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Marketing strategy for building materials company.

”Izolacja – Matizol” example.

Strategia marketingowa dla firmy produkującej materiały budowlane.

Na przykładzie firmy „Izolacja – Matizol”

Praca licencjacka

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1. Introduction:

The inspiration for this dissertation paper was a real life situation. I was given an opportunity to improve my knowledge while enhancing actual experience. Through working for “Izolacja – Matizol” I managed to base my paper on resolving a problem of the company. The problem is very serious and can turn out pivotal for the future of the enterprise.

It is namely the lack of marketing department within the company structure. Such a drawback these days is unthinkable and president of “Matizol” understands it. So far the marketing activities were jointly handled by all departments in the company. The changeover of such situation is highly and commonly desired.

The company can not afford to take risk. By risk I understand lack of dedication or focus on marketing issues. “Izolacja – Matizol” is a building materials producer, and the results of competition are starting to have loud overtone. Thus, building a marketing department is internally and externally enforced. Building it, virtually, from the scratch makes it as much of excitement as challenge.

Such creation was my ultimate goal. The development of marketing department is a time consuming and dedication-requiring activity. I was able, however to see, listen and experience the corporate culture. This facilitated the current situation analysis and stimulated recommendations. The drive was to develop at least a framework which could be used to establish marketing in its purest form possible inside the company. I managed to understand that company is desperately looking for the recognition of the issue. Moreover there is an ongoing time pressure, which makes any activities even more demanded.

The subsequent analysis is a form of agenda. All the matters mentioned are crucial and require in-depth approach. The list consists of all the vital steps that have to be undertaken in order to implement marketing strategy for Matizol company. This does not mean we are dealing with a perfect recipe which will make company thrive from the spot. Marketing in this respect is a thorough and complex matter. It needs permanent focus and ongoing improvement approach from the whole spectrum of stakeholders.

The time to do it is now. There is no turning back and the margin is getting smaller every day. Hence the implementation needs to be carried out immediately. Some actions require sequential actions – because establishment is a process. Most of them, however need

to be scheduled synchronically. This will facilitate implementation and assure the cohesion of pivotal activities.

Having analyzed the company in a very profound manner, it can be said that optimism is applicable. The subsequent recommendations justify this claim. Consequence and pertinacity should be ingrained in the entire approach and considered as axioms. The establishment of marketing is possible then. Entire framework is included in the dissertation and provides a comprehensive solution. Its applicability is immediate but requires more detailed approach from the perspective of corporate coordination.

Inside the company, there is capacity and willingness. Change is bound to take place and if the approach implied by this dissertation is considered reasonable it might justify its applicable value. If it works for the benefit of the company – the ultimate goal is achieved.

2. Selected issues from marketing and management theory.

2.1 Notion of “strategy” and its implications.

The notion of ‘strategy’ is deeply rooted and is directly derived from military nomenclature. The word as such comes from Greek and means “generalship”. Originally, it referred to the maneuvers performed by armies in order to trick the opponent on the battle field. Once the enemy representing contradictory interest has been engaged, strategy evolved into tactics as a result of a natural cycle. Thus there is a very short and direct analogy between the military aspect and the world of business. In both approaches the strategy creates the linkage between policy and tactics.

According to Clausewitz strategy is nothing more than “the art of the employment of battles as a means to gain the object of war”¹. This was impaired by Liddell Hart in his book “Strategy”, where the author objected the narrow scope of such definition. He was much more keen on the one provided by Moltke, who happened to claim that the strategy is: “the practical adaptation of the means placed at a general’s disposal to the attainment of the object in view”². Eventually he concluded that it is the mean of attaining the ultimate means of various policies. This brought him close to the approach represented by the person who is regarded as the father of strategic thought, namely George Steiner.

He was a professor of management and one of inventors of strategic planning while the book, “Strategic Planning”, published by him became the dictionary of the entire issue. However, it is hard to find any direct explanation for the author’s perception of strategy. He outlines some of general concepts concerning it. The most important ones say that strategy:

- is what top managers do and has a crucial importance for an organization;
- refers to the basic directional decisions i.e. purposes and missions;
- is composed of vital actions aimed at reaching these directions;
- answers 2 basic questions: “What should the organization be doing? What are the ends we seek and how should we achieve them?”³

¹ C. von Clausewitz in B.H. Liddell Hart: *Strategy*, Penguin Books, London, 1967 page.114.

² H. K. B. von Moldke in B.H. Liddell Hart op. cit. page 115.

³ G. Steiner: *Strategic Planning*, 1979, in P. Kotler *Marketing Management*, Prentice-Hall, New Jersey, 1991, page 35.

Once divagating about management and strategy two gurus could not be omitted, since their global reputation has been on the paramount of business world lately. This pair of modern thinkers is Henry Mintzberg and Michael Porter.

Mintzberg's arguments had been previously supported by other scientist of the subject – Kenneth Andrews, who was a Harvard Business School professor and editor of “Harvard Business Review”. What Mintzberg did, was the introduction of strategy typology on the merit of its application:

- people use it to systematize a plan outlining the tools that facilitate gating from one point to another;
- companies use it as a pattern for a long-term behavior;
- it is used as a determinant of position;
- last, but not least it is a perspective from which reality is viewed and evaluated.⁴

Mintzberg highly emphasized the interdependence of the typologies enumerated above. Thus, they can be regarded as overlapping in their nature and inducing one another. Our perspective is determined by the position we occupy. This position, in turn, pushes us into a very specific manner of behavior that is targeted at reaching some predefined, measurable goal. This characteristic implied the creation of terms like “realized” or emergent strategies.

The other voice is the one of Michael Porter. Much younger than Mintzberg, he places much importance on the buzzword of differentiation and competitive positioning. He sees these two issues as vital for good strategy establishment. The author of “Competitive Strategy” (1986) also adds in his book that strategy “means deliberately choosing a different set of activities to deliver a unique mix of value (...)” and it is “a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there.”

Having all the ideas of great economic thinkers in mind, one can say that strategy is everything that stretches from plan, through pattern, position up to perspective and long-term behavioral mix. It acts as a subtle network between the theory and practice, just the same as policies and actions. “In short, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provides general guidance for specific actions in pursuit of particular ends”⁵.

Strategy is extremely flexible, volatile and subject to alternations. These changes and improvements are caused indirectly by the strategy as such, since the some actions might

⁴ H. Mintzberg: *The Rise and Fall of Strategic Planning*, The Free Press, New York, 1994, p. 23.

⁵ F. Nickols: *Strategy: Definition and Meanings* 2000.

change the position or perspective, hence impacting the future actions. The ongoing monitoring and adjustment are a must in that respect. This should concern mainly means instead of ultimate goals so as to avoid confusion, eventually leading to a failure.

Also important is the fact, that strategy is the area where those who govern and those who manage meet. This concerns tactics, resources and their deployment, goals and their achievement. As a result the carried out strategy is the derivative of previous actions, undertakings and decisions. Which is why strategy is viewed as constantly evolving and adapting of what should be done bearing in mind the objectives.

As it has already been said, strategy has various forms, faces and fields of application. Due to vast amount of subsets of characteristics, it can be virtually applied to any aspect of human being's lives. One particularly interesting though. The name is business, and more exactly marketing. The basic feature that marketing and strategy have in common is neither of them can actually be taught. This is because strategy creation and marketing even more are forms of art, not science. They are both most successful and influential only when dealing with innovativeness, creativity and break-through ideas.

Marketing, as such has been defined in various ways, more or less fortunate. Finding the most appropriate nowadays, could be a subject for a separate dissertation as a unit. The one provided by Michael Jordan and one of the top authorities in marketing – Phillip Kotler is the following: “Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others”.⁶ Brief and concise, provides a broad margin for interpretation which excels its applicability and breadth. For the sake of clarity and differentiation, however, each business or industry has got its own sort of marketing. A very specific one, is the marketing focused on industrial relations and carried out on business to business level.

2.2 Basic concepts of marketing.

As any issue within the boundaries of marketing's broad scope, B2B marketing has various definitions. “The Marketing Dictionary” by Bullworth-Heineman (1992) sees it as: ‘marketing of goods and services, where potential market embraces enterprises and organizations rather than general consumers’.⁷ Slightly different approach is presented by the author of “Industrial and Organizational Marketing” – M.H. Morris, who happens to regard

⁶ P. Kotler: *Marketing Management 7th edition* op. cit. page 4.

⁷ Bullworth – Heineman: “*The Marketing Dictionary*” Oxford, 1992, page 30, in M. Urbaniak: *Marketing Przemysłowy* page 8.

industrial marketing as “market activity, that facilitates the exchange between the producers and institutional clients”. French economist, Francis Leonard, pointed other aspects. In his view, namely, it refers to products and services purchased by enterprises, organizations and public administration entities, aimed at indirect or direct usage to produce other products or services”.⁸

Such an approach makes the pictures more visible and less blurry. This is attained through narrowing the spectrum of the subject. Only that way can lead to a detailed and profound understanding of the any analysis.

Once the notions of ‘strategy’ and ‘marketing’ are combined, what can be the immediate result of the compilation of the two? Facile as it might seem - the crucial in any enterprise’s market existence is the simple combination of these words. The name of the game is: “marketing strategy”. In brief, the perception of the issue as a whole, can be the conjunction of the aspects that characterize the features of marketing and strategy separately. There is much more at stake and additional value, though. The matter is still in the phase of gradual development and exploration, which creates the capacity for perpetual enhancement. This is why, there is no single, coherent definition that would satisfy all the possible approaches.

Formulation of marketing strategy is a part of business strategic planning. It can only be effective while being in line with business mission, external and internal environment analysis and previously formulated goals. Moreover, it should induce in a clear-cut way, how a program is formulated, afterwards implemented and how feedback is utilized while maintaining necessary control.

In that respect, strategy is highly influenced and derived from the pointed out goals. In simple words, it provides answers and directions about how to get there. The real arts begins, once a business gets down to tailoring a strategy towards its own particular objectives. To accomplish that, specific plans and programs ought to be established. In search of excellence, a business should revise these programs and correct them, if a company gets of the track and fails to reach the predefined goals.

Marketing strategy is a detailed, thorough and explicit statement outlining marketing aspirations of a company. It is different from a tactic due to coherence and interrelation of it’s components. Well designed strategy should integrate organization’s

⁸ M.H. Morris: “*Industrial and Organizational Marketing*” Merill Publishing Company, 1992, page 5 in M. Urbaniak: *Marketing Przemysłowy* INFOR, Warsaw, 1999 page 9.

marketing goals, policies and action sequences gathering them over a single denominator. This provides the foundations to any further appraisal, analysis and planning that concerns a given enterprise. In turn, it enables the commercial entity to conduct its mission in an efficient and effective manner.

Marketing strategy is to some extent derived from corporate strategies, mission and goals which are regarded as a conjunction of mission statement and a range of microenvironmental factors. Their main characteristics are dynamics, adjustability and relative unpredictability. Strategies can be altered, objectives can be relocated and fluctuate while being fueled up by unexpected events that require unplanned actions.

Every single strategy is unique in its form and merit. Some commonalities and similarities facilitate an introduction of a generic systematization or grouping. The most popular categorization is comprised of:

- strategies based on market dominance – companies are assessed on the base of their market share control or subjective dominance over a particular industry. We commonly distinguish four dominance strategies: leader, challenger, follower and “niche”.
- Porter generic strategies – created by marketing guru Michael Porter rely on the dimensions of strategic scope and strength. The first refers to the spectrum of market penetration while the latter to the sustainable competitive advantage of a firm. The most crucial ones in this respect are:
 - cost leadership where a business strives for the lowest costs of production and distribution so that it can outpace the competition in that respect and win market share; to do so, a company has to thrive at engineering, purchasing, manufacturing and distribution;
 - product differentiation – here a company concentrates on achieving superior performance in the area that is important for and valued by the customers; since it is hard to be the best in all aspects of a product, company should cultivate the one it had dedicated itself to i.e. if seeking quality leadership, a business has to get engaged in pervasive components expertise evaluation and careful inspection;
 - market segmentation focus – instead of going for the whole market, company pays distinctive attention to just a part of it; having found out the needs of a given segment, it can then engage in the activities that yield the most significant effects on the interesting part of the market.

- Innovation strategies – concern corporate attitude towards new products introduction and plotting them against how the profit is generated. It's continuum measures a company's modern technologies applications aimed at product improvements. The major kinds are: pioneers, close followers and late followers.
- Growth strategies – determine how the company will grow. The most known ways for the growth are: horizontal integration (with competitors or partners), vertical integration (with suppliers), diversification (broadening of product portfolio), intensification.
- Aggressiveness strategies – ask the question whether a company ought to grow and on what pace. It is composed of the given subgroups: building, holding and harvesting.

All in all, marketing strategy is indispensable from the marketing plan standpoint. Drawing one without a sound strategy is obviously possible and doable, but it is not recommended though. Only once being developed in parallel, can these two components assert cohesion of specifically measurable goals.

The marketing plan, as such, is a formal, written document specifying the detailed description of actions that are needed to attain specific variety of objectives. In general this deals with product (lines), services, brand, price, distribution, promotional tools. The time span it should cover spreads from one year up to five.

Most usually, a marketing plan is a vital part of exact description of all aspect revolving around a commercial undertaking, namely business plan. It is a must for any entrepreneurial activity, in order to have an objective chance of becoming a successful endeavor. Even in spite of their short life cycle, they formulate the blueprint for the subsequent planning strategies.

The three mentioned concepts are rigidly embedded in business' marketing aspects. Moreover, they are highly correlated, interdependent and overlapping in their scope, merit and structure. If combined into a coherent picture, they are capable of creating a clear pathway of an enterprise to follow through it's market existence. They facilitate evaluation, appraisal, monitoring and create business transparency from, both, internal and external standpoint. Fining a sound balance between flexibility and firmness, when it comes to the outlined ideas and concepts, is like mastering a virtuosity in commercial activities.

Such balance seeking is usually the main focus of marketing managers. They are the ones who are, by definition, responsible and accountable for the "game plan" prepared, habitually by a group of people. They face the multitude of choices since virtually all

objective can be approached in variety of ways. Using a virtual trip down the objective path, the manager should be able to identify the major strategy alternatives facing the product line.

The subsequent formulation of strategy calls for making basic choices among alternatives. In a general view, which is the minimum at this stage, a statement prepared by the marketing manager is to include the following components ⁹:

Once this is done, the manager should ensure the cohesion with all the affected actors and entities within the organization. This means tight cooperation and information sharing with all departments across an enterprise. Hence, the vitality of marketing is transparent and elevates it to the paramount of the organization priorities nowadays

⁹ P. Kotler: *Marketing Management 7th edition* op. cit. page 78.

3. Chapter : Company in building materials industry focus “Izolacja – Matizol” case:

3.1 Company description¹⁰.

Isolation materials enterprise “Izolacje Matizol” S.A. has its headquarters in Gorlice (Małopolskie province). It is one of the oldest roofing paper producers in the country. The company history and tradition reaches out beyond one century span. Throughout the presence on the market, the firm has belonged to the largest producers in the industry.

The predecessor of today’s company was established in 1900 under the name of “Papapol” in Gorlice. The core business was focused on roofing paper and asphalt products manufacturing. After 57 years, the company merged with “Glass Yarn Institution”. In 1993 the joint stock company was created and the current household name was established for the enterprise. The gradual development supported by introduction of market economy in Poland, facilitated enhancement of internal qualities. Which was epitomized by obtaining a certification for successful implementation and adherence to the System of Quality Management in accordance with ISO 9001:2000 norm¹¹. It was accomplished via completion of eight basic assumption concerning a business features:

- customer orientation – market positioning is dependent upon the clients behavior;
- leadership – CEOs of the company allocates the resources and directs the paths of development;
- engagement of people – people are the invaluable asset by all means;
- process approach – effectiveness and efficiency of business activities relies in major part on the quality of the processes realized within its boundaries;
- constant improvement – the goal of an organization is gradual attitude towards amending the processes conduct (derived from Japanese ‘kaizen’ concept);
- reasonable and objective decision making – choices from alternatives or options are made on the basis of analytical, logical and intuitional appraisal of available data and

¹⁰ [http:// www. matizol.com.pl](http://www.matizol.com.pl) – corporate Web-page, June 21,2006

¹¹ *Polish Normalization Committee* , Warsaw, 2001

information. Preferably it can be proven either right or wrong applying hypothesis testing;

- mutual benefits in relationships with suppliers – understanding that creating an open, honest and information-sharing relationships with raw materials suppliers as well as services providers, is crucial for high quality guarantee.

The indirect result of ISO quality norm incorporation was the event that took place later in 2003. Namely, “Izolacja Matizol” joined a capital group Boryszew S.A. – the top level company of Polish chemical industry enterprises. This wave of prosperity spilled over the acquisition P.P.H Izolacja in Chełmża in 2004. The follow up was opening a production facility in the place of previous one that had gone down the tubes. In the same year the substructure for the bituminous mass and augmented quality roofing paper production was build.

“Izolacja Matizol” has the edge over the competition, in the historical perspective, due to being the market leader in welding paper roofing and shingles in product introduction and manufacturing. Both products have encountered a vary positive reaction from the clients. Numbers are supporting this thesis through stable growth in the number of sales in the market perspective scope.

3.2 Macro approach to economy and industry.

May 1, 2004 was a milestone day in Poland’s modern history. On that day Poland, among 9 other countries, became the official member of the European Union. The thrill of excitement was shared by the largest group of people in the history of EU expansion.

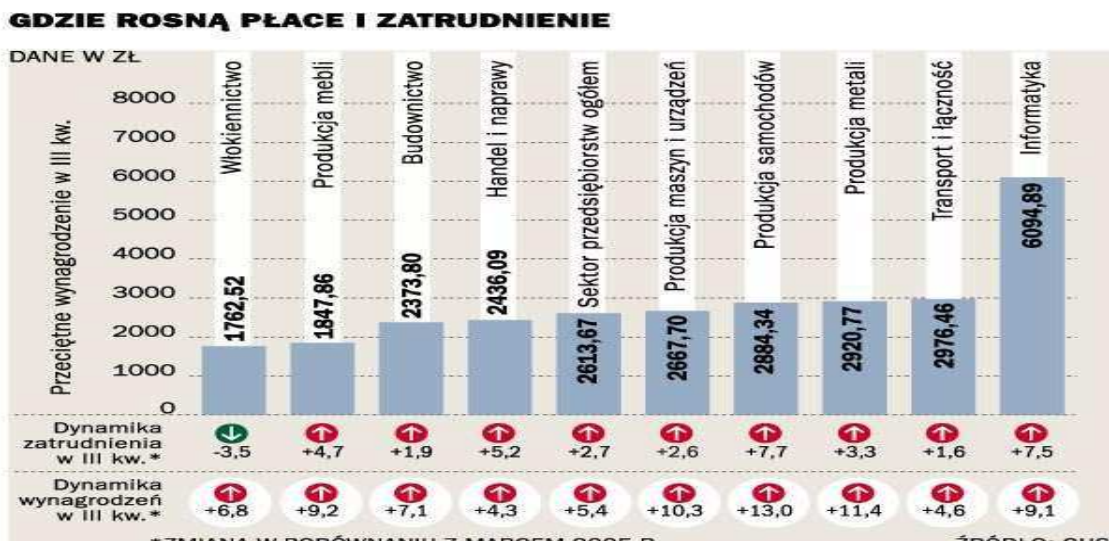
This was not the only feeling, which accompanied this political undertaking, though. It was clearly visible that a great deal of uncertainty, ambiguity and hesitation of old and new member states citizens was at stake.

By now, it can be easily said that most of the dangers and threats associated with EU accession were unnecessary. None of the black scenarios has become reality so far. The member states have been gradually opening their market for Polish capital and labor each year. Moreover, Poland benefits from variety of EU financial support which is a privilege of membership. It stimulated entrepreneurial spirit in the society, which slowly becomes visible. At the moment economic indicators herald the period of flourishing¹²:

¹² Source of data: *Central Statistical Office* - www.stat.gov.pl , April 20, 2006

- GPD in 2004 exceeded expectations with annual growth of 5,7% (in comparison with 3,8% in year 2003);
- GDP per capita in 2004 accumulated to \$11 100;
- in the 4th quarter of 2004 the increase of GDP was equal to 4,2%;
- the aggregate production and consumption have been growing gradually (with the significant intensification in the spring 2006);
- the unemployment in Poland is the highest among all EU member states, however it has recorded a significant drop lately;
- at the moment the unemployment rate is 17,2%, which means a 2,3% drop in comparison with the end of 2005;
- there is factor of “hidden unemployment” i.e. Polish citizens working abroad appear with the “unemployed” status in national records;
- the level of inflation has been gradually decreasing with less than 1% (~0,4%) in March 2006 and the prognosis of specialists speak even louder about the perspective of deflation;
- in the same month the growth of industrial production amounted to 16%, which is approximately the same as in the stage of boom caused by the EU accession in May 2004;

Graph 1: Wages and salaries growth by industries in 2005 in Poland:



Source: www.gazeta.pl (April 2006)

- the average wages and salaries in March 2006 grew by 4-6%, especially in the sector of enterprises (see graph above outlining the highest level increase in particular sectors);
- people's propensity to spend is bound to increase as they possess more resources – this will stimulate the entire economy and self – perpetuate it;
- the companies are more determined to invest, claiming to devote 10% more resources to this particular goal in 2006;
- Polish currency is getting stronger with respect to the major currencies of Euro and US dollar;
- the current accounts of international trade have been recording an increase with exports to imports ratio¹³.

The thriving Polish economy is not a well perceived phenomenon in the long – term perspective, as the analytics say. Some claim that we might encounter overheating of economy. Others, using empirical knowledge and intelligence, suggest that growth stage we are witnessing at the moment is bound to be preceded by a plummet. This is obviously in line with economic principles, what matters is the intensity and depth of a potential stagnation or recession. The ultimate goal is to take advantage of the current situation to the maximum and ensure the sufficient pace to go smoothly through the potential changes to come.

3.3 Public support and legal aspects of Matizol's business.

The economic stability of a state cannot be appraised in separation from the political context. These two fields are inherently inseparable, thus strongly correlated and overlapping. All of the economic phenomena mentioned before, are either caused by or will be influenced by the second vital event of the last 2 years, which were the presidential and parliamentary elections. Summer and autumn of 2005 came as a sort of surprise to most of Poles. This astonishment was caused by the results of the democratic elections that took place in the 4-month period of time.

The building industry was used as a tool in variety of campaigns. This is an ongoing issue when it comes to raising peoples' attention and concern. It was seen as an opportunity for development. It referred mainly to unemployment. Poland has had the highest

¹³ Central Statistical Office – <http://www.stat.gov.pl> (December, 2005)

rate of unemployment throughout EU, and building industry has been one of the pillars supporting the diminishing plan. Many initiatives originated from this area of economic activity, however the implementation has not been visible so far.

