

THE STANDARDIZATION OF MARKETING MIX STRATEGY IN INTERNATIONAL MARKETS USED BY THE COMPANY MARCEGAGLIA POLAND SP. Z O.O.

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Abstract

The article examines the distribution system of a company operating in the international market of industrial goods. Determinants of the distribution system of condensers for refrigerators in the international market are explained: the specificity of the product and condensers market. The approach to the customer on the basis of affiliate marketing, customer relationship management and implementation of enterprise information systems (the use of systems such as SAP, SLPS, Lean Manufacturing, 5S, Kanban and supermarket) supporting the management of logistic activities influence the international success of the company.

There is an indication of a company mission, which is concentrating on product and price. The mission is realized by two strategies putting a client and reduction of activity costs in the key place. In the paper the attention is paid on factors of the international surroundings, like: non-European Union law regulations, transport law or traffic law. There is a meaning of a sales temporariness and days free from work emphasised . There is also an indication of a role of brand creation on the B2B market.

Key words: marketing strategy, international environment, B2B market communication

JEL Code: M1, M3, L00

Introduction

Distribution as the least flexible marketing tool determines the marketing mix decisions on other mix instruments. There is interdependence between distribution and other marketing mix instruments. Products in the B2B market need to conduct specialized studies, often as a part of larger systems. Specificity of products determines how to launch products to the market. Distribution of products – condensers in the analysed company depends on the marketing strategy used in the company.

1. Marcegaglia Group

Marcegaglia Poland is one of the companies included in to *Gruppo Marcegaglia* (Marcegaglia Group). The company, like Polish Marcegaglia Poland operates in the B2B segment (*Business to Business*). On condensers as products offered in the B2B segment, have influence purchasing preferences of potential buyers, which are original equipment manufacturers (OEM) (Kotler, P., & Pfoertsch. W. 2008). The process of purchasing in this segment is a process much more complex than B2C (Business to Customer). The group includes Marcegaglia plants operating, inter alia, in the steel sector (88 % of the profits), construction, engineering and energy, manufacture for households. Manufacturing companies in the group are located in: Italy, United Kingdom, United States, Poland, France, Austria, Germany, Belgium, Spain, Russia, Romania, Brazil and China. Marcegaglia Poland Sp. z o.o. started operations in November 2004. Initially the business of the company was only condensers for refrigerators. In 2007, two departments within the company were separated: Department of Building for the production of trapezoidal roof systems and wall systems and prefabricated elements for construction and a Home Product section for the production of condensers. In 2009, the Department of Home Product broadened the scope of its production of evaporators for No Frost refrigerators, and in 2011, Marcegaglia Poland opened a manufacturing facility in Kluczbork, which operates as a subsidiary of the company.

Contractors of Marcegaglia Poland are the leading manufacturers of refrigerators. These include:

- Indesit (branches in Poland and Turkey),
- Whirlpool (branches in Poland and South Africa Republic),
- Bosch und Siemens (branches in Germany and Russia),
- Fagormastercook (branch in Poland),
- Liebherr (branches in Germany and Bulgaria),
- Samsung (formerly Amica, a branch in Poland),
- Conta (manufacturer of the Candy brand, a branch in the Czech Republic).

Marcegaglia Poland also produces for Oasis Polska, Pol-Eko Aparatura, Uksnab (Ukraine), Snaige (Lithuania), Marcegaglia Imat (goods for resale). The company also carries out occasional orders for Italian branches of Indesit and Whirlpool.

2. Mission and strategic goals

The company's mission is constant improvement of products, improvement of its quality and price competitiveness in relation to the competition. Marcegaglia Poland implements the mission of the company through two strategies. The first strategy is based on providing the customer with the highest quality products designated by international standards. This goal is achieved by introducing to the market innovative products of the company, improving production technologies, implementing modern information systems to assist in production management and logistics. In 2010, the company obtained the ISO 9001:2009 guarantees customers continuity and systematic measurements on the processes, products and customer satisfaction. Quality certification also requires from companies standardization of processes, structured inventory management and quality management. As part of this strategy is the use of modern marketing concepts and logistics, providing comprehensive customer service, taking into account the dimension of the international environment in addition to the standard i.e. cultural, political, legal, and economic dimensions of the marketing environment (Sagan, 2010). The second strategy of Marcegaglia Poland Sp. z o.o. is based on the maximum reduction in operating costs. This strategy began to be implemented at the time of planning of the manufacturing plants through the choice of location of the company. City where the company was located has a strategic location on the Polish and European map, and the location is optimal due to the location of supply for customers from Germany, the Czech Republic and Russia. Location of the Company optimizes transport costs. The organization of logistics enterprise is decentralized - each company department - Home Product, Buidling, Tubes - has its own logistics department.

