:

- increase of turnover by 10% growth in sales volume in 2012 by:
  - increase of sales volume by 4% and by sales force an increase of 6%;
  - increase of sales share in Onduline products in total of enterprise sales with 7% (currently accounting for 28%) and other products by 3%;
- continuous training and improvement of staff in advising customers to make better the use of products;
- developing a website which will include description of the company, its activities and products sold (their illustration by images);
- increase annual profit by 15%;
- increasing sales force size to 2011;

- widening range of products marketed to reach the range offered by competitors;
- obtaining from French provider Onduline of exclusivity clause in the Western area of the country;
- proceeding to a policy of remuneration of all staff structured as follows: a fixed monthly rate for each employee and a variable rate - percentage of monthly profit made by the firm, given to each employee based on responsibility and contribution.

The financial objectives of SC Eco Invest SRL:

- increasing the financial autonomy of the firm;
- granting of flexible discounts depending on quantity purchased (for large consumers);
- granting of facilities for realization of the payments (payment terms greater for large consumers);
- optimization of pricing in relation to the practice of competition.

Marketing objectives of SC Eco Invest Srl:

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

Objectives expressed in quantitative terms were:

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

Objectives expressed in qualitative terms were set as follows:

- design of brochures, flyers and catalogs that will illustrate our products;
- promotion of the brand image of external suppliers: Onduline - France, Elvico - Greece, Coem - Italy;
- improvement of the company image through: increased publicity actions, by the improvement of public relations, etc.

#### **4. PROPOSED MARKET STRATEGY FOR ECO INVEST**

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

The strategy represents a product of strategic management process that consists of a comprehensive plan, unitary and integrated set of management action to achieve the fixed objectives, which specifies how the company will be headed and how and what actions will be realized to ensure realization of assumed mission by the company.

Marketing strategy succes depends above all on its realism and on the measure in which its choosing and formulating were well-founded, this condition being accomplished, the means put in motion will be considered to promote it in practice.

In light of the results obtained from the use of currently applied strategies until now by SC Eco Invest SRL there is necessity of reformulation of company objectives

and strategies. As result of establishment of the new set of objectives should be adopted the following types of strategies depending on the position of company concerning the market:

- Depending on market dynamics - SC Eco Invest SRL will adopt the growth strategy by which it will try to obtain an upward trend of sales volume both for the ten available retail units and for each product apart. Once obtained by adopting this type of strategy, this trend will ensure profit margin of targeted 15%, increase of the expected turnover and also carrying out of other general objectives proposed for the company.
- Depending on market structure - differentiated strategy - focused on the major segment of consumer, proposed by Eco Invest SRL will lead to increase turnover in 2012. This choice is underlined by the evolution of transactions over the last three years between Eco Invest and representatives of this market segment. Thus, the value traded by Eco Invest SRL was registered for the company a percentage of approximately 90% of total turnover in 2011. In 2009 the traded value registered 61% of turnover, and in 2010 this value was 77% of turnover.
- Depending on market changes – SC Eco Invest SRL will practice an active strategy for permanent knowledge of modifications in future of the environment, finding opportunities and influencing of its evolution through a continuous process of innovation.
- Depending on market requirements - The strategy to be adopted by SC Eco Invest SRL will be the strategy of high requirement, since by its use in recent years company managed to achieve positive economic results and attract a significant number of consumers.
- Depending on the level of competition. Unlike the previous period in which SC Eco Invest SRL pursued a defensive strategy, to maintain the market share, for the next period it will try to use an offensive strategy and thereby win a new position in the market. Practicing this strategy will be possible in the practice of a new pricing policy.

For the enterprise the market strategy is only a "guide". Its materializing and thereby promoting a global marketing policy suppose taking a series of practical actions and involvement of some efforts for their realization. It doesn't matter of isolated actions but also of coherent aggregate put in action based on some programs which should optimize marketing efforts necessary to promote market strategy.

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