The previously mentioned Union financial support and founding opportunities have not been exploited by “Izolacja – Matizol” so far. Not much attention was focused on local opportunities either. The company is eligible to apply for such support funds as European Regional Development Found (ERDF) and ISPA within the structures of EU¹⁴. These investments are dedicated for enterprises that create and maintain jobs, develop infrastructure for the entire region or support sustainable development, environment concern and quality amendments.

The EU membership has also created some constrains on “Izolacja – Matizol”. The company was legally forced to incorporate ISO quality standards. This was not much of a burden, since the established norms were in line with the required standards. Looking deeply into the roofing materials industry, one can find instances where EU norms induce constrains on traditional standards a company was adhering to previously. The problem can be found among capacity of packaging. Namely, the Union norms are very strict when it comes to the weight of any piece of materials that require human intervention. The rule is simple, if a worker is forced to handle or carry a physical burden that exceeds 30 kg. it is at odds with the norms. In turn, it is against the law, thus illegal and should be avoided. Any potential changes that are implied by the necessity of EU law obedience will surely increase costs of packaging as such in variety of ways. It may also alter some developed and functional practice habits of a company, which causes disorder within any organization facing a change.

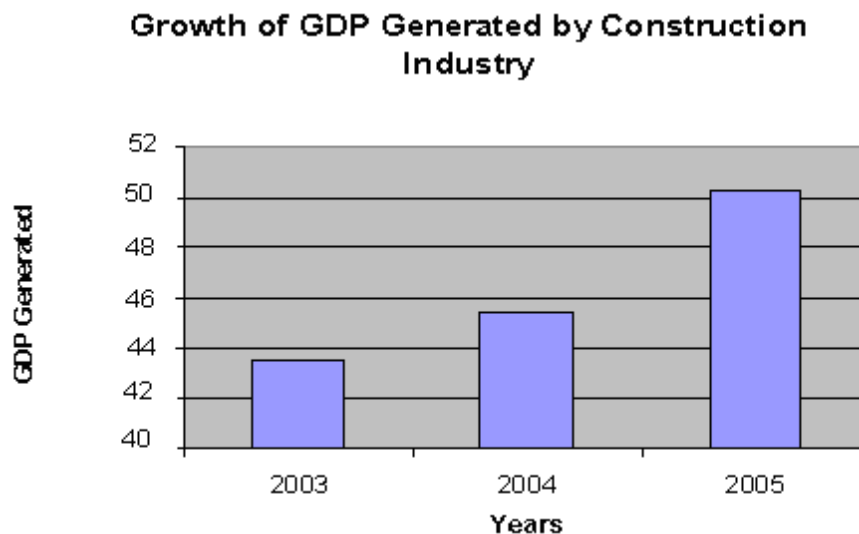
Apart from that, the enterprise has recently encountered some disturbance with the implementation of labeling and bar-coding requirements. Besides more detailed information concerning the product as such, new ways of encoding are enforced on “Izolacja – Matizol”. This meant complete redesign of packaging and caused problems with creating bar-codes for particular products. As burdensome as it might seam in the short-run, is likely to become beneficial for the company in the long-run. At least for from the standpoint of this marketing strategy plan.

¹⁴ European Commission web-site: <http://ec.europa.eu/enterprise/funding/index.htm> (June 2006)

3.4 Economics of the building materials industry.

The thriving situation of the economy, in spite of political disruptions, has affected all sectors of industry. Looking at the Polish market from the “Matizol” company standpoint, the best possible approach is from the construction and materials branch of national industry.

Chart 2: GDP generated by building and construction industry, years 2003 – 2005 (in billion PLN):



Source: Author based on data provided by Central Statistical Office: www.stat.gov.pl (2006)

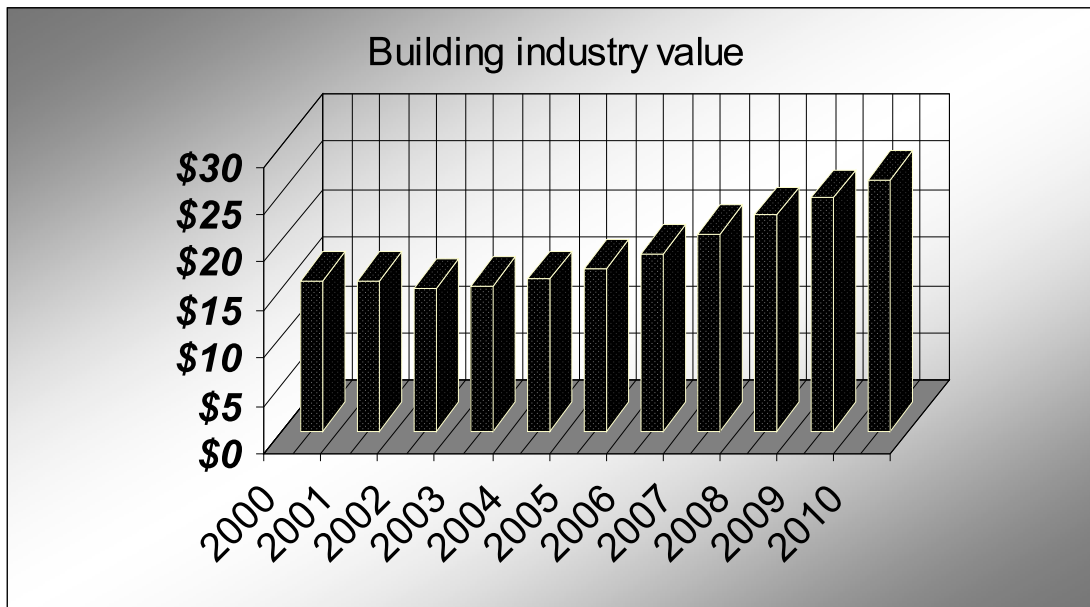
The Gross Domestic Product generated by the entire industry amounted to PLN 50 222,9 millions. The relative growth in 2004 was 2,7%, which was a rather weak result in comparison with: industry – 11,5%, market services - 3,8%, trade – 4,9%. The situation changed in 2005, though. The building and construction market has encountered the highest relative growth of 6,5%, with respect to the previous year. It outpaced industry – 3,9%, market services and trade – 3%.

The market forecasts are optimistic for the upcoming 2 years, with the 10% and 11% growth level. It is caused by the recovery from a very poor period between years 2001 and 2003, when the market was in a clear recession stage. The bottom was reached in 2002 with the recorded decrees of 5%.

Such an optimistic tendency is caused by establishing closer bonds with capital endowed countries of Western Europe, through EU membership. It is highly visible in the

exports as well as direct foreign investments that stimulate the whole infrastructure. The gradual and incremental improvement of economic indicators is predicted to last until 2010. The tendency is looked into from a long – term perspective and yields optimistic results for the industry as such:

Chart 3: Building industry value in USD million (2000 – 2010 estimated)



Source: Construction Market Research and Analysis (2005) –
Jons Manville Polska SP. Z O.O

The drop, previously mentioned from the GDP perspective, is also visible in the value of the industry downfall (2001 – 2003). Phase Poland has entered 2 years ago will not wear off soon and will be characterized by steady, stable development.

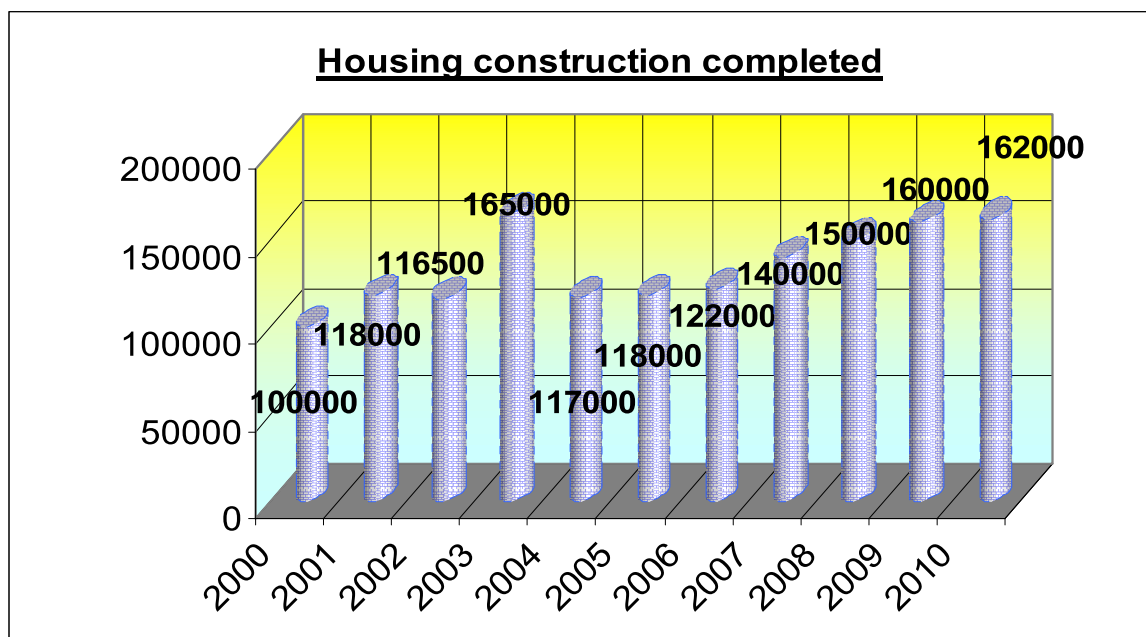
The major reason, ironically, is the fact that Poland is lagging significantly behind the EU, with respect to infrastructure background and production. Strive to catch up with European standards will be aimed at reconstruction, refurbishment and new projects completion. This should ensure sufficient pace for the entire sector in the nearest future due to it's seasonality and weather dependence. The weather factor is worth emphasizing, since it is crucial for construction work enterprises. It is not the only one, however.

What are the other boundaries affecting the intensity of construction activity in Poland, then? These factors are also subject to change during the elapse of a year. The companies outline in the order of importance: competition, hiring costs, insufficient demand, financial costs of running a business, shortage of qualified workers, materials costs, difficulties of obtaining a loan and shortage of equipment, materials and resources.

Thus, the lack of materials sources is of the lesser importance to the construction companies constrains. The materials are available on the market for all kinds of developers, even in the face of increasing construction work projects. This implies a harsh price competition among the building materials producers. It is justified by the facts of figures – in 2004 the structure of costs recorded the highest increase in materials and energy – from 28,2% to 30,2%. Which means, that companies spent more money on supplying them selves with necessary materials and energy to complete a construction work. Such an increase is visible for the managers and they will seek an opportunity to cut it as often and as much as possible.

The most vivid and, at the same time interesting, case of construction is the residential form of it. It has the highest share in overall construction works and is vulnerable to legal changes in taxation policies. The situation is illustrated on the graph:

Chart 4: Number of completed housing constructions (2000 – 2010*estimated)



Source: Construction Market Research and Analysis (2005) –
Jons Manville Polska SP. Z O.O

The reason for the upsurge in 2003 was caused by government policy. The change was introduced to the rules governing tax relieves on building materials. It refers, namely, to the closing of the period favoring construction. The procedural and formal issues had to be

resolved by the end of 2003, thus most of the people engaged in such activities endeavored to complete it before the deadline.

Such policy was targeted as revitalizing and stimulating a market, which was in a slump. Once it turned out successful, the policy was withdrawn. It induced the necessary drift for the dynamics to carry it to the EU accession year.

The construction law in Poland has been relatively stable in the last decade. Fluctuations in the industry were dealt with a beneficial treatment from the policy – makers. Red tape involved in the process is still quite long and requires various permissions, applications and filing documents. The unification of the rules within the EU ought to facilitate it significantly within the matter of years.

3.5 Technology and ecology with respect to building materials industry.

The membership in European Union, yields vast majority of benefits for Poland in the macro-environmental perspective. Desire not to fall behind with the standards of EU, impacts the environment and economic background in a significant manner.

The ecological standards and quality requirements, not only of the Union, but also from the potential customers. It becomes the battlefield for the competitors within the boundaries of all kinds of markets. Some parts are more vulnerable to technological changeover or automation processes. The goal, in general, is to utilize the advancement of technology. This drive has been and will be fueled up by high level of education in Poland. Especially, concerning the IT, mathematical and engineering fields of knowledge.

The building materials industry is a relatively traditional market when it comes to technological innovation. This is why it is rarely subject to paradigm shift, thus stable and revolving around established procedures and conventions. During one century In the roofing materials market, the only amendments made to the basic products are aimed at quality improvement. The second major reason is keeping up with competitors or distinguishing from them (i.e. search for competitive advantage) by the means of technology.

All in all, technology is a vital part of production factors. Its role has been growing at an incredible pace and this tendency is bound to continue, since the 21st century is said to be the age of technology. The approach of developing countries has to be focused on imitating the world leaders, while attempting to align in this particular respect. Capability

differs, but the diminishing importance of distance with increasing role of information flow, will gradually equate the ability to introduce and implement technological awareness.

3.6 Transportation and supply chain.

The EU impact will also be visible in the field of transportation. Not only will the means change, but the entire infrastructure should develop. Unification of common standards will be a necessary condition in order to conduct Europe-wide business. The current shortage of highways (the low quality of Polish roads) is a disease has been shaping national dissatisfaction for at least a decade now. People have become more mobile and get the opportunity to travel around the continent. Subconsciously they compare the quality of traveling or transporting goods within the frontiers of their homeland and abroad.

The major means of transportation in Poland are road and freight forms of it¹⁵. Virtually every single lieu in the map of Poland can be accessed by using trucks, lorries or any kind of vehicles. The quality of such shipment is doubtlessly much lower than European standards would require. This can affect not only time, but most of all various damages in materials – either the supplies or vehicle as such. Going further with the reasoning, one can say that costs of such shipment increase.

The visible drive in the industry and “Izolacja – Matizol” as such is towards road transportation means. The main reasons for that are completely down-to-earth: flexibility and accessibility, sufficient capacity and timing, as well as relatively low costs. Either by own means or using the services of forwarders. This is also due to favorable leasing opportunities from dealerships. The competition caused excessive client-orientation from car sellers. Moreover, leasing is much more advantageous than car-loans from the perspective of particular company. For the sake of precision, leasing is a form of mobile assets rental which creates an chance for a company to use it without having to purchase it¹⁶. The leasee has the right to record leasing installments as costs and deduct VAT. Additionally, on the contract expiry date the leasee usually gets the chance to, either renew it or purchase the asset.

The most common application of leasing is, as suggested above, in car industry. Poland has been recording a gradual growth in the number of business actors taking advantage of the given opportunity. For the entire industry and “Izolacja – Matizol”, this

¹⁵ Central Statistical Office– <http://www.stat.gov.pl>, December 2005.

¹⁶ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 259.

means an advantageous environment to expand internal fleet or use subcontractors (e.g. forwarders which are attacking Polish market internally and externally) to distribute products. It is particularly applicable while considering geographical expansion.

Such circumstance has also an impact on the upper level of supply chain. The raw materials providers are easily accessible and become more mobile. Management of supply chain is simplified, once there is a competition. This is the case of “Izolacja – Matizol”. Due to unification of states suppliers selection is much easier and merit, not necessity based. Globalization is perhaps to much of a generalization for the moment. It should not be taken for granted, though, that the supply chain is likely to significantly expand geographically in the foreseeable future (e.g. South – East Europe or Asia).

For the time being and presumably for the next 10 years, the means of transportation for the building materials industry will rest upon road transport. Additionally, the well established and successfully running method of supply chain management is likely to prevail.

3.7 Conclusions of determinants of building industry operations.

Worth mentioning is the fact that Poland is a gate or a threshold to the Eastern part of Europe. Our country has become the link between the market economy and democracy of the West, with the controlled, autocratic and sometimes socialistic East. This is a one in a million chance. The only time is now, since this is only a temporal situation – Ukraine will develop fast and step into the shoes of current Poland. Czech Republic and Slovakia are already way ahead in a number of economic aspects. All this being commonly known, there could not be a better circumstance for a rapid, sudden and thorough improvement.

This improvement is bound to expand in a broad realm – ranging from ecology, through transport up to technology. The intellectual, cultural and economic capacity of Poland is appropriate enough to take on the burden of such a changeover. The society and nation will be witnessing these changes and needs to be able to absorb it. Inevitability is a sheer fact, which puts Poland in a highly favorable position. Companies and individuals should strive to take advantage to the maximum.

For “Izolacja – Matizol” the macroeconomic picture is more than favorable. Potential risks are definitively outweighed by contemporary and future benefits. Some issues

require significant adjustments from the corporate perspective and might seem like an unnecessary burden. Especially in the financial terms. This however is shadowed by positive trends in the economy and industry as such. The perspectives and opportunities create a favorable environment for the enterprise to thrive. Exploiting this situation requires reasonable, detailed and comprehensive planning. Both in the short and long perspective. The sequential procedure and required steps are covered in the subsequent analysis.

4. Chapter: Marketing strategy for “Izolacja – Matizol”

4.1 Market Definition:

Industrial market is also called the producer or business market. It consists of individuals and organizations that acquire goods and services to use it in production of other products or services. These, in turn are sold, rented or supplied to others¹⁷.

The “Izolacja – Matizol” company is somewhere on the frontier of manufacturing and construction/building industries. Its because company’s core business is production of goods which are then utilized during all kinds of construction works. Which means that its main customers can be vary specifically determined.

Building material is regarded, in broad understanding, as any kind of good that can be utilized in the upbringing of new projects or renovation of the old ones. For these to be applicable, such materials have to be in line with variety of physical, chemical and mechanical standards. All together, they are called – technical parameters, and their propriety enables these material to enter the market in mass production.

National and European Union standards determine the amount and time spend on examining and testing of the materials. If these are faulty, they are more than likely to undermine the durability and resistance of the entire construction it constitutes. It also helps in predicting the reaction of the material in case of any kind of breakdown or fire.

The main distinction of building materials can be use the following categories:

- depending on the application and destination;
- the material used to produce it;
- depending on the where these materials will be placed in the construction.

Such traditional approach, however, does not include all the possibilities that are now available on the market. The scientific development, the pace of technology, improvement of processes as well as fierce competition cause changes in the features of materials. This generates new products, while others become out of date and are withdrawn from the market.

¹⁷ P. Kotler “*Marketing Management*” op. cit. page 196.

Considering the issue in a very broad sense, “Izolacja – Matizol” company can be placed in the ‘building industry’ aisle (as a subset of manufacturing industry). Using the supermarket outlay analogy, it would be advisable to put the enterprise on ‘chemical industry’ shelf. The section, going further down the line, should be called ‘roofing water isolation materials’ as the segment where “Matizol” operates most intensively.

These terms overlap and are used interchangeably. Thus, the distinction between ‘market’ and ‘segment’ is relatively fluid. Moreover, it differs from one industry to another.

4.2 Segmentation:

The notion of segmentation, from the industrial marketing perspective is regarded as: “a division of a market, according to a given criteria, into relatively uniform groups of customers (segments)”.¹⁸ This process is composed of three elements:

- segmenting – determining the criteria of segmentation and establishing the profile of particular segments;
- targeting – attractiveness evaluation and segment selection;
- positioning – identification of possibilities and options for a given target market.

The major criteria used universally are put in the following categories:

- criteria associated with organizational structure – market sectors, number of employees, legal status, turnover value, orientation, technological development, prestige;
- geographical criteria – localization, scope;
- behavioral criteria – supply structure, purchase habits, destination of a good, supplier loyalty, volume of the supplies, characteristics of decision makers, approach to risk and quality requirements.

With respect to the outlined categorization “Izolacja – Matizol” can be described in a very literate and transparent manner. Looking into the issue through organizational structure:

- building materials sector;
- large company, since there are more than 49 workers;

¹⁸ M. Urbaniak: *Marketing Przemysłowy* INFOR, Warsaw, 1999 page 21.

- joint stock company status;
- profit – oriented business;
- technologically the company is somewhere between medium and low.

In the geographical standpoint the segmentation is as follows:

- European Union, Poland, South-East, Małopolskie district;
- scope: national and Eastern Europe (Czech, Slovakia, Ukraine, Lithuania).

The behavioral criteria, though, add some other perspective to the overall picture:

- collective decision making concerning the supplies;
- purchases are modified on the weekly or biweekly basis;
- materials purchased are used to produce a final product;
- relative stability towards the supply sources;
- diversified decision makers features;
- risk is definitively being avoided when it comes to innovation introduction;
- quality and delivery schedule adherence is highly valued by the customers.

All these approaches combined create a transparent image of the company. It can be easily placed on a multi-dimensional metrics composed of the previously mentioned conditions. This shows where the enterprise has been and is going to. Some of the aspect require excelling and constant development in order to keep up with the pace of the entire industry.

The product range offered by the “Izolacja – Matizol” company is not very broad, but product lines offer various kinds of a single product depending on its destination. The company supplies materials to seal residential construction (this is the broadest application), commercial and industrial building, all kinds of bridges and road constructions, as well as wholesale building warehouses and Castorama. There is a strict distinction between all these, however. These market segments do not overlap by definition and the main determinant is the profile of the client.

So far, the decision makers, have strived to base on a broad range of portfolio to all kinds of customers. This means, that the positioning of “Matizol” products has not been strictly stated. Everyone can find a sort of material that has the same function, but differs in price and quality.

The main product lines for “Izolacja – Matizol” at the moment and presumably in the future are build around the roofing paper, membranes and asphalt materials as well as shingles. These markets are the most strictly defined, pinpointing approach to the issue of segmentation.

4.3 Target market definition.

Target market definition is a subsequent step is drawing a coherent marketing strategy. It is defined as “a selection of particular segment or segments on the merit of evaluation and appraisal of them.”¹⁹

The target market is composed of the customers that share characteristics and features in a relative spectrum. Upon such decision, an enterprise decides to focus it’s business activity around a particular market segment. There are five general ways of determining and selecting the target market:

- single segment concentration;
- selective specialization;
- product specialization;
- market specialization;
- full market cover.

“Izolacja – Matizol” company has been following the path of selective specialization. Which is focusing on a set of niches at the same time aimed at diffusion of risks. It has been working out for them positively. However, the company is neither the market leader, innovator nor trend – setter. So far it has been trying not to fall behind and keep up with the competition.

The general approach of the market is also aimed at selective specialization. Thus, the brands compete on the same segments and target markets. There are 2-3 priority product ranges, while having some other supplementary so as to facilitate distinguishing from the others. Such an approach is obviously convenient but not much likely to cause any breakthrough in the entire market structure.

This is why, provided that the main objective is growth and excellence, “Matizol” should swerve at least slightly from the industry-wide tendency. Changing the strategy might

¹⁹ M. Urbaniak : “*Marketing Przemysłowy*” op. cit. page 29.

cause some ambiguity and risk. This however can be implemented by using a phase approach or testing. Once the direct cutover as an extreme form of change, does not take place, some safety margin provides a necessary cushion.