3. International environment

Marcegaglia Poland acting on the international market is responsible for the knowledge of local laws and any rules and regulations in respect of their operations (Ślusarczyk B., 2006). Polish customers and suppliers are liable to the same rules that apply to the company, as well as provisions related to the countries of the European Union. Differences in rules appear in the case of customers and suppliers from countries outside the EU: Switzerland, Russia, Ukraine, South Africa. In Russia the maximum load capacity of standard semi-trailers with a length of 13.6 meters is 20 tonnes and the load capacity of the trailers to transport condensers to Turkey is 21 tons and is caused by limitations in force in Bulgaria. The Ukraine has a limitation on the maximum total weight of a truck to 38.5 tons. Carrier selection of condensers for distribution in Germany is limited in having their trucks meet EURO 4 emission standards, which is the realization of standard in force in the cities. Distribution of

condensers is also affected by weekend traffic bans in force during the holiday season and on weekends preceding Christmas. Most often non-traffic hours do not overlap in individual countries through which the transit passes. This is often the cause of a sizeable extension of the delivery time. The most restrictive bans are placed on the movement in Germany, Austria and Italy. Prohibitions do not apply to traffic in eastern countries.

Another difference in the rules for operation of distribution is rules regulating export-import transactions and provisions concerning the duty. Differences in these provisions result in a necessity to issue additional documentation. These include loading lists (packing list), certificate of inspection issued by the final controllers, certificate of fumigation boxes, various statements on the client forms, for example, on the number of contract. In the case of shipments of condensers to Russia, marking the metal pallets with number and issuing proforma invoice sent on the transport of pallets are also necessary. Shipping condensers to South Africa need each time apart from other documents a copy of documents issued by the long-term suppliers of raw materials used in production of condensers sold to this customer. The seasonality of customer requests of condensers is one of the organizational aspects determining the distribution. Customer orders are the highest in the period from June to September. However, in the period from early November to mid-January, customer orders are minimal. These forces the company to work with such carriers who will be able to meet the increased demand for shipments in the summer, but also those who will not encounter reduced demand for transports during the end of year. Another determinant affecting the organization of the distribution of the condensers are public holidays in the countries of customers businesses and other days off from work in their factories. Religious differences cause that holiday standstills fall on different dates and hamper the distribution of condensers (e.g. Turkish Ramadan which lasts 3 weeks and usually starts in the second half of August, forcing an increase in the production and distribution of condensers in the period preceding, which falls on holiday standstill applicable to all companies belonging to the Marcegaglia Group).

4. Target market

Target market of condensers for refrigerators is significantly limited, which affects the way of cooperation between the company and its clients. This requires the company to primarily build lasting partnerships with customers and create their loyalty to company. The company implements the principle that a satisfied customer is a source of financial success of the company (Jones, Sasser, 1996). One of the elements to build loyalty of customers are business negotiations which is the responsibility of the *Key Account Manager*. The aim of negotiations,

except of establishing terms of trade, is to build relationships and trust in the partner company. (Hughes., 2006)

Cooperation with business partners require from the company high efficiency in terms of customer service, which is backed by all kinds of systems and programs that support customer service. In addition to the systems implemented in Marcegaglia Poland, regardless of the system preferred by contractors it is worth to mention SAP software that apart of servicing orders, inventory, sales documents, provides also support for accounting, material base, and financial reporting. Marcegaglia Poland has linked its SAP system with the SAP system from Bosch Und Siemens Germany, which resulted in a more efficient service orders and faster transmission of information on supply. In order to increase the customer satisfaction with the service Marcegaglia Poland implements client systems, such as *e-kanban* system, whose task is to inform about the real demand for goods from suppliers. Another system of supporting service orders and deliveries is SLPS (*Samsung Local Procurement System*). This system improves the handling of orders and deliveries, and allows the client to supervise the execution of orders by suppliers. To improve customer service Whirlpool Poland *consignment stock* is used. Warehouse is located at the customer's premises, the goods found in the warehouse are owned by Marcegaglia Poland until moving it to the customer's warehouse. Only then, the actual delivery of goods is executed and the amount due for the goods is charged. This solution is designed to provide the customer supply in quantity and time convenient for him.

Another system implemented in Marcegaglia Poland by his client was a project of Lean Manufacturing created by Whirlpool. The project includes systems: 5S, Kanban and supermarket and improvement of the production process. The aim of 5S is to organize the area covered by the project by removing unnecessary objects, materials, systematization of warehouse and manufacturing positions. Supermarket and Kanban are designed to decrease production in order to reduce inventory levels and avoid wastage in the production area through the reorganization of the entire production process (Gontarewicz, 2011).