The company should slowly, but consequently lean towards product or single segment specialization. Through the divergence of business focus the market could be unexplored or even unexploited. If a company switches its concentration point towards particular product range or selection of customers it can develop better relationship, intelligence and cooperation. This in turn, will indirectly impact technological, methodological and procedural innovation. Hence, from the follower and imitator, an enterprise could evolve into a leader that takes full advantage of opportunity created by a market.

In graphical manner, “Matizol” should direct core focus in the following way:

Single segment specialization illustration:

	TM 1	TM 2	TM3
P 1			
P 2			
P 3			

Product specialization illustration:

	TM 1	TM 2	TM3
P 1			
P 2			
P 3			

Where:

TM _i - target market;

P _i – particular product “i”.

Depending on the market targeting selection, the company is obliged to develop marketing activities. It should be strongly linked with portfolio of offered products, market segment and customers. We distinguish the following types marketing:

- differentiated marketing – various mixes to various segments;

- undifferentiated marketing – many products in many segments by using the same appeal;
- focused marketing – concentrating on one or a small set of segments with uniform approach.²⁰

In the short- and long-run the priorities and points of particular focus for “Izolacja – Matizol” ought to be:

- Eastern Europe expansion;
- bridge building companies;
- individual developers;
- Just – in – time approach implementation;
- quality development;
- information system enhancement and broadening application;
- strengthening the local position, while expanding to the foreign markets;
- broadening the production program so as to gain new customers;
- meeting and satisfying the expectations of current and future business partners;
- enhancing customers service.

²⁰ M. Urbaniak: “*Marketing Przemysłowy*” INFOR, Warszawa 1999, page 34

4.4 Positioning.

Market positioning of a product is aimed at distinguishing it (or the whole company) from the competitors' standpoint, in the eyes of the target market or audience. Thus it could be labeled as an activity that is directed at presenting an offer of an enterprise, which enables evaluation by the potential buyers.²¹

Table 1: Steps for establishing a positioning plan:

No.	General	For "Izolacja-Matizol"
1	Identification of the market segment	<i>Building and isolation materials</i>
2	Determining the targeted segments	<i>Wholasalers, retailers, chain-stores, developers, individual clients</i>
3	Recognizing requirements and demands of audience	<i>Price, quality of products; attractive promotional mix with efficient distribution</i>
4	Development of products to meet these needs	<i>Quality raw materials and supplements</i>
5	Appraisal of competition perception	<i>Icopal - comprehensive portfolio, Swisspor - effective promotions, Werner - price leadership.</i>
6	Selection of the main criteria for positioning of the products in the face of customers expectations	<i>Corporate image, product reliability and resilliance</i>
7	Selection of the main criteria for positioning of the company in the context of competition.	<i>Established brand and identity</i>

Source: Author based on M. Urbaniak: "Marketing Przemysłowy" (INFOR, Warszawa 1999), p. 35

Once this is achieved, a company is bound to select the means by which it will strive to compete with other producers on the market. The assistance of criteria for positioning is regarded as helpful in such analysis. The major ones are:

- product characteristics – technical quality, innovativeness, usefulness of application, availability, safety, ease of repairing, product information, economic ways of usage;

²¹ M. Urbaniak: "Marketing Przemysłowy" INFOR, Warszawa 1999, page 35

- producers/manufacture characteristics – technology applied, adherence to order schedules, service;
- users/customers characteristics – frequency of usage, frequency of purchase, application;
- price characteristics of the product – lower than the competitors, quality, durability of the product.

“Matizol” company, with respect to these facts, should strive to focus its core business on the excellence in quality and service of membranes. Shingles are also an interesting matter, since they are subject to the most dynamic growth. Anyhow, the quality, durability and innovativeness of products is highly valued not only in the eyes of the customers (i.e. retailers and chain stores) but also the end users of the products. Keeping up with payment schedules are of top priority to the buyers, though. Hence, the financial flow and rigid adherence to the agreed upon conditions is a must.

Such activities will push “Matizol” products on the market positioning continuum. The modifications in roofing paper and membranes have increased its pace as well as intensity lately. The supplements of SBS and changing the size of the grains used in production affect the purchase decisions of the retailers.

This is especially crucial from the road building companies. They are obliged to use the high quality materials so as not to be forced to carry out reparation work within nearest future. Building new roads, bridges and highways is bound to stimulate the market soon. It is simply a necessity caused by the admission to the EU. Poland has been inheriting the status of linkage between the East and the West. Thus, a niche will be created that somebody has to fulfill. It can become the stage, where “Matizol” will be the main character.

Cheaper and lower quality product lines should not be neglected, though. There are companies and end users who cannot afford the top-level of isolation materials. The marketing strategy, however, should be based upon the most crucial products in prospective view. There is no doubt, that innovativeness and technological advancement contributing quality will play a major role then.²²

4.5 Matizol market share and prospects.

²² Source: “Matizol” company internal intelligence.

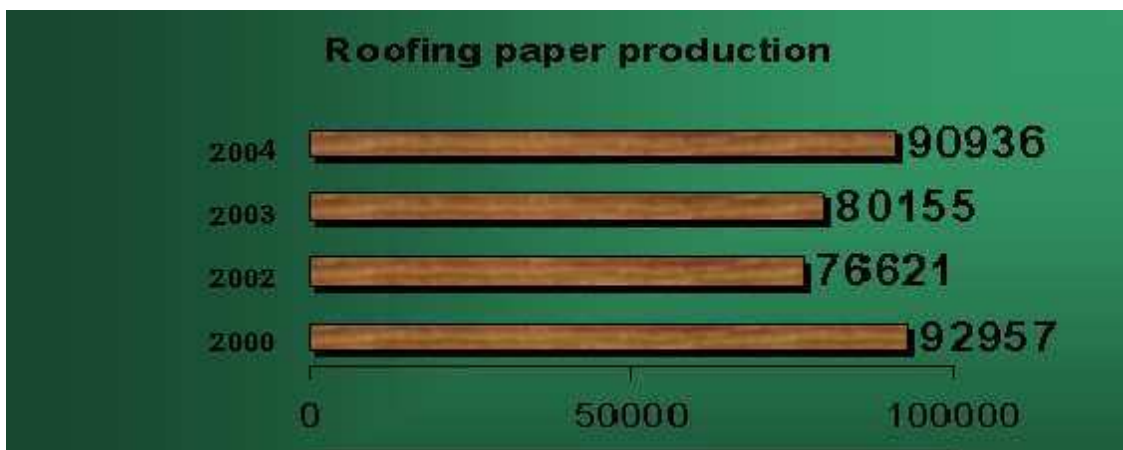
Evaluation of the market size can be approached from variety of perspectives:

- turnover of the industry;
- number of enterprises;
- sales in currency or units;
- production size;
- etc.

Such a broad scope of perspectives, must mean relativism hence lack of objective appraisal. This is due to the fact, that any single appeal to the matter is more than likely to yield different results from any other. That is why it is crucial to be consistent and coherent in this kind of approach. Altering it might affect the findings that imply inapplicability of potential conclusions.

The vital market for the “Izolacje – Matizol” company are the one outlined in the segmentation section. Following consequently the appointed path, the analysis should focus on roofing and asphalt materials.

Chart 5: The roofing paper production in 000m² (2000– 2004):



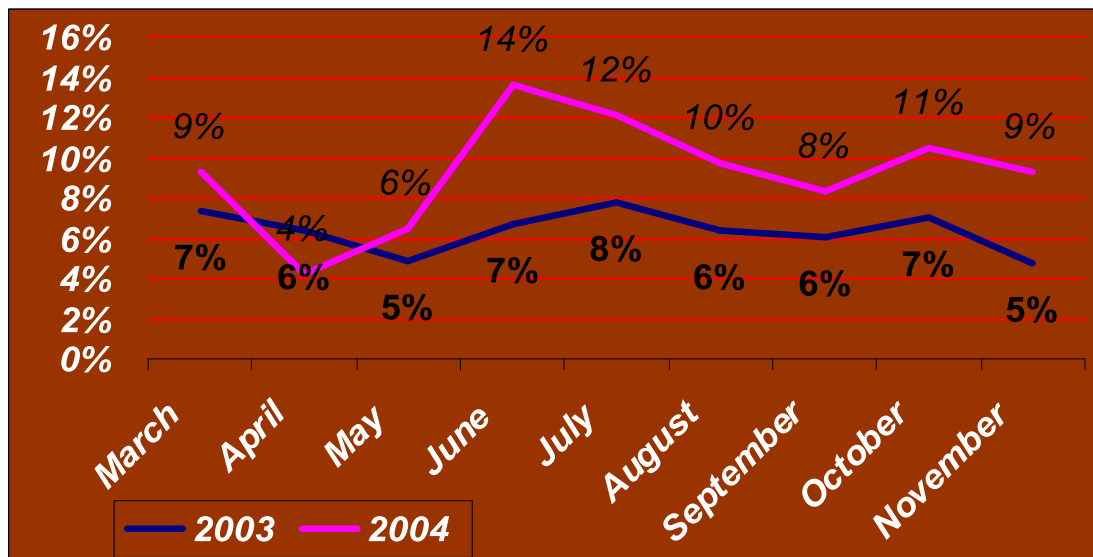
Source : Own analysis based on the source: GUS – www.stat.gov.pl (2005)

In 2000 the market was flourishing and peaking at 92957 thousand m². The subsequent years yield a significant drop in the entire industry, which was caused by the increasing costs of raw materials, increasing VAT (to 22% for the producers) and raising interest in the alternatives like metal roofing and shingles. These factors have driven down the demand and increased the prices, which caused a downward orientation of the market. The drop stage, however, did not last long.

The market recovery stage was induced in 2003 when a relative increase of 4,6% with respect to the previous year was recorded. The pace of upsurge was even greater in 2005, namely it amounted to 13,5% in relative terms. What is more important, the level of production in 2004 was approximately equal to the level 4 years before. This was the time when the market was said to have been in a thriving situation.

The optimism about the future can be derived from the upward tendency of the market as well as the estimates of the experts. Since the market has been smoothly adjusting to the crude oil price changes and seasonality, the fluctuations are not much likely to cause a recession in the production demand for the paper roofing materials.

Chart 6: Market share of “Izolacja – Matizol” in the period - March-November (roofing materials).



Source: Own analysis, based on Internal intelligence within the company provided by Barometr Budownictwa Grupy PSB (2005).

The market share of the “Izolacje – Matizol” is subject to seasonal changes, which is the mirror reflection of the aggregate industry. The changes, however, are quite dramatic over the period of one year – in 2004 it was even 10% difference. Such fluctuations are dangerous, since they inhibit predictability, thus many strategic decisions of the enterprise.

The optimistic observation is that, there is a significant increase of market share in the most construction-intensive period of the year. It means that the company takes advantage of the accelerating wave during spring and summer each year.

The graph (see chart 6) reveals some similarities between the market share tendencies (in a different scale though) in the annual behavior of the market share indicators. One can say that after June, the relation is even approximately parallel, which makes up for the drawbacks of the fluctuations from the forecasting standpoint.

In total, year 2003 can be summarized as 6% market share recorded by the company, while in 2004 this number was equal to 9%. This means that the production of roofing paper increased more, in subjective terms, within the “Izolacja – Matizol” enterprise than the entire industry. This increasing trend is promising and enables the company to stand up to the competition that has been arising not only on the local market, but also from the EU countries.

The recovery of the industry and increasing opportunities will not be omitted by the potential new entrants. This should cause serious considerations for the company focus on gaining market share so as to be equipped with the safety margin.

4.6 The major competitors of “Izolacje – Matizol”.

In general, all companies have very similar profile to “Izolacje – Matizol”. Most of them are approximately mirror reflection of one another. As in any market nowadays, there are some attempts at differentiating or creating unique selling points by the producers. This competition is not as fierce and sophisticated as in the consumers market.

Since this is the B2B market the basis for competition is slightly different from the traditionally perceived. The most fertile ground in the case of industrial relations are: price, promotion tools (free gifts, folders, displays etc.), discounts and terms of payment. Moreover, the companies strive to exploit the narrow margin of innovation with quality means. The main competitors on building and isolation materials market are:

- Icopal – market share leader at the moment;
- Izolacja Jarocin;
- Izobud;
- TES – Centrum Materiałów Budowlanych S.A.;
- Swisspor Sp. z o.o.;
- Butomat;
- Werner.;

- Techno Nicol – New market entrant that has attacked the market with variety of product ranges and supplies wholesalers thoroughly (Russian Exporter).

There are obviously more participants on the market. Their share is insignificant or the scope is only regional. The producers listed above are nation-wide known companies, which engage very often in international trade. The first 3 of the list are the most interesting ones, as they are the immediate competition for the “Izolacja – Matizol”. For detailed characteristics – see appendix A.

In general, there is a significant growth of competitiveness on the market these days. Companies recognize the current situation as a chance to take over the market leadership. Different producers select different methods and merit. Effectiveness can not be measured, as for now. The building material industry has entered a shaping phase, which will herald a new order within its boundaries.

4.7 Michael Porter – five forces.

In 1979, Michael Porter – global guru of strategic management, formulated the notion of “5 Forces”. He introduced a framework which draws an image of an industry as being driven by 5 forces. These forces, in Porter’s view, are very objective determinants of a market attractiveness. They are regarded as the company’s closest micro-environment that influences its capability of serving customers while seeking to generate profit. Any strategic manager is to apply this model in order to comprehend and get a in-depth look into the market situation. Crucial issue is the changing nature of the interdependent factors. Once a part of the model is subject to a change, evaluation of the market can be significantly different from the previous one²³.

The forces are constituted of:

1. The bargaining power of the customers;
2. The bargaining power of the suppliers;
3. The threat of new entrants;
4. The threat of substitute products;
5. The intensity of competitive rivalry.

Going further to apply the framework for the building and isolation materials industry and “Izolacja – Matizol” company, the conclusions are as follows:

²³ M. Porter: “*Competitive Strategy*”, The Free Press, 1980 page 87.

Table 2: Porter’s 5 forces analysis for “Izolacja – Matizol”:

1	<p>Large number of customers with respect to producers concentration; Buyer information is easily available; There is a low possibility of vertical integration; High sensitivity of customers to price or terms of trade changes; Low relative cost of conducting a switch; Buyer purchase mainly in large quantities.</p>
2	<p>Relatively low differentiation of raw materials and inputs; Substitutes are available but differ significantly in quality; Suppliers are scarce in the subjective terms to the producing companies; Inputs are a significant part of the ready-made product selling price;</p>
3	<p>Quality requirements and norms induced by EU; Switching costs are huge due to specialized equipment and specific machinery; Relatively large capital requirements (size of the plant, facilities, technology); Means of distribution are not subject to any kind of domination, hence easy to access; Fierce competition on the local market can cause price competition as a mean of retaliation for the new entrants; Experience and learning curves favor companies with long tradition and history.</p>
4	<p>Customers are not able to substitute at the moment (technological and cost constrain); Some materials are required to meet the quality norms of construction works; Substitutes (e.g. metal) are of a significantly lower quality and lesser applicability; High level of product differentiation on the market (innovations in the ingredients that enhance particular features of quality);</p>
5	<p>At least 8 competitors on the market willing to become the leader; Strong position of locally known producers; Recovery of the industry in the past 5 years (close to 2-digit growth in that period)²⁴ Opening EU markets erase the threat of overcapacity; Low exit barriers due to high liquidity of assets; Moderated diversification of competitors (each one has a deal of individuality, which is not crucial for the corporate image nor impacts core business); Low availability of information that creates asymmetry between the producers and buyers (discretion and secrecy of the producers); High market intelligence costs.</p>

Source: Author analysis based on internal research,
interviewing and intelligence (May 2006).

The application of the analysis is very broad while considering subsequent steps of marketing strategy establishment. It will facilitate recognition of areas where potential change is possible, suitable and required. On the other hand it outlines those aspects which should not be altered. The subsequent analysis is to focus on both of these extremes.

²⁴ *Central Statistical Office* – GDP generation analysis, www.stat.gov.pl, and Barometr Budownictwa Grupy PSB, December 2005

4.8 Customers analysis.

4.8.A Participants:

“Izolacja-Matizol” has customers all over the country. What is more, they are aiming at expanding to the markets of direct neighbors: Czech Republic, Slovakia and Ukraine. The commercial entities that purchase products labeled with “Matizol” brand differ significantly in their legal status, size, sales capacity and final destination of the products.

The major ones are wholesale stores. They offer wide variety of products that are used during construction work. The building materials warehouses constitute a large percentage of customers since they base their operations on the diverse selection of offered products. Since the end users have all kinds of background, they represent variety of segments. Thus they might have different expectations and be vulnerable to different products factors. The majority of them, however searches for a decent price for a relatively high quality and select mediocre products. Building and construction is an undertaking that has a very deep and long overtone. This is why, buyers are not much likely to give up higher quality for a lower price.

More often this could be the case of developers or subcontractors. If they happen to purchase the materials directly from the producer, they are concerned about slashing costs. More often than not, there are some illegal activities involved. Namely, “on the paper” – one type of material is used, while in reality some other products are actually being used at the construction. This generates illegal financial gain for those who engage in such activities. The details of these procedures will not be looked into, since they are not subject of this analysis.

The other sort of “Matizol” customers is a small, isolation materials oriented stores around the country. They have mainly regional reach and have well established buyers themselves. Due to profound specialization of such stores, they place most emphasis on quality because they can not rely upon bulk sales. This is why such outlet place slightly higher margins on the price of the offered products.

The last category of customers is a set with only one, but large, object. Frontally speaking, this is the multinational building materials chain store – Castorama. It is one of the major clients due to large number of outlets within the boundaries of Poland. Moreover, it is precious from the “Matizol” perspective because there is only one competitor that sells it’s

products through Castorama outlets. This means that the shelf space in this particular chain store is not saturated by multiple producers. The size of the customer in this case has both beneficial and negative impact.

Obviously the company purchases loads of products and has constant shortages or at least supply demands from “Matizol”. On the other hand, there is a deal of intimidation effect. Namely, Castorama gets to dictate most of the conditions directing the buyer – supplier relationship. This puts producer in a very unfavorable position caused by permanent uncertainty. The threat of being replaced causes “Matizol” to extend trade credit, payment terms and abuse of discounts with promotions. This, however, is the cost of having the privilege of exclusiveness of exposition.

At the moment, there “Matizol” has approximately 420 customers in Poland as such. The cities with the dens network of customers and happen to be the most crucial for the strategic reasons. They are highlighted in graph 1.

The entire country is divided into 9 districts, called ‘regions’. Each of them is the area served by one sales representatives, who handles most of the customer relationships. The division is visible below²⁵:

Chart 7: Geographical division of Poland – “Izolacja – Matizol” regions:



Source: “Izolacja – Matizol” official web-site: www.matizol.com.pl (May 2006)

²⁵ Source: www.matizol.com.pl – corporate web – site resources

Sales representatives operate within these regions on regular and constant basis. Through making rounds on biweekly basis they serve as direct marketers. During the business trips, “Matizol” representatives provide customers with any possible assistance. Their main duties are:

- scheduling meetings;
- making appointments;
- recording and preparing the orders;
- reporting to the headquarters;
- preparing sales plans;
- working as business intelligence agents;
- competition price changes analysis;
- requests, complaints and demands of customers recording.

All these activities are controlled and monitored by the headquarters in Gorlice. Which assures lack of idleness or time wasting on irrelevant activities from the company standpoint.

These representatives are close to customers and their ultimate goal is to maintain long-term relationships with them. Ties created facilitate cooperation, build up trust and dedication towards mutual gain seeking. Additionally they are the major source of the most reliable information and data. Through direct interaction and interviewing representatives get a profound insight concerning customers, competitors and end users. This additional value makes this personnel indispensable and precious.

4.8.B *Customer expectation from the suppliers.*

The key to winning a long – term customers is to understand their needs and buying behavior. Ideally it should be done better than the competitors do it. The company that delivers the highest perceived value is the advantageous one.

The delivered value is defined as the difference between total customer value and total customer price. These two are composed of²⁶:

²⁶ P. Kotler: “*Marketing Management 7th Edition*” cit. p. 290

Customer Value	Customer price
<ul style="list-style-type: none"> • Product value • Service value • Personnel value • Image value 	<ul style="list-style-type: none"> • Monetary price • Time cost • Energy cost • Psychic cost

What are sales representatives major findings about customer's focus? What do retailers expect from their suppliers in building and isolation materials industry? What are the determinants of their supplier selection?

Most commonly emphasized aspects are:

- fast and on time deliveries;
- high level of responsiveness of the producer;
- adjustability to the changing circumstances;
- serviceability;
- information concerning the price changes and discounts, latest promotions;
- familiarity with product especially from the quality and components perspective;
- constantly supplying marketing materials (i.e. sample, ads, displays, folders etc);
- rotation in promotion – changing the conditions or subjects of a given promotion;
- variety of alternatives and options to choose from;
- upgrading portfolio and trade offers from the supplier;
- more efficient and enhanced logistics and means of transportation.

Once all of these are attained, an archetype of ideal manufacturing company is established. The expectations of customers should not be taken for granted, in the end they are the ones who make our business up and running. Which is why special interest should be focused at thriving in the aspects emphasized by business partners in direct contact. Listening with emphatic approach is the key to making relations favorable to both parties. Hence, the company ought to be concentrated on achieving a “win-win” situation. Even in the face of recantations, it should work out as profitable in the long run.

4.9 Internal situation of the company²⁷.

“Izolacje - Matizol” company has an almost one century of manufacturing experience. The tradition and history larded with business successes, are the factors upon which the corporate images has been build.

The major concern of the company is provision of the highest possible quality products. Through such conduct it strives to conform customers and clients with satisfaction derived from the usage of these products. All the products offered to the business partners are subject to restrictive controls before being traded. They are assessed in accordance with the norms and expectations of the clients. It is ensured by the continuous evaluation of the suppliers.

The production processes are monitored on the constant basis. Success tributes the high qualifications of the employees and management cadre. The quality within the boundaries of the company is perceived as a requirement from the clients.

The means for accomplishing these goals the company sees in:

- constant monitoring of current and prospect clients;
- keeping up with the latest technological innovations in order to find the most suitable one to incorporate in production process;
- applying these processes to increase the quality of offered products;
- team – oriented problem solving approach;
- problems and contingencies analysis aimed at preventive actions;
- systematic improvement of staff qualifications (in line with the needs);
- broadening the scope of advisory services;
- modern appeal to employee motivation.

It is commonly understood, that the company belongs to everybody involved in its functions. The well – being is every body’s concern. Such approach can guide the company to the ultimate goal – perpetual and universal development.

The machines and equipment are being perfected and modernized constantly. Research and development works, that are carried out, enable lengthening the product lines while increasing their quality. The production facilities based on German standards facilitate these undertakings.

²⁷ Author based on information posted on the corporate web-site: www.matizol.com.pl (May 2006)

At the moment, “Izolacja – Matizol” possesses two production plants in two parts of Poland. The first one is the headquarters in Gorlice (woj. Małopolskie). The other, since 2004, is situated in Chełmża (woj. Kujawsko – pomorskie). These two facilities manage to cover the production plans not only for the local – Polish, market but also exports to the direct neighboring countries.

The corporate decision making unit is situated in the headquarters. This is also the lieu for all the managerial activity. The structure of the company is relatively flat due to tight interaction and communication reasons within the enterprise:

- the president;
- department managers (sales, production, marketing, technological support etc.);
- office workers;
- administrative workers;
- production line workers.

Apart from these, there are also sales representatives working in 10 regions. As it was mentioned above, they are responsible for maintaining long – term relationships with business partners, especially customers. Constant business journeys around a given district is the habitual manner of doing business. Apart from typical sales duties, as: encouraging purchases, collecting invoices, conveying promotional messages etc., they are also responsible for the business intelligence and reporting findings to the headquarters. The main focus is on the retail margins, competition price and marketing tools, potential prospect customers, current customers demands or expectations.

This system has been developed over the years. The fragmentation of the activity regions (4 in the beginning, after that 6, since 2006 there are 10) epitomizes more customized approach to a given market. The information are less general and more useful from the analytical perspective. More niches can be explored and exploited when the knowledge of the market is more in – depth.

Furthermore, the customers are treated in a tailored manner. Often and direct interaction can only cultivate the establishment of mutually favorable relationship. The data collected are region – sensitive, thus can be evaluated in a more customized manner and provided a clearer picture for the decision makers.

The entire industry is becoming less homogenous. The importance of the brand, hence vitality of marketing incorporation with all other departments, will be growing steadily. There is always a place for competition in market economy, so all kinds of products are bound

to fight for customers. Some industries are still basing on the well established business relations and taking competition for granted. This situation has to collapse in the end.

Necessity of competition, demands differentiation from competitors and strengthening the identity. Such changeover of corporate image can not be done by a cutover, but should be implemented in phases. In parallel, the engagement of young, dynamic personnel ought to take place.

Modern ideas for brand image building will become a must sooner or later. It requires new ideas, approaches and creativity that utilizes modern technology capacity. This is why, recruitment policies should not underestimate young, prospective people who are capable of swinging the pace of the business with their fresh concepts, visions and appeals.

The small criticism of current internal situation of “Izolacja – Matizol” does not touch only the personnel issues. So far the information flow between particular actors involved in the exchange is has been working fine. It is, however, an area for a potential improvement. This refers mainly to the information system introduction and modern communication tools application. Computer literacy, interactive web – site, integrated customer relationship management (CRM) and supply chain management (SCM) in a an automated manner are bound to evolve rapidly in a requirement for a business of this kind.

The details of the IT application notion will be examined in the subsequent chapters.

4.10 SWOT analysis.

It is a crucial thing to discern attractive and dangerous factors of the business environment. What is more important, are the qualifications, capabilities and characteristics that can help a company in, either exploiting these opportunities or deal with threats. Recognizing the ones that pull the company back is equally important. Being objective in such evaluation is a critical factor for successfulness.

Periodically, each and every type of organization or business should carry out a thorough SWOT analysis. In simple words, the abbreviations stands for:

S – Strengths – advantageous internal features, capabilities and competences;

W – Weaknesses – relative drawbacks and deficiencies;

O – Opportunities – are externally recognized factors, attractive areas;

T – Threats – dangerous factors within the environment.²⁸

²⁸ P. Kotler: “*Marketing Management*” op. cit., psge 48

There are number of means of conducting the SWOT analysis. The selection depends on the requirements of the ones who will be drawing conclusions, the nature of the business, necessity of analysis depth and other factors. The most detailed ones use combinations of matrixes which not only list the factors but also grade them and place on the continuum of importance. Such analysis is performed, however, by consumer goods producers and service providers.

The SWOT analysis for the “Izolacja – Matizol” can assume some simplification of the methodology. Since it is a relatively new approach and concept, in this particular market segment and for the company, an analysis in regular for is sufficient to emphasize the most vital matters. It is difficult, though because of the information scarcity, lack of disclosed industry data and business-wide reluctance to share information.

Basing on the internal interviews and observations within the company, some conclusions can be drawn. The appreciation that follows, is by no means objective. Namely, it based purely on individual approach to the problem of conducting SWOT analysis. Sufficient time, employees assistance and attention facilitated the subsequent evaluation.

According to internal research and intelligence, the subjective assessment of SWOT for “Izolacja – Matizol” yields the following findings:

4.10.A *Strengths of “Izolacja – Matizol”*

The recognized and subjective strengths of “Izolacja – Matizol are:

- visionary capable leadership
- long tradition in isolation materials production resulting in experience and business conduct efficiency;
- rapid incorporation of quality standards in the past, which may herald keeping up with innovative standards in the future;
- dynamic board of directors and company president (dedicated and goal attainment oriented);
- well motivated, knowledgeable and experienced work force;
- established network of suppliers (from all around the country);
- close relationships with suppliers from abroad (Germany and Czech Republic) that offer superior quality to Polish producers in strew input materials;

- well designed network of sales representatives that provides higher responsiveness to any potential change on the market;
- location which has the potential of facilitating expansion abroad (due south and east);
- established clients (individual and business);
- flexibility and negotiability of selling price;
- well recognized seasonality of sales which facilitates planning for the upcoming years;
- wide selection of products in numerous product lines;
- gradual development and expansion of product lines aimed at mass customization;
- constant enhancement of product quality;
- servicing and client support which is regarded as helpful in case of emergencies encountered by customers;
- geographical coverage;

4.10.B *Weaknesses of “Izolacja – Matizol”:*

The recognized and subjective weaknesses of “Izolacja – Matizol are:

- low IT development and adjustability;
- lack of communication innovativeness incorporation;
- lack of well designed and executed developed marketing strategy;
- low recognition of the household name and brand;
- inconsistent corporate identity from the public message and public relations standpoint;
- actual lack of marketing department in a pure form;
- insignificant level of innovation in marketing;
- small budget availability for the sake of marketing development goals;
- incidental delays in delivery of orders;
- unexploited capacity of the production plants and facilities;
- distant position to economies of scale;
- cadre unfamiliar with information system, which results in under-application of its capabilities;
- relative resistance to change and rigidity of communication means.

The recognized weaknesses are numerous. However in majority of cases can be dealt with even in a very short period of time. In order to do so, company management needs to

prioritize the deficiencies and design methods to improve. The corporate capacity is large enough to be optimistic about change potential.

4.10.C *Opportunities of the environment:*

The recognized and subjective opportunities for “Izolacja – Matizol” are:

- opening the markets of the EU (exports to the West);
- closeness to the frontier with Czech Republic, Slovakia and Ukraine;
- growing quality orientation of the clients;
- diversification of the competition with no significant leader, which facilitates merit – based comparison of actors;
- gradually increasing market share of “Izolacja – Matizol” during the previous 3 years;
- swinging dynamics of the building and construction industry, which can not make do without the necessary materials;
- necessity of building new roads and highways, while renovating the old ones;
- geographical proximity to crude oil refinery (i.e. Jasło) which is the main input for the asphalt shingles and some sorts of membranes;
- Polish society being better off, in general terms;
- gaining momentum of the entire Polish economy (e.g. developing industrial production);
- IT application for the business conduct;
- creation of niche and niche marketing utilization.

In general, the opportunities are aimed at reaching a competitive advantage over the competition. “Izolacja – Matizol” can resort to variety of means outlined above. Utilizing all in parallel would be a dream-come-true, but not quite attainable at this stage of development. Company should decide which ones are the most attractive and devote its effort in that direction. From my relative standpoint, the hierarchy of importance is ingrained in the order of the list above.

4.10.D *Threats for “Izolacja – Matizol”:*

The recognized and subjective threats for “Izolacja – Matizol” are:

- unpredictability of the market leadership competition which is peaking at the moment;
- established competitors brand awareness building (relative to “Izolacja – Matizol”) ;

- scarcity of high – level, young, educated specialists on Polish market and their interest in industrial marketing;
- rapid development of Management Information Systems in all kinds of industries;
- any-monopolistic policies that can curb corporate development at some stage
- opening of Polish market to the producers from EU, especially cheaper products from prospect EU members from the Eastern Europe;
- steadily increasing costs of crude oil and lack of substitutes at the moment;
- high pace of technological advancement which is likely to generate modern isolation materials causing complete changeover of business conduct (= lack of change resistance or adjustability);
- competition’s search for new quality solutions, owing to higher R&D capabilities.

In this respect “Izolacja – Matizol” might be facing some turbulences in the nearest future. The current situation on the market and severe competition might yield some serious revolutions. It is the same with high quality products from the West entering our domestic market. IT and technological issues are more than likely to set in

4.11 Marketing research:

Data and information importance is crucial for any kind of business. It creates the report of reality, in a broad sense, and provides a framework to basis for analysis. This analysis, in turn, can be applied to draw conclusions for the future. Such path dependency of present and future make information invaluable asset. The only problems are: where to derive these data from and how to do it.

The answer is Marketing Information System. It is a system which consists of people, equipment and appropriate procedures to gather, store, analyze, evaluate and redistribute data. Once they are needed, they are ready at hand – timely and accurate to the marketing decision makers²⁹.

The entire system is composed of:

- internal records – includes most basic information about orders, sales, prices inventory and stock, accounts receivable and payable of an enterprise;
- marketing intelligence;
- marketing research.

²⁹ P. Kotler: “*Marketing Management*”, op. cit. page 96

While the first component is a must nowadays, the subsequent two are relatively new ideas. This opinion refers mainly to the industrial marketing and the building materials sectors. These notions carry heavy burden of useful information, which are as precious as gold – once correctly interpreted. The main focus of both are: marketing environment, target markets, marketing channels, competitors and macroenvironmental forces.

Marketing intelligence is considered as applications and technologies that focus on gathering, storing, analyzing and providing access to data from many different sources to help users make better business decisions.³⁰

It is also a set of procedures and sources managers should use in order to obtain the most up-to-date information concerning any kind of development in a given field. It can be performed in a variety of ways depending on managers needs, time constrains and accuracy of the search purpose or objective.

When the specific information is required, e.g. focused on product testing, customer preference analysis in particular subject, sales forecasting for a given region or advertising mean sensitivity, the managers should resort to marketing research.

Phillip Kotler defines the concept as “the systematic design, collection, analysis and reporting of data and findings to a specific marketing situation facing the company”.³¹

The design of marketing research is a complex process. More importantly, any blunders committed at any of the stages can result in obtaining useless or inappropriate data. A standard guideline used while establishing a marketing research plan is the following:

- 1) Determination of suppliers of marketing research (syndicated-service research firms, custom research firms, or specialty-line research firms);
- 2) Decide about the scope of marketing research (business trends, short-range forecasting or competition studies);
- 3) Outline the Marketing research process:
(Define the problem and objectives) → (Develop the plan) → (Collect of the information) → (Analysis of the information) → (Presentation of the findings)
- 4) Determine the manager’s use of marketing research.

³⁰ K.C Laudon. , J.P. Laudon: MIS - “*Managing the Digital Firm*” Pearson Prantice Hall, New Jersey, 2004, page 348.

³¹ P. Kotler: “*Marketing Management*”, op. cit., page 99.

Looking into the subject from the “Izolacja – Matizol” company requires some specifications of particular phases in marketing research planning. Thus, for the sake of this particular enterprise:

- hiring custom marketing research company, since it carries out very specific kinds of analysis. The data and information concerning building or isolation materials are not rampant, which makes two other popular options inapplicable in this particular case;
- the research should be focused on:
 - prediction of sales within the scope of 5 years;
 - intensity of construction work planning;
 - regional development for cities and whole regions;
 - competitors’ pricing strategies;
 - competitors’ technological advancement;
 - competitors’ suppliers and customers selection criteria;
 - clients’ advertising orientation, sensitivity and focus;
 - retailers’ appreciation of promotional means;
 - potential of foreign markets (concerning competition and clients);
 - product quality vs. price orientation concerning purchase decisions;
 - market share and growth potential;
 - the weaknesses of isolation products suppliers in the eyes of retailers;
 - potential mergers and acquisitions opportunities;
 - media mix emphasis and efficiency;
 - business trends within the industry;
- the major ways of obtaining the data should be observational research and survey research;
- compilation, correlation and interdependence of the findings is bound to generate valuable findings for the decision maker of “Izolacja – Matizol”;
- automation and computerizing of the gathered data would be an immediate step in order to build up the company’s internal database and information sharing system;
- in the long run establishment of decision support system: “An information system at an organization’s management level that combine data and sophisticated analytical models or data analysis tools to support semi-structured and unstructured decision making”.

Some of these functions have been performed, so far, by the sales representatives in particular regions. The diversification of their duties makes findings from such superficial analysis inaccurate. Necessity of conducting marketing research will grow steadily with time. So, the goal should be not to fall behind with the competitors and avoid being outpaced. The dynamics of the industry makes reliance on internal records futile. Recognition of this fact is the first step to implying marketing research conduct.

4.12 Products

From the marketing – mix standpoint, the product is a crucial issue. Especially, this refers to the business to business market. The industrial products can have variety of forms depending on level of their conversion, including: raw materials, semi-products and final products. Regardless of the degree of processing, however, the most important characteristic of a product is its technical quality. This determines the extent to which expectations of customers are met. Apart from core product, there are additional services like advisory, installations, shipment, terms of payment etc.

What distinguishes industrial goods from consumers goods is their after – purchase application. In B2B context the means of utilizing products is by definition broader, since those who purchase a good might either use it, resell it or simply use it as a component to produce something completely different from its original purpose.

4.12.A Product classification

In this respect, products can cover an immense scope of interest. Thus, some classifications are used to facilitate understanding and identification of a particular product. The most interesting approach to classification was introduced by Philip Kotler. He decided to split products using the criterion of “production process share”³². Having this as the framework, we can distinguish the following three groups:

- materials and parts – which includes raw materials, manufactured materials and parts;
- capital items – composed of buildings and installations, accessory equipment;
- goods not entering the product – supplies and business services.

³² P. Kotler *“Marketing – analysis, planning, implementation and control”* Gebethner & Ska, Warsaw 1994 page 404 – 405.

The details of the classification, which include a very comprehensive picture drawn by Mr. Kotler, are listed in the table below:

Table 3: Product division of industrial market by Philip Kotler:

Production goods	farm products
	natural products
	components materials
	components parts
Capital goods	building and land rights
	fixed equipment
	factory equipment
Utilization goods	office equipment
	operating supplies
	maintenance and repair items
	maintenance and repair services
	advisory services

Source: Artur Olczak and Maciej Urbaniak (2006) based on Philip Kotler, K.L. Keller: “Marketing Management Twelfth Edition” (Pearson Prentice Hall, New Jersey, 2003) page 374 – 376.

In order to allocate or assign “Izolacja – Matizol” company to the appropriate spot on the continuum, strict definition and list of products is necessary. So far the company’s endeavors have been evolving around relatively narrow spectrum of product lines and this path should be confidently stepped on further.

The internally held division of product lines is as follows:

Table 4: List of “Izolacja – Matizol” major products:

Product line	No. Of products	Price range (per sq.meter, 2006)
<i>Traditional membranes on glass wail</i>	8	2,44zł - 2,85zł
<i>Traditional membranes on cardboard</i>	3	0,97zł - 1,94zł
<i>Welding membranes WELPLAST</i>	4	3,77zł - 4,94zł
<i>Welding membranes on polyester film</i>	12	7,77zł - 10,91zł
<i>Welding membranes GORBIT</i>	3	6,86zł - 7,69zł
<i>Asphalt shingles</i>	3	16,83zł - 17,61zł

Source: Own analysis based on the internal intelligence (May 2006).

The products, in general, are roofing and isolation materials. They differ significantly in quality, resistance, durability and applications which are the major

determinants of price. Willing to assign the entire set of product lines to the a single category some proximity is imperative. In my view, the products offered in the portfolio of “Izolacja – Matizol” should be placed in production goods. Subsequently, the category for these products is ‘components parts’.

Such assignation is needful to supplement market and segment determination as well as product placement. It determines the immediate competition and implies the lieu in supply chain of the business entity. It serves the clarification purposes of the analysis conducted in the previous steps of establishing a marketing strategy.

The importance of classifications draws the reasoning back to the issue of service. It is commonly regarded as profoundly evolving and flexible notion. What is more important, companies on industrial market have managed to recognize the importance of services in all kinds of forms. It is an efficient source of establishing competitive advantage over the competition. Since the product features, quality and price are more often then not comparable, there are new grounds to gain advantage over the other market agents.

“Izolacja – Matizol” and other companies strive to create and cultivate long – lasting relationship with their customers while encouraging new ones to expand the network. The well designed customer relationship should focus on such matters as: technical support, provision of necessary information, training sessions, assistance with application selection as well as instructing how to use particular product so as not to create threat to people nor environment.³³

Environmental concerns are often raised once talking about the packaging. In case of building and isolation materials represented by “Izolacja – Matizol” it is not much the case. The nature of the products prohibit any kind experimentation with means of packaging. The aesthetics can be crucial from marketing point of view, but it does not have much relevance in the industrial market so far. Using textile and paper is the cheapest and most effective manner of packaging goods. Moreover, there is not much of a margin for a change or innovation, hence there is no need to go into the details of packaging at this particular stage.

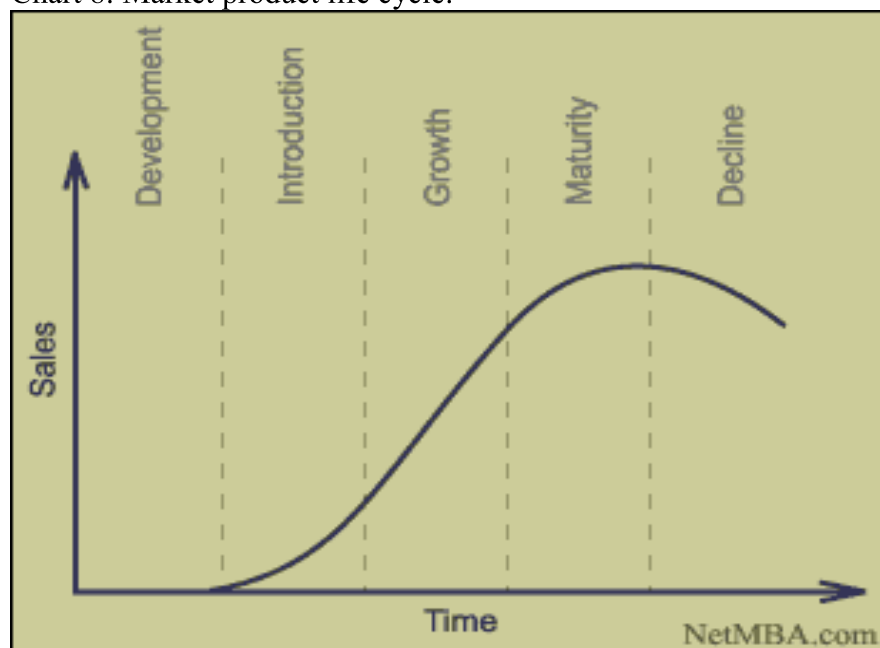
4.12.B *Product management in B2B context.*

Main characteristics of industrial products is their life cycle. It is significantly longer than in customers goods background, since demand in that case is more vulnerable to changes caused by fashion and imitation phenomenon.

³³ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* Difin, Warszawa, 2006, page 134 – 136.

The concept of product life cycle is best illustrated on a graph.

Chart 8: Market product life cycle:



Source: A. Olczak, M. Urbaniak: "Marketing B2B w Praktyce Gospodarczej"

(Difin, Warszawa, 2006), page 139.

The particular stages can be summarized through the following table:

Table 5: Categorization of products by life-cycle stages for Matizol:

Stage	Characteristics and goals	Izolacja-Matizol products
Introduction	Familiarization with the offer	<i>Asphalt shingles</i>
	Quality improvement focus	
	Intensive promotions	
	Luring customers	
Growth	Establishment of market position	<i>Welding membranes on polyester film</i>
	Broadening product lines	
	Filling lines to target segments	
	Building brand preference	
Maturity	Defense from the competition	<i>Welding membranes WELPLAST</i>
	Enhancing quality and widening ranges	<i>Traditional membranes on glass weil</i>
	Building loyalty of customers	
	Increasing prices margin	
Decline	Maintaining the level of profitability	<i>Traditional membranes on cardboard</i>
	Shortening the product lines	
	Removing inefficient product from portfolio	

Source: Author

The assessment and assignment of particular products of "Izolacja – Matizol" was conducted on the basis of sales and profit analysis from the internal sources. It is crucial, from the company standpoint to see clearly where its product lines are placed exactly on the

continuum. This is due to differentiated characteristics of each and every stage. In turn, this determines how a product line is managed, what are strategic goals and most importantly how the future will be driven.

A slightly different approach to the same problem is represented by the analysis of BCG matrix. It assumes that profit – generating potential of a product line is determined by the pace of market growth and particular product market share.³⁴ Plotting market growth and relative market share discloses an important information concerning the current situation of company’s products and insight for the strategic decision makers. Such analysis is aimed at the same targets as product life – cycle evaluation. Namely, the optimization of product portfolio of a given enterprise. Using the terminology introduced by the Boston Consulting Group, the ultimate goal of “Izolacja – Matizol”, when it comes to product lines management, should be the following:

- sufficient ‘cash cows’ to provide financial resources for the development of other products;
- appropriate amount of ‘stars’ which have the potential of becoming ‘cows’ in the future, provided that correct management and investment is conducted;
- some ‘question marks’ – once developed and invested upon can become ‘stars’;
- avoidance of dogs, which hinder full swing of company’s efficiency while not generating any significant income.

The current situation of “Izolacja – Matizol” is easily illustratable on the BCG matrix.

Table 6: BCG matrix for “Izolacja – Matizol”:

Market growth %	High	<u>Question Marks:</u> <i>Welding membranes on polyester film</i>	<u>Stars:</u> <i>Asphalt shingles</i>
	Low	<u>Dogs:</u> <i>Traditional membranes</i>	<u>Cash Cows:</u> <i>Welding membranes</i>
		Low	High
		Relative Market share %	

Source: P. Doyle “Marketing Management Strategy” (Prentice Hall, Oxford, 1994).

Basing on the table above some essential product lines decision can be made. It is clearly visible which products will require extensive investing so as to build up its potential of profit

³⁴ K. Oblój ”Strategia organizacji”, PWE, Warsaw, 1999, page 273.

generation. The importance of traditional membranes and roofing paper is declining with time. Decreasing price has been the only way to stimulate sales. On the other extreme, asphalt shingles have been encountering a steadily price and consumer interest upsurge. Broadening the customization options for these particular products ensures advantageous edge that is still to be exploited.