5. Market communication

Value added represents the competitiveness of product with respect to offers of competitors, and its creation is an important element of the marketing activities of the company. The added value affects customer loyalty and build the company's image. From the structure of the product, that added value in the case of condensers is the quality and the level of logistics and complaint service (Urbańska, 2003). These elements affect the brand image of the product,

making condensers produced by Marcegaglia Poland seen as outstanding in terms of quality of condensers produced by other manufacturers. Product branding also impacts products newly introduced to offer, and is often the decisive criterion for the selection of manufacturer of condensers. Marketing activities carried out by Marcegaglia Poland must be compatible with the customer's needs at each stage, what determines success in B2B relationships. Creating a brand image allows to get a privileged market position. The importance of the brand is even more significant because ever-increasing globalization and the associated hipercompetition pose a serious threat to Marcegaglia Poland. Barriers associated with distance are getting less important due to lower transport costs, reflected in the prices offered by producers from countries such as China and Turkey. Factor determining marketing activities undertaken by the Marcegaglia Poland 's is international scope of the company. Since buyers regardless of cultural differences perceive the industrial products offered in the B2B segment in the same way, Marcegaglia Poland aims to standardize international strategy and marketing activities. The most important benefit of this procedure is to reduce costs and improve efficiency (Pietrasinski, 2005). The marketing activities for the product include meeting new customer needs and the design of condensers in order to meet those needs, planning life cycle of a condenser, control and constant improvemebt of the quality of condensers and packaging, handling complaints, as well as branding the product. However, in terms of price marketing, activities mainly include identification of competitors' prices and the desire to reduce the currently offered prices. Main goals of promotion on the condensers market are to provide customers with information about the offer and product performance, as well as informing them about the advantages of enterprise products relative to competing products. Market communication also creates a positive image of the company and shapes the awareness of the brand. Promotion is done mainly personally. This is due to the nature of industrial goods market, which in the case of condensers is very strongly limited in the number of potential market buyers. This has a huge impact on the role of direct contact with the customer. In Marcegaglia Poland *Key Account Manager* is responsible for promoting the products. He participates in meetings with representatives of companies who are current or potential customers, prepares an individual offer and presents the product. Demonstration of an individual offer is aimed at exerting a positive impression on the client of professional supplier, offering exactly what the client needs (Megyesiová and Lieskovská, 2011; Ratman, K. 1998). Personal selling allows immediate consultation with the customer responding to presented products and helps to identify possible changes in the expected range. In addition, a meeting with a client at the same time allows the negotiation of contract terms. In addition,

the company publishes advertisements in the trade press. Articles in professional journals allow you to reach specialists in the manufacture of refrigeration equipment and other related industries. The function also serves as a promotional brochure that contains information about the corporation and the company, operating range, the offer and the share capital.

Summary

An important aspect concerning the distribution of condensers is a need to build distribution systems on the principles set out by the concept of affiliate marketing. The company creates consistent, common distribution system with intermediaries. Relationships with intermediaries forming distribution system are long-term. Marketing strategies are major determinants of the organization of condensers distribution and the choice of distribution channels by Marcegaglia Poland. The company works exclusively with intermediaries in transport services offering competitive fees. The strategy of offering high quality products with high quality customer service and logistics operation in the international market determines the need to use the services of a specialized transport services from various international markets. The specificity of the condensers as distributed products determines the optimal choice of short and narrow channels. International distribution range of condensers forces to deal with the legal aspects, mainly the differences in transport and other legislation affecting the distribution of condensers, and an analysis of the provisions of export-import transactions. The use of systems such as SAP, SLPS, Lean Manufacturing, 5S, Kanban and supermarket allows the company to reduce stocks of raw materials and finished products, better management of storage space, speed up the production process. The need for branding in the B2B segment increases the complexity and the increasing prevalence of similar products.

Conclusions

Constant analysis of environment factors to adequate adjustment to local market requirements is crucial for standardization of marketing strategy in the international market. In addition to the factors differentiating the needs of clients in legal perspective, analysed company as well as B2C companies takes into account the mentality and religion of clients. Regardless of the differences in relation to Coca-Cola, Marcegaglia adjusts marketing strategy to customs and religious beliefs. Also in customer relations, Marcegaglia apply appropriate method for the B2C market building relationships with customers. In terms of brand positioning Marcegaglia also acts similarly as B2C companies. Promotional actions of the company include ATL

media (trade and specialist press), OTL media (internet) and BTL media (fairs, brochures). Globalization, in addition to the standardization of marketing strategies used, increases the importance of an individualized approach to take into account client's lifestyle, beliefs or legal restrictions. The *sine qua non* condition of success on international markets of the company operating in the B2B segment is, as in the case of B2C companies, cultural intelligence.

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