The welding membranes are the core products at the moment and the situation is likely to prevail. Essential matter is the quality concern. It is epitomized by the size of the grains used for production, amount of SBS that constitutes durability and materials used to produce wail or film. The major part of development dedication should be pointed at these issues so as to maintain the competitive character of the company.

4.12.C *Product innovations on B2B market.*

In the age of severe competition the permanent search for uniqueness is a norm. A simple way to attain differentiation is through product innovation. It is easier said than done, though. “Innovation” as such can be understood in variety of ways, but it always requires substantial financial recantations.

For an industrial market it is often the case. Hence, “Izolacja – Matizol” should pay some attention to product innovation, aiming at³⁵:

- establishment of positive enterprise image through gradual internal development perception (search for technological excellence);
- achieving pre-allocated levels of sales and income;
- relatively high pace of technological changes;
- following economic and social indicators in understanding the market and needs determinants (lower costs of product exploitation or keeping up with the trends in aesthetics and ergonomics);
- any potential governmental policy amendments concerned about sustainable development.

These are universal values for B2B industry, however their importance for building materials segment has been growing at a high rate. That is why it is a potential area to establish corporate priorities and build up entire marketing strategy.

³⁵ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit , page 150.

In the context of “Izolacja – Matizol” innovativeness in products or processes is to some extent constrained. There is not much emphasis placed on internal research and development, but such approach ought to be improved. At the moment, the company uses the follower and imitator method. In order to break through to become the market leader position some modifications are required.

Completely new product creation is not much of an option, since this requires global perspective with immense financial background. Thus, “Izolacja – Matizol” should focus on perfecting their products in quality, production process and price consideration. They can also use some slight modification, which would not be visible for laic eye. The industrial market does not laics, though and for the specialized customers such insignificant modifications can turn out to be focal points.

Willing to trigger the whole process of product innovation, one should start with idea or concept generation. There are various techniques targeted at conceptualization. The most applicable for “Izolacja – Matizol” are the following³⁶:

- attribute list generation and improvement;
- detecting the interdependence between potential problematic issues and eliminating them;
- corporate – wide brainstorming so as to get as much ideas as possible and select the most plausible ones;
- sales representatives marketing intelligence interviewing of customers;
- ‘empathic design’ – real life product application observation and recognizing the improvable spots and characteristics.

These approaches do not carry an extraordinary financial burden, but can turn out to be extremely effective. Top – brass managers are provided with loose thoughts on one hand and well structured concepts on the other. Once combined, analyzed and evaluated in the subsequent steps of innovation development, these ideas may evolve into an actual strategy of the company. This may be the most difficult part of the plan to implement, which does not mean it can be taken for granted. This is why, increasing emphasis and importance should be placed on product innovation appeal by “Izolacja – Matizol” in the upcoming future.

³⁶ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit , page 156.

4.12.D *Brand in B2B context*

In the industrial market ‘brand’ is mainly regarded as a symbol of technological quality guarantee and an assurance of additional services provided by the company.³⁷ The emotional significance and input is much lower, as compared with consumers goods market. However, the such importance is growing in power recently even in B2B market.

This emotional appeal concerns mainly the extent and quality of non-core services provided by an enterprise. Since the vital role of these aspects has been cumulating, the parallel phenomenon is recognized for brands in industrial background.

The potential and actual customers of “Izolacja – Matizol” associate brand with such matters as: frequency and scope of promotional activities of a company, service provisions and advise availability, logistics processes of production. More often they try to keep in mind the potential represented by a particular supplier. Thus, the customers pay attention to internal technology, organizational structure or economic capacity. Some information are not available at hand, so the company should mind its genuine appeal to customers balanced against free information distribution.

For “Izolacja – Matizol”, creation desirable brand associations in consumers consciousness is the most up – to – date item on the strategic agenda. The positive attitude is a milestone in this respect. Without the lenient approach, there is no starting point.

Subsequently, the focus is on benefits of this particular brand. These include product features and characteristics that favor functions for customers as well as psychological appeal. Customers ought to feel good due to being the members of “Izolacja – Matizol” network. They get the confidence of participating in high quality products trade. This results in leveraged perceived re-distributor status.

Brand attributes are the most delicate and sophisticated to maneuver. This aspect can be so deeply rooted that it could be affected by the voice of secretary or deliverer manners. In this case price is also a vital component, since it is a tool used for positioning products on the market. If clients have contradictory price perception from the one implied by the company, other aspect might not make up for the discrepancy³⁸.

All these place ‘brand’ in the top of intangible assets list and increase its potential value to the company. “Izolacja – Matizols” understands it perfectly and has decided to apply

³⁷ Z. Wałkowski *”Czy warto kreować markę na rynku przemysłowym”* in Artur Olczak, Maciej Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 186.

³⁸ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 187.

producer brand approach to create a cohesive corporate image and send consistent message to the customers. Even the product lines names are unique and derived from the headquarters city. This facilitates not only the identification through excessive producer name highlight, but by strong associations.

For the sake of brand identification, “Izolacja – Matizol” is to focus on “branding strategy”. Where some generalization and uniformity is applied to all product lines. That way, customers are exposed to a coherent image, which is clear and easily understandable. Obviously, not every product line can look the same once it is packed. Hence some addition of “product strategy” is required. Different products have different qualities and features, so customers have to be able to make rapid distinction at one glance.

All in all, “Izolacja – Matizol” as producer brand needs extensive exposure to create recognition. Unique names of product lines are good but insufficient, due to being too complex to understand. Moreover it has already been applied by a competitor “Swisspor”, who has recently bottomed its strategy on “Czarna Mamaba” umbrella brand. It turned out very effective, but imitating this approach might backfire.

Identification, in this respect, requires more general appeal and combination of producer with product strategies. The uniqueness of this concept is not bound to work out, however by looking at the example of “Swisspor” one can easily say that innovativeness in branding strategy is a must these days. Even in building and isolation material market.

4.13 Price considerations

Specialist see pricing strategy as a relatively complex issue. The ambiguity is even greater on the industrial goods market where price elasticity of demand virtually does not exist. It is crucial, however when it comes to establishing contract and trade relation among particular actors.

Products characteristics are determined by market norms and standards that are approximately common to all participants. Price is what makes the difference and enables retailers to make selection of their suppliers. Very often two companies decide to enter a contract as a result of bid or favorable promotions.

Pricing strategy of an enterprise is derived from its general goals and objectives. It has to be coherent to convey consistent message about corporate strategy which is either defensive or offensive. Thus it is a focal element of marketing mix. It determines and affects all other ingredients of the mix. Starting from product with its input materials, quality

components and packaging materials. Through changes in promotional tools, up to selection of distribution means and forms.

Pricing is the binder or link between all the elements. There is much more to the issue, than just overlapping and interacting characteristics. Namely, price symbolizes the marketing objectives of an organization. Having internal, external and market conditions in mind, companies list the main reasons for making pricing decisions as³⁹:

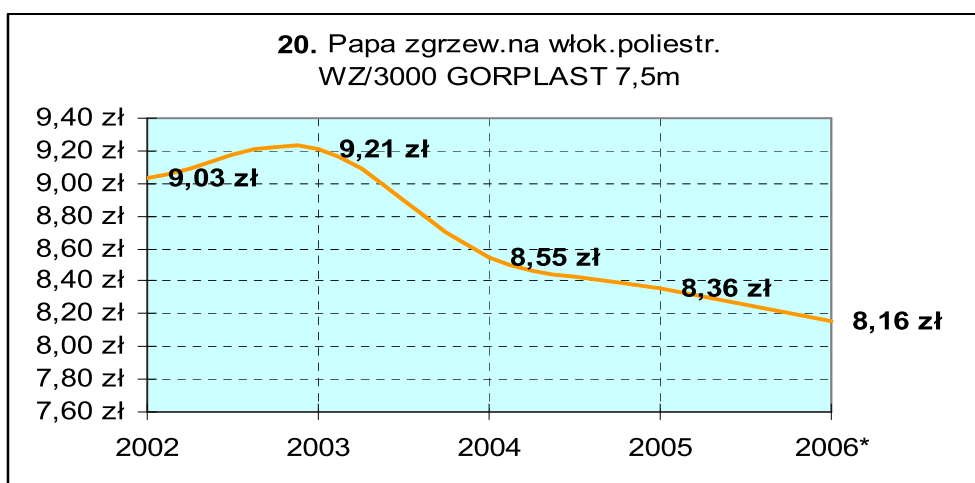
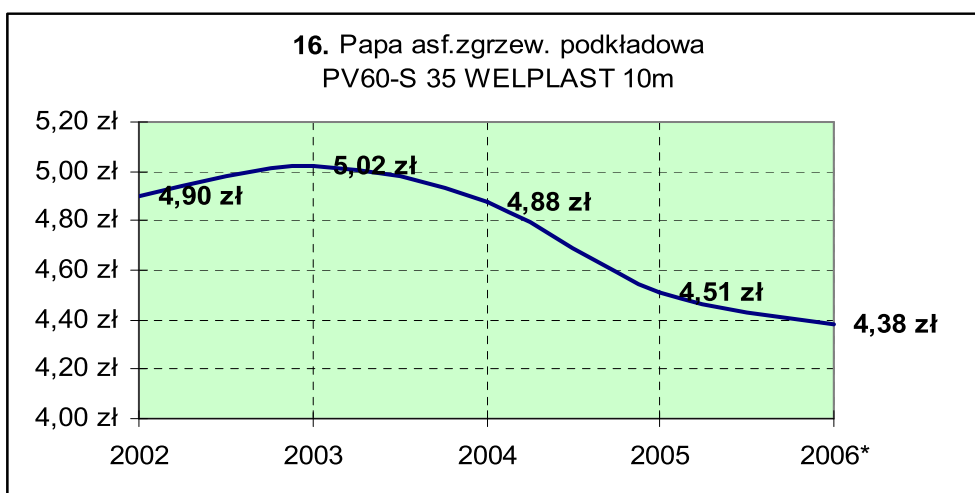
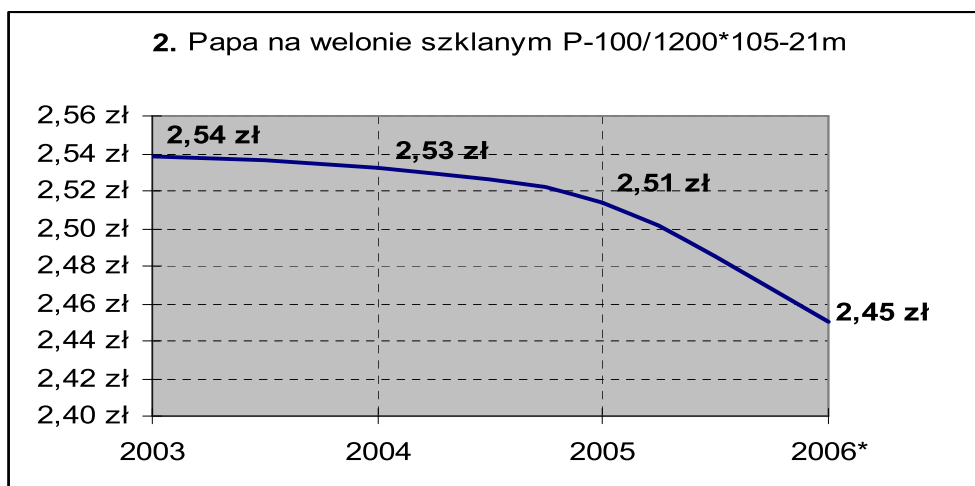
- concern of return on investment;
- attaining particular market share level;
- being the price leader on the market;
- maximization of profit either in short- or long-run;
- increasing sales;
- establishment of corporate image;
- maintaining and cultivating customers loyalty.

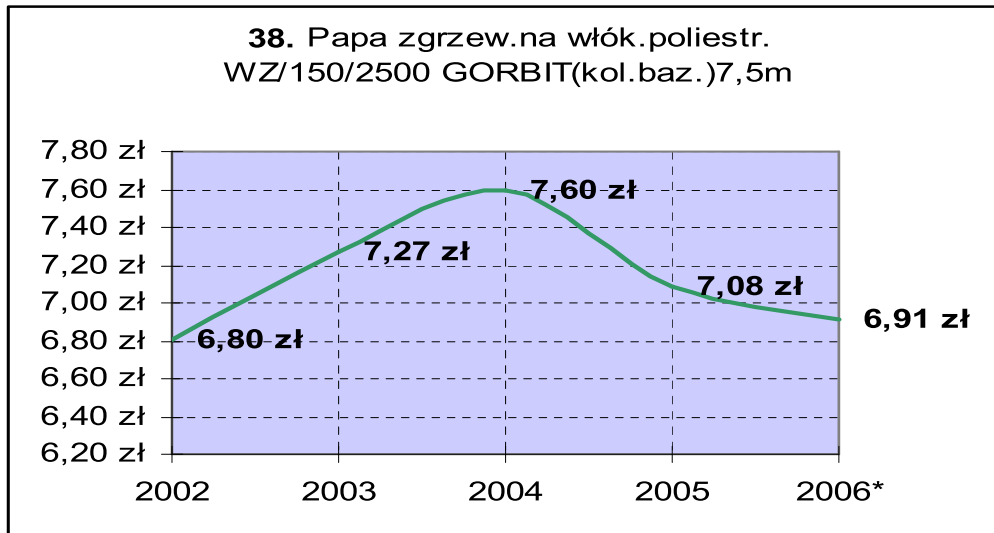
Through the perspective of “Izolacja – Matizol” internal situation in general market context, one should not focus primarily on one strategic decision. Objectives overlap very often, hence should be incorporated in the overall plan in parallel. In essence these are: maintaining upward tendency in winning market share of membranes, increasing sales especially in the weakest part of the year to keep the momentum going and use price as a tool to draw a full image of the company. Most of these have already been recognized internally, but still there is a need for strict execution of the allocated steps.

“Izolacja – Matizol” have been applying highly intuitive approach to pricing policies. In majority of cases the benchmark price was established by calculating the total cost of production. Recently however, the intensification of competition has driven the prices of major products down. This downward tendency has become a huge concern of company’s managers, since delays in pricing have fatal effects on liquidity. The profound overtone of increasing competition is visible in the graphs below:

³⁹Artur Olczak, Maciej Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 244.

Charts 9-13 : Price tendencies of chosen products for “Izolacja – Matizol”





Source: Own analysis based on internal Matizol database (May 2006).

Single products from all product lines, apart from shingles, reveal the whole truth about the market. There are exceptions from the general trend, but in general view “Izolacja – Matizol” is encountering problems with price-based competition on regular basis. From time to time, some competitor offers his products at such a low price that others are forced to keep up with diminishing up-to-date.

In the face of such facts, “Izolacja – Matizol” should resort to more proactive approach. Responding to the actions of competitors once they actually take place, puts the company behind from the very beginning.

The two crucial factors that HAVE to be taken into consideration for price establishment are: costs incurred and income level that an enterprise is targeting. The other issues that “Izolacja – Matizol” has to take account of while switching to more future-oriented approach are:

- company’s strategic goals and objectives and their consistency;
- analysis of demand, which is a very laborious process leading to approximate results;
- activities and plans of direct competitors;
- overall costs of production and marketing;
- governmental regulations and policies.

Once all these are recognized, company can concentrate on the value of the products perceived by buyers. In this case mainly wholesalers, retailers and building companies are defined as ‘customers’. Since the size of transactions carried out on industrial market is much

higher than on consumers market, the evaluation of expected benefits and costs is much more detailed. For the isolation materials market most common benefits are⁴⁰:

- technological quality adherence to the expectations of the buyer;
- keeping up with the agreed terms and conditions;
- provision of additional after-sale services that facilitate application (correct timing, guarantees, technical advice);
- advantageous forms of transactions conditions– e.g. offering suitable terms of payments.

Basing on these criteria customers determine expected relationship value, which is the measure of satisfaction of a given supplier. In response, “Izolacja – Matizol” should create a ranking of its own, namely ‘customer profitability studies’. It is a commonly used tool, which provides a list (in mutually relative terms) of those business partners who have proven to be most valuable to the company. Such analysis can be done by looking at such factors as: average sales per client, number of transactions during a year, frequency of transactions, cost of reaching this customers and estimated revenue, financial credibility, loyalty, profitability benchmark and incomes from sales.

Depending on the results of such analysis, each customer should be approached in a slightly tailored manner. Negotiation would look differently and could be carried out on particular basis. The lenient treatment could be expressed by conditions of payments (i.e. necessity of down-payments), forms of payment, conditions of delivery (who pays for the physical distribution), credit options for the customer and additional services which are not proclaimed in the standards.

A company on B2B market can not possibly afford robust customization of pricing. This causes the necessity of devoting to a general pricing strategy. Once implemented and mastered, such strategy can be subject to alternations from one customer to another.

In this particular market cost based pricing is more popular than market based pricing. There are two strategies that should be used in sequential manner over a long term. As a start-up strategy at the moment, “Izolacja – Matizol” should engage in ‘price quantity strategy’. This is the only way to efficiently compete with twin companies on the market, whose major focus is on driving down the prices. This attitude is not much likely to generate obscene marginal gain, but is aimed at drawing customers and exposing them to our products.

⁴⁰ F. Bradley: *Marketing Management – Providing, delivering and communicating value* Prentice Hall, 1995 age 503.

Having established sufficient recognition, company should systematically and slowly switch to 'preference strategy'. It is possible owing to the superior quality experienced in the previous period by the broad spectrum of customers. If they get accustomed to the standards provided by "Izolacja – Matizol" products, margins can increase and markup can escalate. Even in the face of a decline in sales, the discrepancy will be of zero relevance because of margin charged. Such path dependency cycle can be beneficial for quality perception of company products and creating a brand image⁴¹.

Combined strategy of such kind would provide a smooth passage from short- to long-term appeal. The effects are potentially long lasting and enable company decision makers to prepare an appropriate strategy for the future. Precisely speaking, it allows more time for considerations to come, which is highly valued these days where time is a scarce resource.

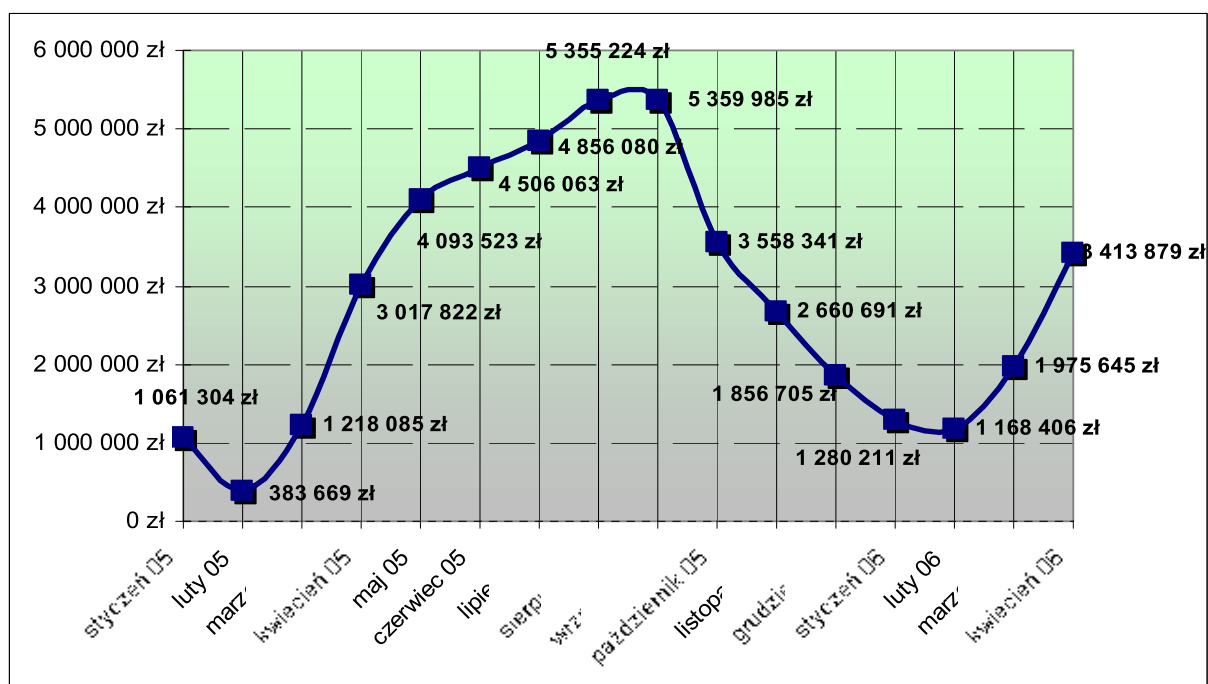
4.14 Promotion

In B2B context promotion is an ongoing process and a vital tool used in relationships with customers. Due to severe seasonality of sales in the building materials industry, the application of appropriate promotion is very common. By means of which companies manage to survive through the thin months during a year.

Looking at the sales of "Izolacja – Matizol" allows to draw conclusions concerning the timing of promotion intensification directions.

⁴¹ M. Urbaniak: „*Marketing Przemysłowy*” (INFOR, Warsaw, 1999) page 182.

Chart 14: “Izolacja – Matizol” sales value (January 2005 – April 2006):



Source: Author based on Matizol internal data (May 2006)

There is a pattern developed on annual basis. The period for “Izolacja – Matizol” is one year in that case, and the seasonality rests upon the months. When it comes to sales value, the worst months are December, January, February and March. The blame is on the side the climate we happen to be living in. Weather conditions in these months virtually hinder any kind of building activities, at least outdoors. Of course during this period it is extremely hard to stimulate sales of products which can only be used during a construction work.

The challenge here is for the marketing department, frankly speaking – for the promotional activities. Besides, in the months of fruition promotion should not be taken for granted. The competition escalates during the spring and summer, thus resorting to promotional behaviors on continuous terms.

In order to be successful in this area, much more focus ought to be placed on promotion and all its derivatives. “Izolacja – Matizol” can not afford to be outpaced. On contrary, the company should be the trend-setter so that others would have to worry how to come up with more effective promotional mix. It can be attained through sticking to some flexible framework of mixing promotional components.

In this respect market communication is an essential social process that improves interaction between a company and its environment.⁴² It is targeted on such general goals as:

- establishing and maintaining contact with company's surrounding;
- exchange of information and experiences between particular participants;
- agreeing upon the terms of transaction;
- provision of information about a company and portfolio of its products;
- shaping beliefs and attitudes of buyers through corporate image manipulation;
- influencing the efficiency of sales⁴³.

The path of market communication can be guided in four major directions. The first one, which is of our special interest in marketing perspective, is trade communication aimed at customers. Marketing department is accountable for the efficiency of the conduct. The second direction is pointed at capital communication. It refers mainly to enterprise owners, financial institutions and direct business partners. The internal form of communication are public relations within the boundaries of an enterprise. These activities are carried out mainly by the human resource department. Last path of communication leads to society in general – i.e. external public relations. It is within the spectrum of directors and top managers responsibility to interact with all kinds of governmental, social or controlling institutions.

Such distinction is very helpful for communication purposes. Namely, it facilitates the design of entire process of communication. In general, this process should be composed of the following stages:

- identification of target audience of communication;
- formulating the goals of communication;
- designing the message from the content standpoint;
- selecting the channels of communication.

For “Izolacja – Matizol” the main audiences are: wholesalers and retailers who deliver the goods to the end consumers, and to some extent the consumers as such they are the ones who create the demand. Thus the communication should be either universal or multi-channel. Anyhow, the content is of the top priority.

The hallmark is **one** word that carries a huge meaning. It is ‘information’. Together with time, these two notions make the world going round these days. Information is crucial so it should be perfect in form and content. Especially once dealing with current and potential customers.

⁴² A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 92.

⁴³ P. Gregory: *”Marketing”* Edition Dalloz, Paris, 1996, page 153.

Without buyers there is no business, hence communication should be looked into with special attention to customers.

Variety of forms of disclosing information about an enterprise creates the industrial promotional mix. The most commonly used tools that constitute the mix are the following⁴⁴:

- direct sales – direct relations with business partners, sales representatives, negotiations, trade presentations;
- advertisement – press, mail, Internet, TV, radio;
- sales promotions – fairs and exhibitions, product shows, conferences, discounts, reference visits;
- public relations and publicity – sponsoring, seminars, public expositions, press releases, annual reports.

All these vary significantly in the impact on buyers decisions, unit cost and scope of audience exposed. Which is why a great deal of planning and evaluating alternatives is involved in the process of selection. Moreover, it is virtually impossible to appraise if a decision was good or bad with respect to the alternative.

Since the competition is turning to even more severe on the building materials market, “Izolacja – Matizol” is bound to place more emphasis on promotion. Information, transparency and exposure are virtues on the market these days. The company understands it but requires some firm steps towards this goal. Recognizing the advantages of each promotion-mix component with some direct recommendations could turn out to be a milestone.

4.14.A *Direct sales.*

Direct sales is a tool used for enhancing the process of sales. It is related tightly with direct relation between buyer and supplier. The major objective for such interactions are:

- direct presentation of product portfolio – catalogues, folders, samples presentations;
- encouraging potential customer to try out the product before the final decision, so as to gain his confidence and understanding;
- encouraging existing customers to increase the batch size of their orders;
- convincing the customer that ‘our’ offer tops the competition in majority or respects.

⁴⁴ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 95

In B2B context direct sales is an ongoing process. It is not a part of seasonal activity that can be omitted at some point. This is not the case, since relationship marketing is highly valued by business partners.

Customers see that they are treated in a special, unique manner. Perceive the company as very dedicated to building long term, transparent and open relationship. There is a paramount advantage for customers though. Namely, the opportunity to obtain all the information, which are interesting for them. Clients are not forced to deal with avalanche of useless data or facts, but are able to point conversation to the most efficient track. The mutual satisfaction from such conduct should not be underestimated.

“Izolacja – Matizol” obviously sees and recognizes the importance of direct sales and relationship marketing. The sales representatives were the major ‘face’ and outlook of the company for a very long time. They have been dealing with the responsibility in a satisfactory way. Lately, the number of representatives was increased from six to ten. This means, that regions in Poland are treated in more customized way and demand is growing.

The improvement in quantity does not necessarily mean a betterment in quality. Personal characteristics and features of individuals play even greater role. Apart from being energetic, enthusiastic and outgoing, these people have to be knowledgeable. The arguments need to be consistent and thorough in their breadth. Possession of latest data and information, supported by close relationship with headquarters is a must.

Moreover, customers like to see instead of hear – that is the nature of human beings. Thus much more attention should be paid to visual materials provided to the buyers. Very important in this respect is the technological advancement that enables proficient multimedia presentation. The competitive edge that can be achieved through well designed and comprehensive presentation is substantial. In spite of time – intensive reality, such presentation either on CD’s or carried out by the representative are impressive and draw attention of buyers even more often.

Another issue are the meetings and negotiations. By definition these should be held at the premises of “Izolacja – Matizol” or externally, in a neutral place. This second option is gaining lots of supporters due to its flexibility. One can namely choose an objective location, which can create a genuine circumstances for making business.

There is a major drawback of such approaches. They all consume huge costs in comparison with other components of promotional mix. Such individualistic treatment of business partners is costly and application of modern approach increases these costs even

more. What needs to be evaluated is the payoff. Namely, does the impact on purchase decision outweighs the costs incurred that lead to this particular decision.

The scope of direct sales is also very narrow, but is regarded as irrelevant. B2B marketing rests upon the sales representatives and the only way to change that is an IT revolution. Such an event is not foreseeable in the nearest future, hence the focus is on temporality.

The company has done a lot on developing the network of sales representatives. Now, the interest should be on quality and content of the relationship with business partners. Deviating from the commonly accepted standards might work just fine.

4.14.B *Advertisement*

The major objective and advertising is to exert an impact on making purchase decision. It can be targeted at variety of audiences and focus on different spectrums: either the product as such or the whole company or brand⁴⁵. For “Izolacja – Matizol” it should be a combination of the two. This is due to a relatively narrow scope of product lines.

Creating an advertising plan requires firm adherence to the basic steps which are indispensable. Each and every form of campaign framework has to be established in the following steps (usually with the assistance of an advertising agency):

- setting the advertising objectives (“Izolacja – Matizol”: building brand preference and product perception of the customers, distinguishing from the competition) ;
- deciding on the advertising budget (“Izolacja – Matizol”: the last year’s it was PLN 32 000);
- deciding on the message (“Izolacja – Matizol”: quality and durability focus, emphasizing the importance of products for everyday life, highlighting technical expertise and scientific evidence, in the extreme form could resort to humor or irony to draw attention).

In advertising the company can be exposed in parallel with their major product line(s) and achieve a general effect of building a corporate identity while highlighting product features. Such approach can turn out effective because of unique characteristics of building materials industry. Homogeneity of products is insufficient to make relevant decision when it comes to purchase. Hence, importance of the brand is growing and can create the competitive

⁴⁵ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 101

edge for customers. This however has to be carried out in an appropriate manner, so as to reach the targeted audience.

While the direct sales were pointed towards wholesalers and retailers, advertisement has other objective. These are the end users like developers, construction workers and roofers. They are the ones who create the final demand, thus should not be underestimated by the producers.

The most effective form of advertising on B2B market is the printed one. It enables comprehensive approach to provision of information and comparison of alternatives. The specialized branch magazines and catalogues have already proven to be effective for “Izolacja – Matizol” through publication in “Murator”. This is why it should be cultivated and gradually enhanced. This improvement refers to content, aesthetics and extent of such advertisement. These are the ways to distinguish from the vast selection of producer brands included in such publications. Apart from these, however, there is an expanding interest in brief brochures including detailed product information (See appendix). The could be either a supplement to periodic newspapers or a release of their own.

Such brochures can also be used in direct mailing. This method is also effective in reaching target audiences with folders, prospects, commercial letters or trade offers. The addresses are the focal point of such idea. They can only be gathered in a specialized database as a part of MIS implemented within the company.

“Izoalcja – Matizol” has recently devoted itself to outdoor advertisement. There is a demand for flags, transparent, banners and billboards. Company is striving to exploit it at the moment, so as meet the requirement of wholesalers and retailers for exposure. Locating these outdoor ads should also be focused on large traffic spots and site work. Apart from these and ‘in-premises’ ads, there should be interest in cultural or sport events. It does much to general exposure and recognition of the household name, hence is regarded as highly efficient in general B2B context.

There is an emerging tool in the world of B2B advertisement. The name is broadcasting advertising and might evolve in the nearest future as a vital one, even for the building materials industry. It is a common name for Internet, multimedia presentations, radio and television. From “Izolacja – Matizol” perspective the application of TV or radio is not directly applicable. However, as the specialization of TV channels and programs proceeds it should be considered as a viable alternative. Engaging in radio ads is even more justifiable, since it affects people on the subliminal level of perception. It is also commonly used at

workplaces all around the country. What curbs this kind of approach are the high costs and immeasurable results.

The essential element of broadcasting advertising is the application of Internet. In this perspective costs should not influence the decision, since this is a condition for a modern enterprise to exist. Having a web-site is just a minimum (interactive and multilingual). Internet is turning into the major source of information, any kind of information. Which is why excessive exposure on the specialized portals is a must for a company in B2B industry. Moreover, some improvements need to be made to the web-site as such from the interactivity standpoint. The industry standard is low, which does not mean that there is a margin for idleness. Being proactive, as proclaimed before, should be incorporated in “Izoalacja – Matizol” corporate culture.

This approach found its vent in the actions of the company already. The decision makers have turned their attention to gadgets as useful tools of promotion advertisement. It is not excessively expensive, but quite unique on the market. Giving away pencils, calculators, desktop clocks, t-shirts and baseball caps worked very well for the company and created a positive response. This idea can be continued but needs a greater deal of creativity to live up to the expectations after the success of the original undertaking.

In general, the role of advertising is mounting and should be outsourced soon. It becomes to important to be handles internally by the marketing department. Hiring an advertising agency would solve a great deal of ambiguities and response to intensive campaign of Swisspor. Due to their experience and understanding of the industry the burden can be much lighter for “Izolacja – Marizol”. Provided that the agency hired is proficient, the role of the company would be constrained to evaluation and acceptance of the ideas.

4.14.C *Sales promotions*

Sales promotions in industrial marketing context revolve around discount policies, trade fairs and exhibitions.

The discounts are an extremely important issues on the B2B market since they determine the terms of payment and transaction between business partners. Business is all about making money, thus any aspect of retrieving receivables is crucial for a company.

The most common discounts rest upon⁴⁶:

- quantity ordered;

⁴⁶ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 106.

- cash payments;
- trade promotion;
- time or seasonality;
- customer loyalty.

“Izolacja – Matizol” has got a very well developed, established and accepted discounting policies. Major focus is on quantity – number of pallets or a full load of truck, cash payments – depending on the product it varies from 15% - 25% from the catalogue value, time and seasonality – payments are divided into 15, 30 or 45 day delays at the moment. Apart from that the company uses the discount for own transportation of purchased goods. The loyalty is not valued, however. This is likely to change soon, due to high ‘supplier changes’ for wholesalers and retailers in the recent months.

The issue of discount is important but relatively common in approach across the industry. This means that most competitors use the same methods in a way that it has become a standard. In that case, there is not much of a chance to find a competitive advantage or unique selling points for “Izolacja – Matizol”.

This capacity is created in fairs and expositions (e.g. Budma in Poznan or fairs in Brno). This capacity is in informational and promotional characteristics of such endeavor. These are perfect circumstances to establish new trade relations and cement the old ones. All kinds of customers – from immediate to indirect and business partners are able to compare suppliers and their products. They discover new products and their special qualities. Moreover, the interaction is not purely formal, which facilitates relations building. The quality of expositions, presentations or services during such events is only up to the company. This means that sky is the limit when it comes ways of drawing attention. Innovativeness can flourish by all means. Company can devote to actions ranging from hiring a celebrity up to small workshop approach to presentation of products.

The possibilities are inexhaustible and rely only upon company’s willingness to make preparations. In my view it is the 2nd most important source of promotion, apart from direct selling. Importance is indisputable, neither is the flexibility – thus the conceptual and financial focus should be pointed at 4 -5 events during a year, which would have a longer overtone than an expensive form of advertising.

4.14.D *Public relations.*

In general, public relations are understood as planned and continuous efforts aimed at creating a mutual understanding between a company and its environment⁴⁷. Its main tasks are concerned with establishing a positive image of an enterprise as well as providing public opinion with information that characterizes the scope of firm's activity. The role of PR is much higher in the consumer goods industry, which does not mean it can be underestimated in the B2B context. Quite on contrary.

The environment is composed of many factors and actors. For "Izolacja - Matizol", the major focus is only on some. In brief, the functions and content of PR messages can be divided into the following groups:

Table 7: "Izolacja – Matizol" PR recipients and the role of message:

Target	Role and content of the message
Clients	Creating a circumstance for long term partnership
	Permanent search for excellence and customer satisfaction
	Paying attention to customers opinions and criticism
	Trustworthy partner that provides high quality products
	Supporting clients with brand reputability
	Appreciation of loyalty
Workers	Climate of stable enterprise
	Information concerning corporate objectives and strategic decisions
	Feeling of belonging
	Stimulating flexibility and creativity
	Creating conditions for motivation
	Incorporating workers to create corporate image
Competition	Replacing combat with cooperation
	Coming across plans and future undertakings
Suppliers	Building trust and transparency
	Strengthening the negotiation position
Society	Friendliness towards company's actions
	Informing of environmental concerns of the enterprise
	Underlining concern for social problems solution
	Transparency of pricing policies
Media	Creating an image of modern professional company
	Establishing a position of trustworthy partner
	Cooperative approach in any circumstances

⁴⁷ M. Urbaniak: *Marketing Przemysłowy* INFOR, Warsaw, 1999 page 146.

Source: Author on the basis of framework in Artur Olczak, Maciej Urbaniak: "Marketing B2B w Praktyce Gospodarczej" op. cit., page 111-113.

One aspect of PR is not included precisely the table above. The notion of sponsoring is not very common in industrial market, but the rare attempts usually work out fine. Taking the instance of paint producer 'Nobiles' exemplifies how a brand can be established through consequence in sponsoring decisions. The decision makers resorted to sports, namely basketball, and hit a jackpot.

Sponsoring a sport team is not much applicable for "Izolacja – Matizol" at this particular stage of company development. Such marketing tools require huge financial input and sufficient margin to assure consequence as well as dedication. Sponsoring can be used in variety of ways, not necessarily as intensive as being the logo name of a top basketball team.

From time to time "Izolacja – Matizol" could get engaged in sport events as such. Any event requires funds or particular product each and every single time. Since the corporate image is to be build around resilience, durability and toughness – sports that value these features could be addressed to (e.g. "Strongman-like") Hence, sponsorship can be just occasional in this respect. Furthermore, some social or cultural events can be set up under the logo of "Izolacja – Matizol". By events one should understand family picnics, banquets for people directly involved in building materials industry. Going further, some odd competitions, which would examine construction work abilities of participants, could be held for local societies around the country. Anyhow, Polish drive towards socialization and outdoor entertainment should be exploited to the maximum.

This approach is not cheap, but through uniqueness it can meet a very positive response supported by favorable word – of - mouth and become the hallmark of company's PR activities. Publicity and endorsement are on the opposite extreme of marketing goals efficiency, in my view. In general, it might be an interesting approach but not for "Izolacja – Matizol" and building materials industry. Such exposure is useless and regenerative.

4.15 Distribution

The goal of distribution in business to business context is to deliver products of the right quality, at the appropriate time, in the most suitable form and at the lowest possible cost. It includes such activities trade negotiations, order forwarding and completion, transportation,

storage, financing the transaction, payment, triggering sales and organization of information interchange⁴⁸. The main participants in the process of distribution are in this context:

- enterprises which produce goods and services;
- representatives of producer;
- product managers;
- trade representatives as distributors of the producer;
- wholesalers and retailers;
- agents and brokers;
- customers – institutions and organizations.

“Izolacja – Matizol” has based its distribution channel on their own representative, the business partners representatives and wholesaler or retailers. This approach is common in B2B context, where actors strive to flatten the structure to the necessary minimum. Due to efficiency of the current distribution process, the recommendation is to enhance it. There is no need to make significant revolution because the company is in full control over the distribution. It is regarded as an invaluable intangible asset.

This does not herald perfection or excellence in the field. Taking a closer look at the determinants of distribution channel selection can facilitate the potential improvement. Additionally, the impact of IT development should not be taken for granted these days. When considering an area for betterment, the company should focus on the following factors:

- how does the competition approach the issue – what are the distribution channels of immediate competitors;
- the amount of sales;
- costs of alternative distribution channels;
- technical complexity of the products offered by the company;
- what is the survivability level in particular alternatives;
- efficiency of sales;
- expectations of customers;
- requirements of current infrastructure – building and means of communication.

With respect to financial issues and geographical dispersion (customers all around Poland with plans to expand abroad), “Izolacja – Matizol” should take some alternatives under consideration. The current advantageous situation can be persistent, but it does not have

⁴⁸ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 207.

to. Thus, indirect distribution might soon turn out to be a formally interesting option. So far it has been based on internal capacity or occasional customer's infrastructure.

The matter which makes distribution relatively complex for "Izolacja – Matizol" is the diversification of customers. The recipients of their goods range from huge specialized chain store Castorama, through all kinds of wholesalers and retailers, up to individual companies that act as end users. The major interest is in the middle part of the hierarchy – building materials wholesale outlets and specialized retailers.

In accordance with previous marketing strategy assumptions, such concentration should alter soon. The spread is to be distributed more equally by targeting more chain stores, e.g. BricoMarche, Obi, and on the other end – such end users as developers and site companies. Having implemented this strategy, intermediaries would be much more cost effective⁴⁹. Besides, the burden could be too much to be carried by the company on its own.

In the long run, "Izolacja – Matizol" ought to seriously think of expanding the service provisions. Especially when it comes to installation and advice. As the products improve technologically, so is the complexity of application. Customers praise close relationship and propensity to help from their suppliers. It creates a perception of special treatment, trust and mutual reliability. If they feel they can resort to a company anytime they need assistance, this is an additional value.

Such permanent interaction requires innovations in technological solutions for communication means. While telephones and e-mails have become standards these days, there is an area which is envisaged to take over their role. In broad perspective, this is called e – commerce.

By now it has not been exploited in building materials industry, but the scope of IT applications is widening on daily basis. Sooner or later it will reach "Izolacja – Matizol" and the entire market. E – commerce in this sense is understood universally. It can include such aspects as:

- developing a comprehensive managerial information system (MIS) that would be applicable and accessible for the whole internal environment of the company;
- establishment of Intranet aimed at creating a network of suppliers and customers (high initial and maintenance cost, but significantly reduced lead time and transaction costs);
- interactive and up-to-date data interchange that would facilitate market intelligence and benefit all the participants;

⁴⁹ Ph. Malaval "Business to business marketing" Public Union, Paris, 1995, page 170.

- on-line order processing and invoicing;
- automation of processes with common access to relevant data (as value of information is surging nowadays);
- enhanced transmission for the sake of logistics.

Having raised the notion of logistics, deeper analysis of the matter is needed. Logistic, namely, deals with final transportation of goods and provision of information downward the supply chain⁵⁰. The whole process is composed of a set of sub-processes which include:

- predicting orders from the suppliers (at the moment “Izolacja – Matizol” orders raw materials within 1 – 2 week intervals);
- order processing ;
- supply, storage and inventory management;
- delivering materials to the work stations and facilities;
- packaging and confection;
- transportation (in majority company owned road transport);
- managing waste and scrub (which constitutes a very low percentage due to product characteristics⁵¹);
- servicing;
- gathering, transformation and dissemination of data and information.

Since costs of storing inventory is relatively low, “Izolacja – Matizol” is not considering making any changes to the habitual manner of handling supplies of inputs and raw materials. The ongoing rotation, supported by well designed plant layout, do not cause any problems for the functionality of the company. The network of suppliers is well established and reliable enough, so that contingency supplies are reduced to minimum.

In the face of these facts, the two major focal points of future interest for “Izolacja – Matizol” are IT applications and service development. Overlapping characteristics of the two simplify their consideration and make it cohesive. Importantly enough, they should not be regarded separately, since only conducted in parallel their efficiency can be maximized. Retrieval of necessary data and their subsequent interpretation is bound to be more efficient and work better for communication. Moreover, sticking to the approach would result in making the expansion of distribution channels easier. Once information are well managed and common, then company can consider expansion of the network, due to low complexity of

⁵⁰ A. Olczak, M. Urbaniak: *”Marketing B2B w Praktyce Gospodarczej”* op. cit., page 224.

⁵¹ Source: own analysis based on information provided by internal company research.

such undertaking. The value of exchanged information would benefit both parties – thus more likely to encourage business relations.

4.16 Implementation

The strategy and planning is long-term in its nature. It covers aspects that demand immediate intervention as well as systematic, sequential scheduling. Some actions should be taken synchronically, but others cannot be triggered without the completion of predecessors. Anyhow, the consideration of the plan must be carried out as soon as possible. The building materials market is not much vulnerable to changes suggested in the strategy, but it is envisaged to change in the foreseeable future.

The highly emphasized pro-activity, as opposed to current imitating approach, should become the core of company's culture. Such attitude alternation requires immediate steps, since the process is time consuming and is much likely to encounter opposition. People, by definition, are reluctant to change because they feel comfortable in the well developed standards. "Izolacja – Matizol" needs to remember that lack of change is a step backward these days. Which is why, the drive for individual and corporate excellence should be ingrained in the employees, managers and CEO's.

The employees are a separate issue. Implementation of the strategy does not demand any dramatic revolution in personnel. The general characteristics of employees on particular levels of organizational hierarchy should be the following:

- efficient, flexible, knowledgeable and eager to share experience production workers;
- outgoing, empathic, informative and full of own – initiative sales representatives;
- managerial cadre should gradually be replaced by dynamic, young professionals who are able to contribute with freshness, creativity and open – mindedness;
- managers general skills: allocating (time, money, personnel), monitoring (evaluate actions as they take place), organizing (understanding formal and informal nuances), interacting (motivating and influencing others)⁵²;
- directors and CEO's acting as facilitators, encouraging and rewarding dedication, dynamic with positive approach to innovation and changes.

When it comes to additional requirements of personnel, this should not be much of a problem. Tops 5 – 7 new people would be suitable to implement the strategy into the company's

⁵² P. Kotler "Marketing Management op. cit. page 705.

operations. Those employees would support administration, marketing department, sales representatives and IT department.

The computer science department worker should be a database and Internet application specialist. However, he would deal solely with maintenance, monitoring and assistance for the whole of the employees. The implementation could be outsourced to the company that is proficient. This would increase costs, but diminish the margin for potential burden and significantly slash time consumed. Apart from that, companies these days have a broad range of after sales service package. In case of any emergency, most IT and programming enterprises do their best to support clients for the sake of reputation, which is essential in their market.

The target users of MIS implemented in the company will be the management level, because this is where major strategic decisions are made and relevant data are of top priority. By definition management information system serve managers within an organization by providing them with reports, data, performance indicators and historical records⁵³. In general, MIS deals with the data of the following nature:

- sales data;
- unit product cost data;
- product change data;
- expense data.

They usually serve managers interested in weekly, monthly or annual results, instead of day-to-day activities. Low flexibility and analytical capacity is made up for by facility of comparison which does not require profound mathematical knowledge.

Some basic information should be accessible to all employees for the sake being up to date and knowledgeable, especially when dealing with customers. Which is why the MIS should be incorporated in the broader database. Sharing, retrieving and disseminating data would be company-wide and common. Hence the goal of providing intelligence and information to all participants would be attained.

Moreover, the increasing reliance on computer science applications can support evaluating, monitoring and controlling marketing performance. Apart from strategy and planning these are the major functions of marketing department. The types of control that can be useful for “Izolacja – Matizol” can be summarized in the table.

⁵³ K.C. Laudon, J.P. Laudon: MIS - “*Managing the Digital Firm*” Pearson Prantice Hall, New Jersey, 2004, page 43

Table 8: Types of marketing control:

Type	Purpose	Approaches
Annual plan control	<i>Examine if the planned results are achieved</i>	Sales analysis
		Market share analysis
		Sales-to-expense analysis
		Financial analysis
		Customer and business partners attitude tracking
Profitability control	<i>Evaluate if the company is making or losing money</i>	By product
		By region
		By customer
		By group
		By distribution channel
		By order size
Efficiency control	<i>Asses and improve impact of marketing expenditure</i>	Of sales force
		Of advertising
		Of sales promotions
		Of distribution
Strategic control	<i>Exploitation of opportunities with respect to markets, products and channels</i>	Marketing-effectiveness rating instrument
		Marketing audit

Source: Philip Kotler “*Marketing Management*” op. cit. page 709.

Assuming the constant growth of “Izolacja – Matizol” company, such detailed approach to the problem of evaluation and control is a must. For now, this might seem redundant, but it is bound to justify its value at the moment. Some applications have already been carried out in the company on the regular basis (See appendix C). As the enterprise expands, data will be more complex and difficult to handle. This is when in-depth approach sets in. It will facilitate problem tracking and potential corrective actions.

4.17 Scenarios

The B2B market is different from consumer market in variety of ways. This gap has been slowly closing down, especially with respect to marketing. It is clearly visible also in the building and isolation materials market segment. The market where “Izolacja – Matizol” operates is gradually becoming more aggressive, the tools and means used for competition become even more advanced in their nature. Quick responsiveness and adjustability to severe competition have to be incorporated in company’s major strategy as a priority objective.

The market development has just entered a vital stage. It is commonly recognizable, that leaders are striving to work their way up to the very peak. This is still high

ambiguity concerning who is who on the market. Companies resort to variety of marketing forms so as to be identified as price, production or sales leader. This hierarchy is relatively flat currently. The situation is not much likely to persist for a long time, due to advanced dedication and engagement of some competitors, e.g. Swisspor and Icopal.

“Izolacja – Matizol” should by no means fall behind in this particular race. The constantly repeated approach of pro-activity is to be implemented as soon as possible to be in line with leader clarification process we are witnessing now. Since the assortment is pretty much similar, the margin for distinguishing is narrow. Moreover, it is difficult to find it in core product characteristics as such. Which is why most of the concepts and ideas outlined in the strategy plan should be seriously taken into consideration. The brand differentiation should originate already from the positioning and induce subsequent steps of the planning procedure.

Membranes and roofing paper are regarded as inferior goods, with lower quality and aesthetics. This is a potential ground for improvement and innovative approach for the future. This should be supported by attractive customer service system ingrained in the corporate culture. IT is bound to come with help in supply chain management and customer relations management.

Adherence to the general strategy assumption will herald a strong brand identity establishment on the market. Lack of ambiguity, transparency and information sharing will become the company’s hallmarks. The entire network of business partners is sure to appreciate such corporate image and lure potentially new customers.

The breeze of freshness and understanding of future trend will assist in building an image of an aware, modern and dynamic producer. This is the ultimate goal of the strategy. Apart from that, “Izolacja – Matizol” would concentrate of individual attitude and special treatment depending on the type of client. Perception of closeness and concern for mutual benefit is likely to foreshadow more lenient appeal from business partners.

All in all, the success is guaranteed. There is a deal of risk involved in any kind of commercial activity. In the market where competition in its pure form has just started emerging, the uncertainty is even higher. The analysis of theory strengthened by real-life experience and phenomenon consideration increase the applicability of the strategy. Rational thinking combined with positive attitude, modern methods or application and consequence in long-run pursue significantly increase the probability of ultimate success.

5. Conclusions.

The ultimate goal of this dissertation was creating a comprehensive marketing strategy – designing a plan that could be introduced into a real-life situation. “Izolacja – Matizol” needs the design immediately. The market is developing at a very fast pace, thus actions have to be taken on the spot.

Some assumptions and recommendations may be abolished once confronted with reality. This, however, can be absorbed by the flexibility of the provided plan. The high amount of solutions concerning marketing strategy can facilitate the implementation in case of a partial failure.

In general, there is capacity to change within the company. Decision makers see and understand it. What needs to be done is turning theory into reality. This can only be attained through actions which are in adherence with the strategy outlined above. The improvements and focus of the company should be on:

- positioning of the enterprise on the market;
- considering who we are as a company;
- conveying a uniform and prepared message to the people and environment;
- building and establishing a corporate identity and brand image;
- adjusting pricing strategies to the competition, market trends and in compliance with positioning on the market;
- understanding the necessity of corporate expansion – mainly physically but also in company’s capacity;
- never underestimate the importance of permanent exposure to the public;
- ongoing focus on the stakeholders, especially customers (either direct or indirect);
- understanding for the processes which are taking place on the market (growing and sever competition, market leader clarification, opportunities from EU membership);
- engaging in an advertising campaign – outsourcing it is highly recommended;
- communication improvements – internal and external, using modern means and methods;
- IT applications and solutions – with reference to database, web-site and information interchange facility;

- HRM focus on the youth – understanding that there is a cadre adjustments requirement in order to deal with changes on the market and providing freshness of the system;
- cultivation of CRM in order to build long lasting relationships with current customers and stimulate establishment of new networks;
- exploiting sales representatives as a source of information for the company and for the customers;
- focusing on the high quality membranes (with high rate of SBS) and shingles as the main source of profit – this is determined by product life-cycle analysis;
- stimulation of word – of – mouth in order to gain broader recognition creating a corporate image;
- emphasis on brand building by using the determined promotional mix;
- benchmarking with the immediate competitors on a constant basis;
- establishment of a strong organizational culture which stimulates internal growth and search for excellence, thus improving productivity;
- aiming at economies of scale and decreasing the lead time in production process;
- developing the distribution channel while targeting broader exposition and positioning compliance.

All in all, the goals are multiple. They are all attainable though. Understanding that changes are necessary is the key. Clearly stated problems become structured and can be dealt with much easier. Most of the changes can be either made or triggered immediately. The major constrain is the cost, which can hinder some actions from taking place.

Obviously, the road to the final destination can be long and bumpy. If the company uses the right vehicle, perspective is more than optimistic. The sooner “Izolacja – Matizol” will undertake the journey, the better it will turn out for the enterprise. The means introduced and emphasized in this dissertation ought to carry company safely to period of thriving business existence.

6. Appendix A: Description of major competitors for “Izolacja – Matizol”

Graph 1: Icopal company logo.



Source: Icopal official web-site: www.icopal.pl (May 2006)

Izcopal, former – Izolacja Zduńska Wola is the largest producer of roofing paper in the country. It was established in December 1974 with the creation of enterprise of waterproof materials ‘Izolacja’. In April 1993 it started producing modified membranes, which was an innovation on the local market (Polibit and Zdunbit were the first Polish SBS modified membranes). March 1997 was a great success for the company due to the optimistic debut at the Warsaw Stock Exchange.

The international expansion was launched in April 1998, when the owners purchased 100% shares of a Czech company SIZ Horní Benešov. It resulted in establishment of IZOLACJA S.A Capital Group. The quality standards came with time. Namely ISO 9001 certificate was awarded in 1998 and ISO 14001 as a result of positive audit in September 2000. In the meantime, Icopal purchased 99,7% of shares of IZOLACJA S.A.

The name of the company was officially changed in February 2002 while the new, simplified and uniform logo was introduced to the market in the beginning of 2004.

The company remains in the hands of Polish owners. It has the access to the latest technological innovations that are being developed in the corporate laboratories. Owing to the technological and production advancement, the company has been able to have a wide range of products within their portfolio. At the moment it consists of 30 different kinds of bituminous membranes, and is constantly upgraded. The company was also the leader and innovator in offering wide selection of colors for shingles. Ever since then, it has been developing steadily its selection of tints and shapes so as not to lose position on the market.

The main product ranges, at the given moment are composed of:

- roofing membranes;
- bituminous and eagle shingles;

- bitumen liquids;
 - polystyrene products;
 - civil engineering products;
 - accessories;
 - breather membranes;
 - scaffold sheeting.⁵⁴
-

Graph 2: Izolacja Jarocin company logo.



Source: Izolacja Jarocin official web-site: www.icopal.pl (May 2006)

The history of the company stretches out to 1925. This was the year, when the first production enterprise was set up in the city of Jarocin (Wielkopolska – district of Poland). At the time, the full name of the company was ‘Fabryka Papy Dachowej, Destylacji Smoły i Wyrobów Cementowych Władysława Lewandowskiego’. 15 workers were capable of producing 1000 m² of roofing paper per day.

Currently the company offers one of the broadest range of waterproof isolation products for the building industry. The major products are:

- more than 10 different kinds of roofing paper on variety of films;
- asphalt substances (dispersive);
- selection of mastic and cement;
- shingles on glass fiber veil.

The enterprise is a well established business, especially in the region of Wielkopolska. The expanded distribution network is mainly based on the cooperation with wholesale building materials companies, construction work enterprises and some chain stores, such as Castorama, Obi and Brickomarche.

⁵⁴ Icopal corporate web-site: www.icopal.pl (May 2006)

The image of the brand is build around: the awards and medals awarded in numerous fairs, experienced labor force and experts, combined with tradition, scrupulousness and dedication.

The profitability of the company is justified and proven by the gradual increase in net income recorded throughout the years of 2001 – 2004. The financial results in the extreme years of this interval were respectively: 32 200 PLN and 843 600 PLN. This exemplifies the pace and dynamics not only of the company itself, but the potential of the whole industry.⁵⁵

Graph 3: Izobud company logo.



Source: Izobud official web-site : www.izolacja-jarocin.pl/index2.html (May 2006)

Izobud Łąki Kozielski has existed on the market since 1984. Ever since then, the core business of the company has revolved around the production of all kinds of roofing papers and membranes:

- traditional ones – 8 products within the line;
- oxidized – 7 products;
- SBS modified – 6 products.

The marketing and strategic focus of the enterprise emphasizes development and improvement. The slogan that is used in marketing, but also in determining the corporate culture is: “who stands in one place, is in fact falling back”. This underlines the what is the company mission and main value.

⁵⁵ Izolacje Jarocin corporate Web-site: www.izolacja-jarocin.pl/index2.html (May 2006)

The words find their justification in the expanding infrastructure, technological enhancement of the equipment, excelling in the new product introduction, taking in new workers and going abroad with exports.

Some time ago, as a result of reasonable and prospective thinking, the company has introduced the ISO 9001 standards to meet the quality requirements of the European Union.

Marketing strategy at the time appeals to the patriotic values of the domestic market, through the emphasis placed on Polish capital ownership. Additionally, the concentration on the 20-year tradition in purely single product range.⁵⁶

7. Appendix B: Asphalt shingles brochure sample:

Designation and Range of Applications:

“Matizol” Asphalt Shingles are intended for covering slopes roofs of various shapes on single- and multifamily houses as well as industrial facilities.

“Matizol” Asphalt Shingles are used on roof decking with slopes in the 12° - 75° range. The roof decking should be leveled and rigid, made of boards or other materials making possible/enabling the attachment of the shingles.

The roofing paper undercoat/base should be used/laid under the shingles.

Product Characteristics:

“Marizol” Asphalt Shingles are commonly used roofing material manufactured using bituminous raw materials. A fiberglass veil, covered on both sides with bituminous protective layer is used as mat for the shingles. The external surface is covered by coarse-grain mineral granules.

The underside is safeguarded by anti-adhesive polyethylene film. This separator is removed before/during the installation of the shingles.

Benefits of using “Matizol” Asphalt Shingles:

- Unique colors and interesting patterns giving an exceptional look of the roof;
- Ease/Facility of installation;
- Competitive prices in comparison with other materials available on the market;
- Require no specialized installation equipment nor maintenance;

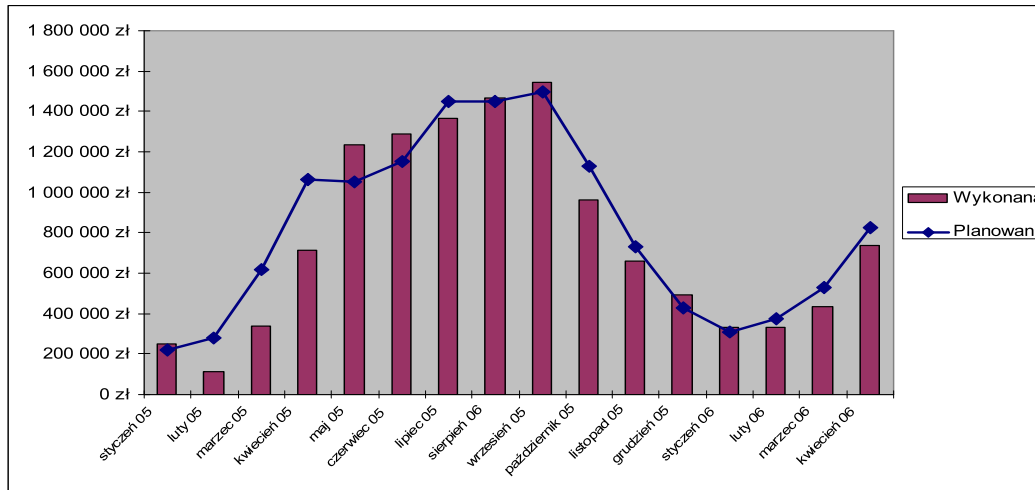
⁵⁶ Izobud Sp. z o.o. corporate Web-site: <http://www.izobit.com.pl/?request=onas>

- Light-weighted;
- Durable;
- Installation is in line with the principles guarantying waterproof design;
- Do not spread fire;
- Colors available for all shingle shapes: maroon, green, brown, graphite and mélange, (blue and other for the customized orders).

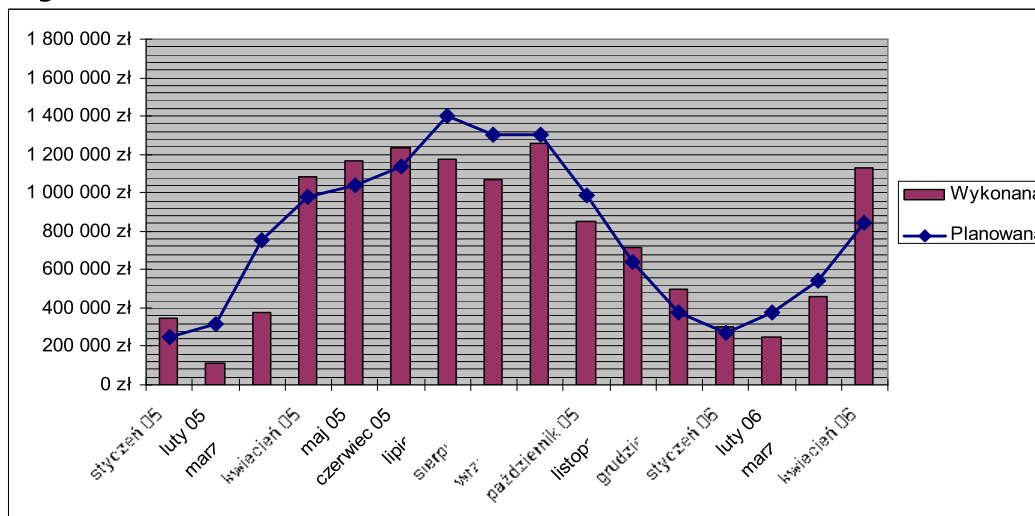
8. Appendix C: “Izolacja – Matizol” sales analysis (in Polish)

Charts 15-21: Sales value in particular regions for Matizol.

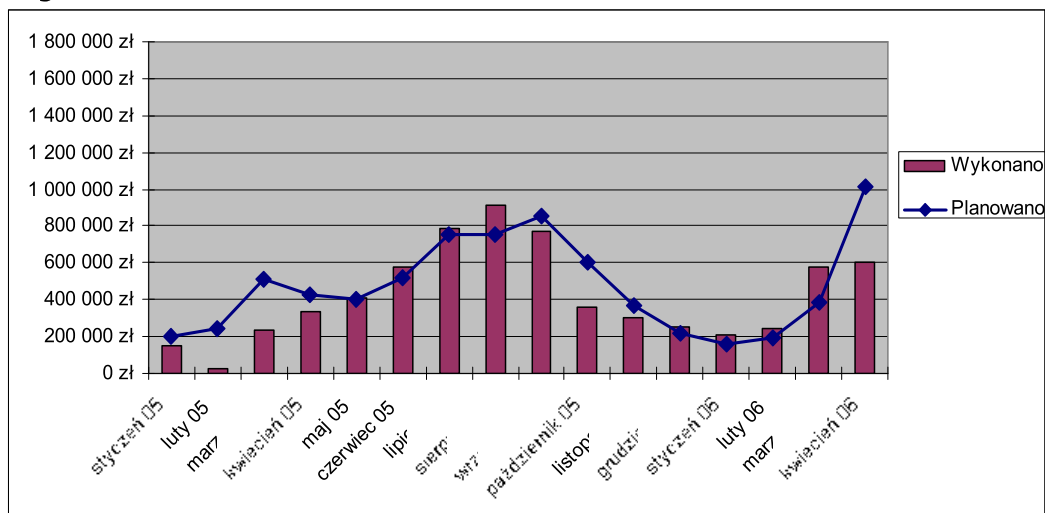
Region 1:



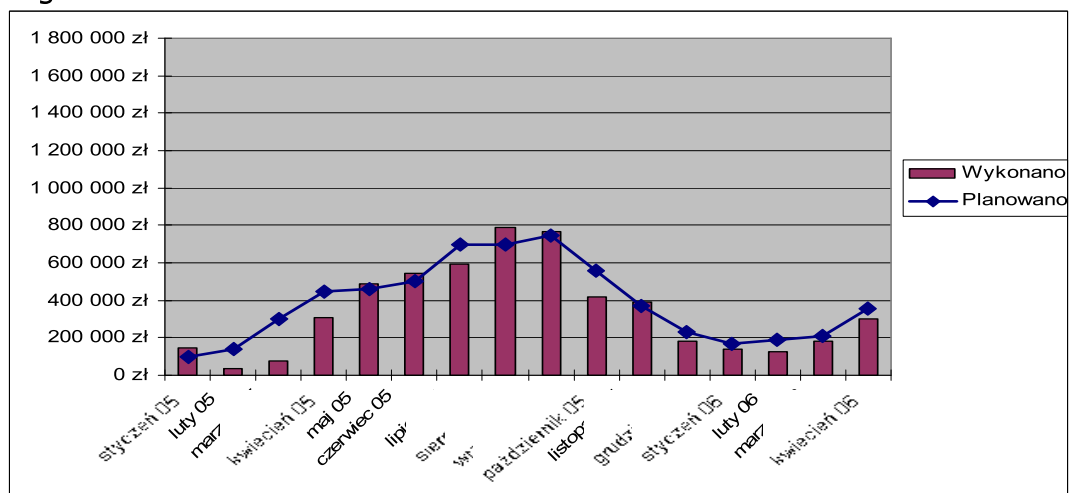
Region 2:



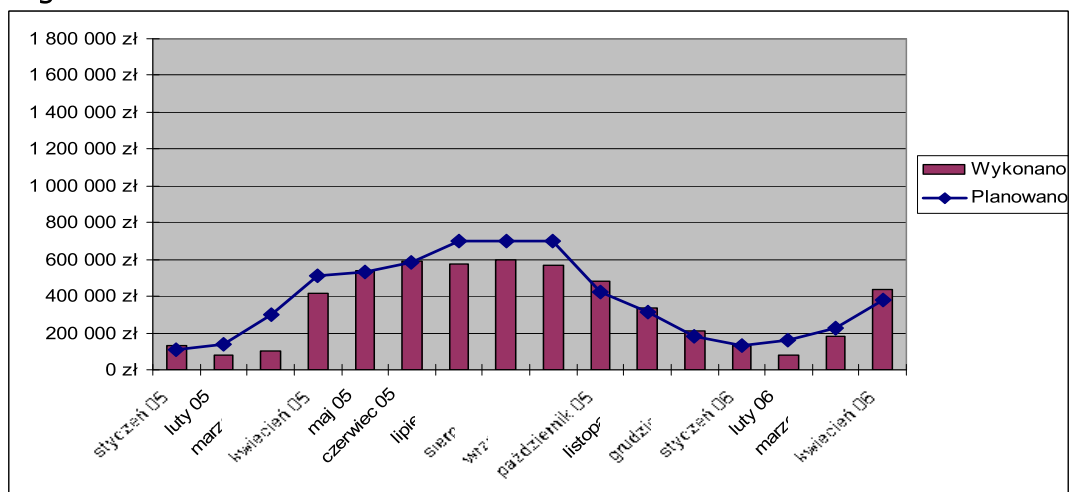
Region 3:



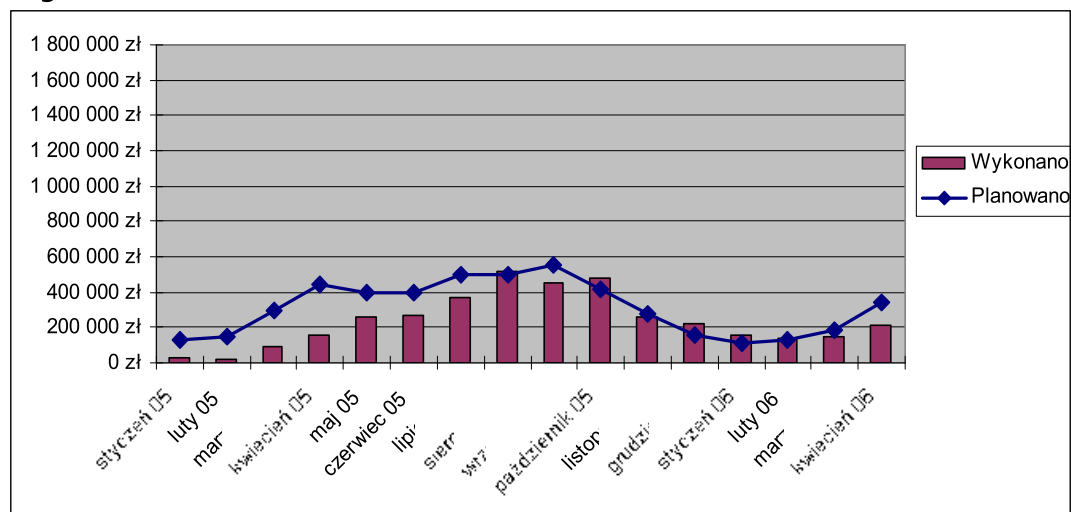
Region 4:



Region 5:



Region 6:



Source: Author based on Matizol database (May 2006)

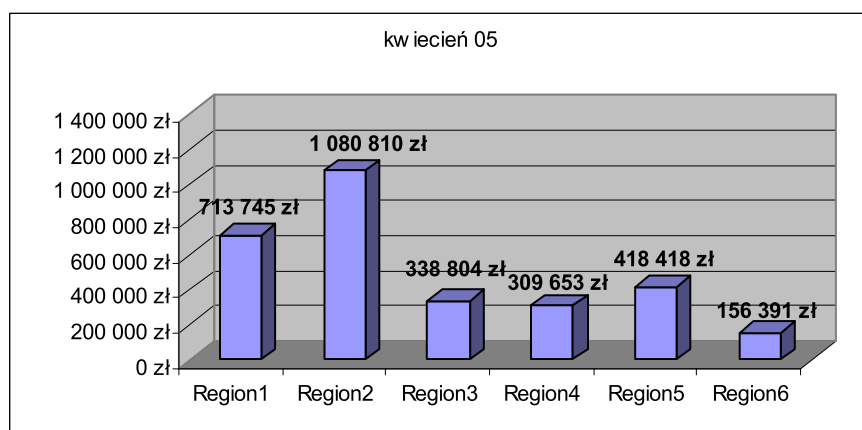
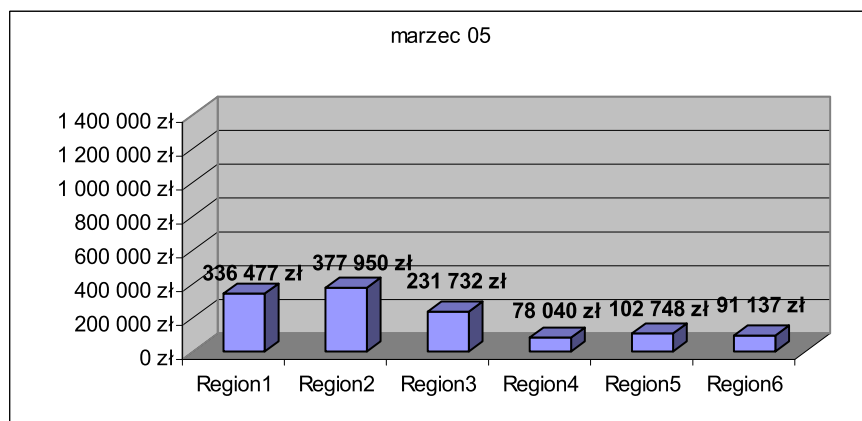
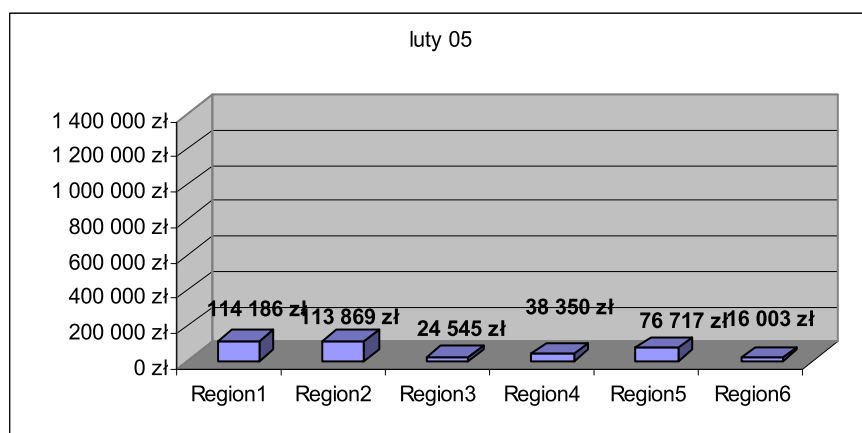
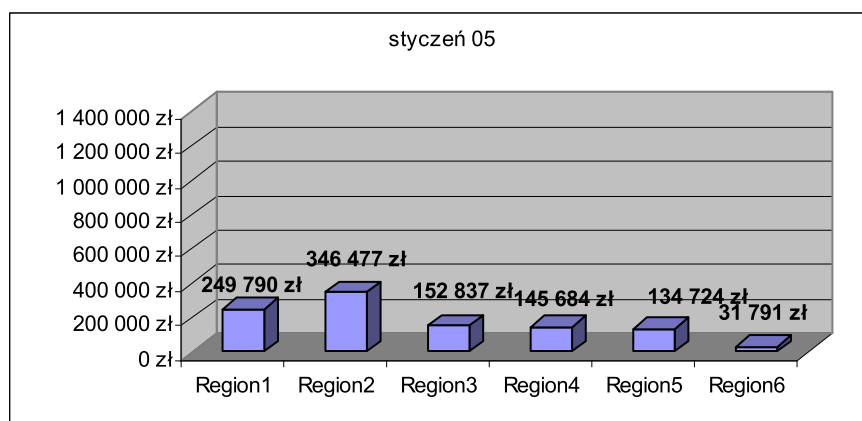
Wartość sprzedaży w poszczególnych regionach na przestrzeni analizowanego okresu czasu (styczeń 2005 – kwiecień 2006):

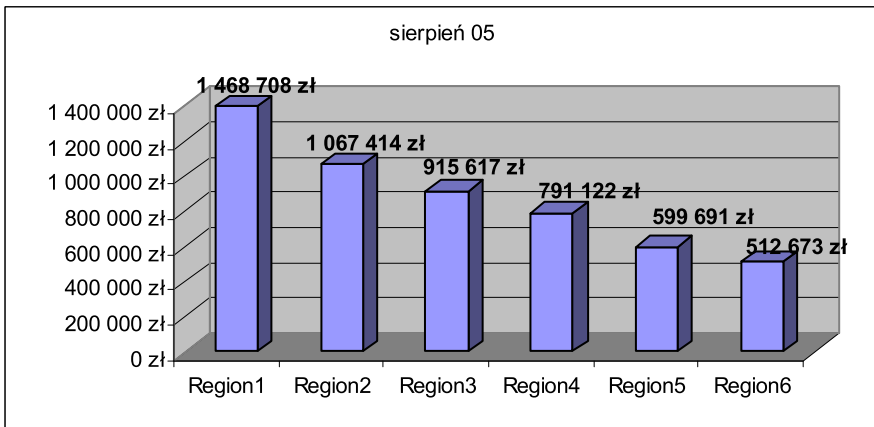
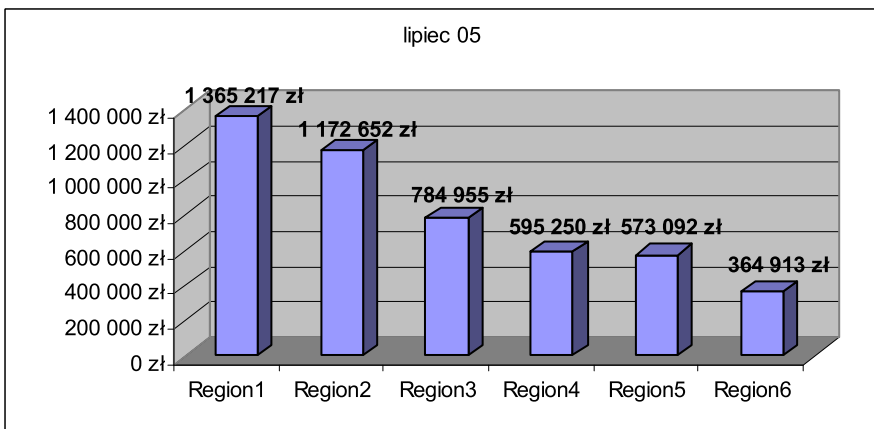
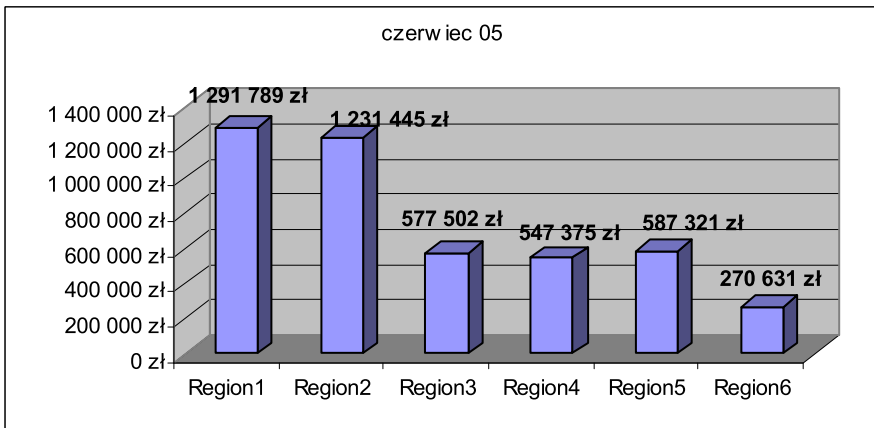
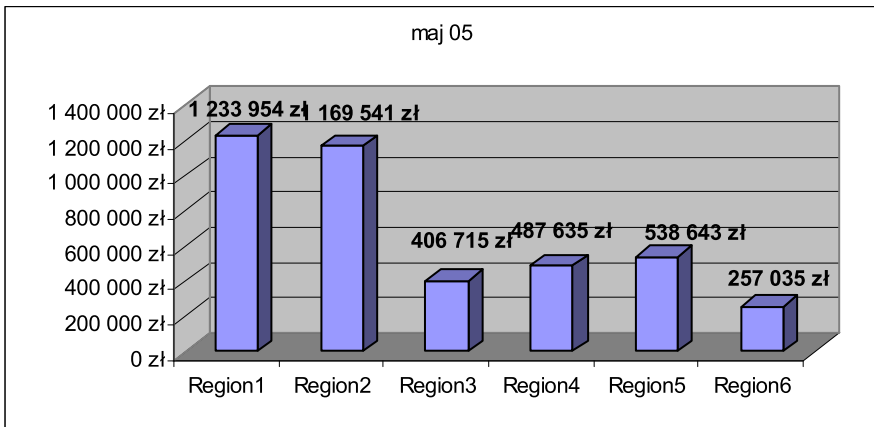
Table 9: Sales analysis for the period January 2005 – April 2006

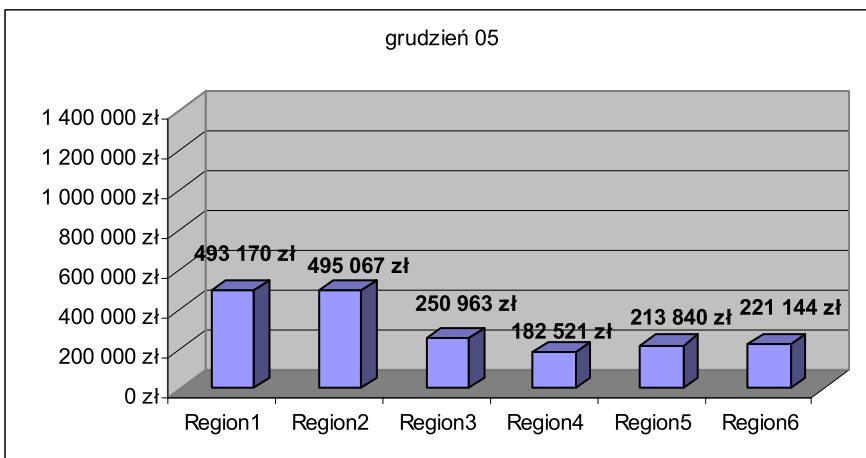
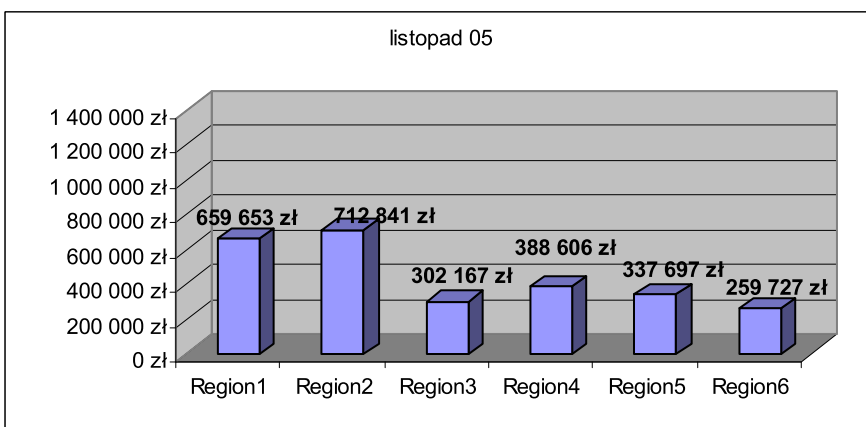
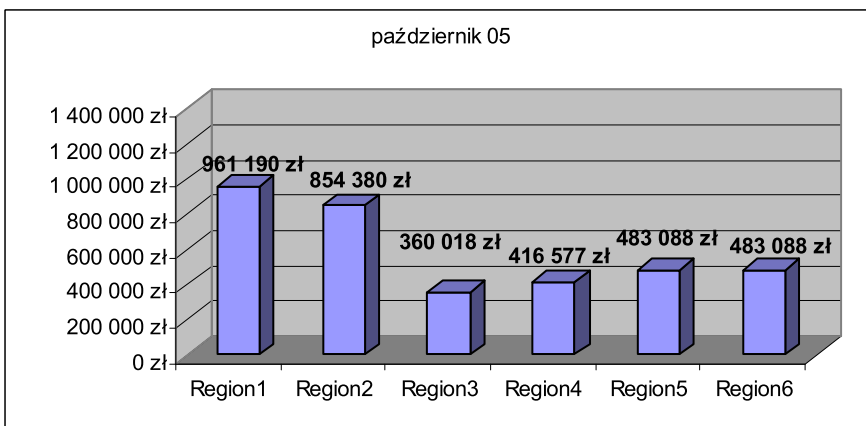
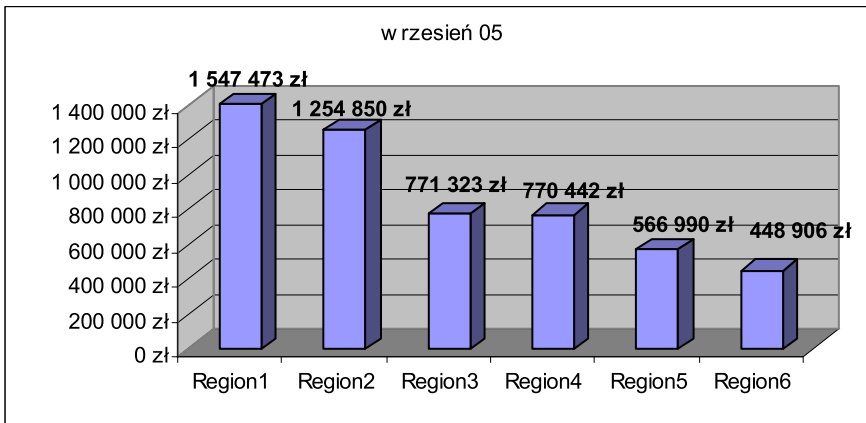
	Region1	Region2	Region3	Region4	Region5	Region6	Suma
<i>styczeń 05</i>	249 790 zł	346 477 zł	152 837 zł	145 684 zł	134 724 zł	31 791 zł	1 061 304 zł
<i>luty 05</i>	114 186 zł	113 869 zł	24 545 zł	38 350 zł	76 717 zł	16 003 zł	383 669 zł
<i>marzec 05</i>	336 477 zł	377 950 zł	231 732 zł	78 040 zł	102 748 zł	91 137 zł	1 218 085 zł
<i>kwiecień 05</i>	713 745 zł	1 080 810 zł	338 804 zł	309 653 zł	418 418 zł	156 391 zł	3 017 822 zł
<i>maj 05</i>	1 233 954 zł	1 169 541 zł	406 715 zł	487 635 zł	538 643 zł	257 035 zł	4 093 523 zł
<i>czerwiec 05</i>	1 291 789 zł	1 231 445 zł	577 502 zł	547 375 zł	587 321 zł	270 631 zł	4 506 063 zł
<i>lipiec 05</i>	1 365 217 zł	1 172 652 zł	784 955 zł	595 250 zł	573 092 zł	364 913 zł	4 856 080 zł
<i>sierpień 06</i>	1 468 708 zł	1 067 414 zł	915 617 zł	791 122 zł	599 691 zł	512 673 zł	5 355 224 zł
<i>wrzesień 05</i>	1 547 473 zł	1 254 850 zł	771 323 zł	770 442 zł	566 990 zł	448 906 zł	5 359 985 zł
<i>październik 05</i>	961 190 zł	854 380 zł	360 018 zł	416 577 zł	483 088 zł	483 088 zł	3 558 341 zł
<i>listopad 05</i>	659 653 zł	712 841 zł	302 167 zł	388 606 zł	337 697 zł	259 727 zł	2 660 691 zł
<i>grudzień 05</i>	493 170 zł	495 067 zł	250 963 zł	182 521 zł	213 840 zł	221 144 zł	1 856 705 zł
<i>styczeń 06</i>	331 757 zł	303 333 zł	212 888 zł	140 787 zł	131 447 zł	160 000 zł	1 280 211 zł
<i>luty 06</i>	332 141 zł	252 237 zł	240 416 zł	127 491 zł	78 489 zł	137 633 zł	1 168 406 zł
<i>marzec 06</i>	433 841 zł	461 814 zł	574 329 zł	181 071 zł	181 302 zł	143 287 zł	1 975 645 zł
<i>kwiecień 06</i>	739 087 zł	1 126 718 zł	600 213 zł	301 425 zł	438 010 zł	208 427 zł	3 413 879 zł
Suma	12 272 179 zł	12 021 397 zł	6 745 023 zł	5 502 029 zł	5 462 219 zł	3 762 786 zł	45 765 633 zł

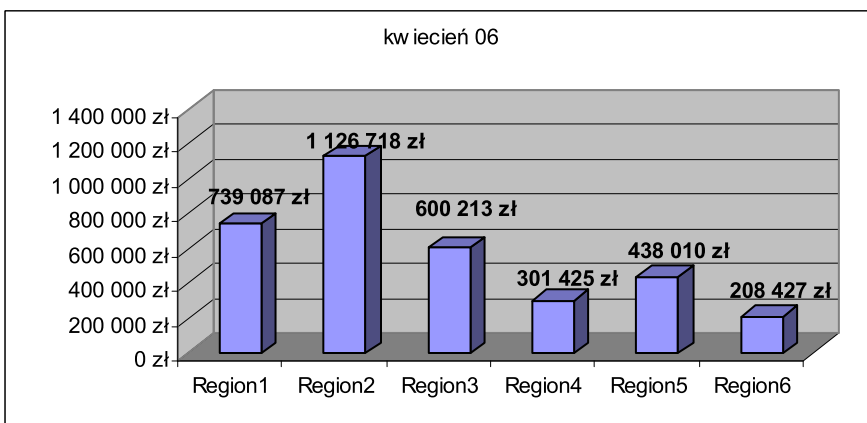
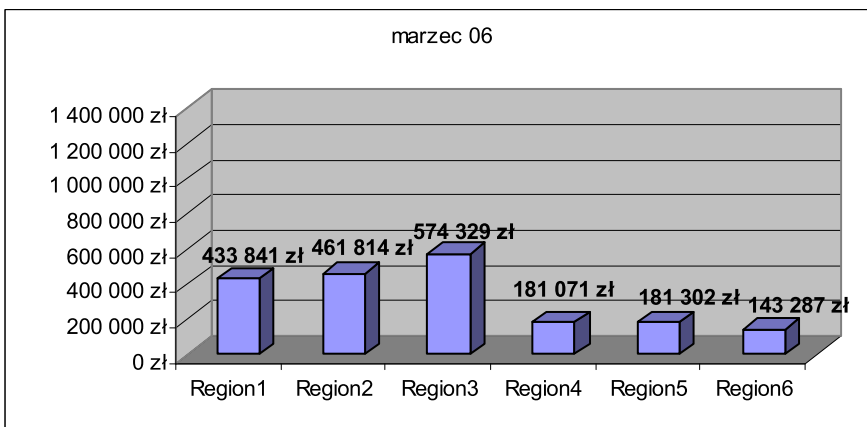
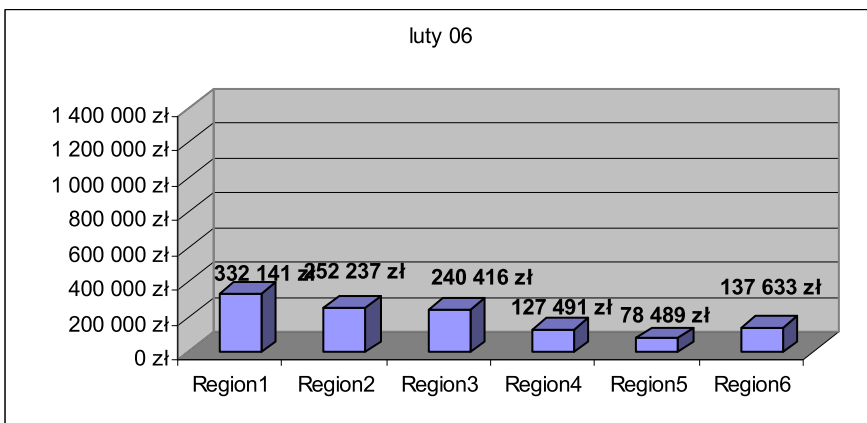
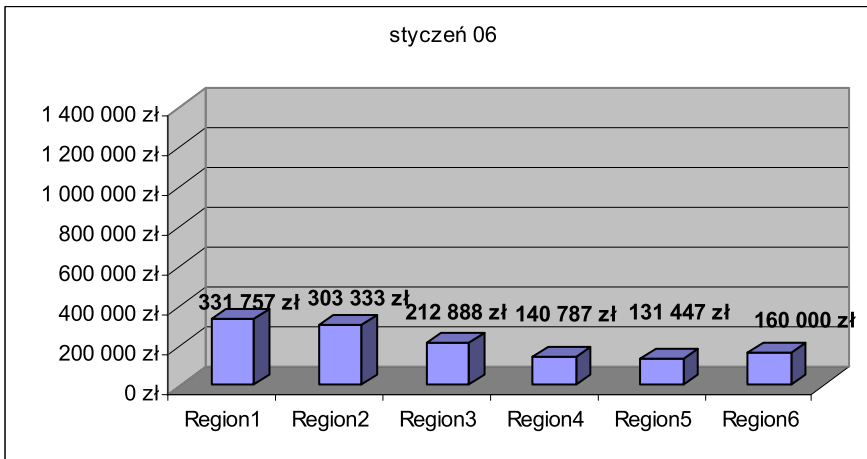
Source: Author based on Matizol database (May 2006)

Charts 22-38: Value of sales by regions in particular months:









Source: Author based on Matizol database.

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