

Strategic marketing planning: a critical part of market success

A review of the marketing function of a Cypriot liquid food-packaging company

It is no secret that if a company is looking to grow its market share and improve its overall position, the marketing function plays a key role. In this article, a liquid food packing company in Cyprus is analyzed and, through a strategic review, the authors identify ways in which its marketing function can develop the capabilities to have a fully integrated relationship with its customers and improve considerably on its current 23 percent market share.

The company in question produces cartons for a number of food producers, including a dairy company, and it is in this area that it could improve its market penetration. For this organization, the following issues were raised when a situational analysis (the first stage in the marketing planning process) was carried out.

External analysis

External micro-environmental factors

- *Political* – Cyprus joined the EU in May 2004 and therefore many laws changed in order to align themselves with those of the EU. In addition, new laws were introduced in order to encourage competition in an open-market economy.
- *Economic* – Cyprus is an industrialized economy with a growing GDP.
- *Social* – the country is becoming more conscious of health and fitness, and there is an increasing awareness of environmental concerns.
- *Technological* – IT is becoming cheaper with more practical applications and therefore more and more households in Cyprus have access to the internet.

The dairy market

- 65 million litres in total – 42 litre consumption *per capita* (this is lower than many other European countries).
- Consumption is likely to rise as Cyprus is now an EU member and lifestyle changes are anticipated.
- Dominated by three large manufacturers who all focus on short-life products in family-sized packaging.
- The market is undergoing significant change (market share is continually changing between the three competitors) and the carton is facing strong pressure from the plastic bottle (launched in 2001).

Liquid food packaging market

- Two main competitors to the company investigated in this study (whose parent company is based in Sweden).
- One is based in Norway and the other in France.
- Both have significantly lower turnover than the Swedish parent company but the Norway competitor supplies packaging to one of the major dairy producers in Cyprus.

Internal analysis

- The company has a good relationship with one of the major dairy producers in the country. The relationship is at the interdependence stage and there are high levels of customer satisfaction and loyalty.
- Little attention is paid to the marketing mix, which could adversely affect the organization. Decisions are made on an *ad hoc* basis and marketing information is not stored centrally and therefore cannot be shared. Both of these factors can cause considerable problems at times.
- The company has four main types of package ranging from low-lost low value products (C – at the beginning of its lifecycle and D – nearing the end of its life) to medium-cost mid-value (B – in the growth stage of its life) to medium-cost high-value (A – in the late introduction stage).
- In terms of the BCG matrix, product B is classed as a cash cow, D as a dog, and products A and C are in the question mark category.
- The company has an opportunity to differentiate itself from the bottle market by appealing to the environmentally-friendliness of its cartons and link this in to the new trend of fitness and health awareness.
- The dairy industry is an ideal market into which this organization can expand further, but because it has little marketing experience in this industry it needs to work closely with its existing customer in order to gain essential knowledge.
- There is also an opportunity to focus on the portion-sized package rather than the family size as there is little competition in this area.

Company and marketing business objectives

The company in question aimed to:

- grow packaging material by 15 percent in two years; and
- score 4.5 in its customer satisfaction survey in 2004 and 4.7 in 2005 (1 being the lowest and 5 the highest).

Therefore the marketing objectives were to:

- introduce a premium portion package in 2004;
- increase sales of portion packages by 20 percent in two years; and
- achieve the same scores as mentioned above in customer satisfaction surveys.

Marketing strategy

In order to achieve these goals (and based on the situational analysis mentioned above), the company developed a marketing strategy to grow through market penetration in value added liquid foods in the dairy market. This would be done through premium packaging, and therefore product A would need increased promotion. As product C is also in the question mark quadrant, it could also be promoted in order to move it into the cash cow quadrant. The funding from this could come from product B, which is currently at the cash cow stage.

The ideal market segment for this product would be the health and fitness consumer who would want to purchase an enriched milk-based product. Although children drink a great



deal of milk when they are young, as they get older other drinks (such as juice, carbonated drinks and water) become available. Therefore the organization in question should concentrate on young, health conscious adults and teenagers who are physically active.

Tactics

As mentioned previously, the company will need to develop a closer relationship with its current dairy customer by providing enhanced services. This includes helping the dairy with the development and implementation of its marketing efforts. The following marketing mix would assist the dairy customer in entering new markets as well as helping the packaging company to achieve its marketing objectives set out above:

- *Product profile* – a new milk/juice drink that is a light, modern, healthy alternative. It would be fashionable and refreshing during hot days, after exercise or as a mid-morning “energiser”. The package would have a new shape, be easy to open and environmentally friendly.
- *Promotion* – should be developed as a sub-brand with an emphasis on health, convenience and brand trust.
- *Pricing* – the dairy’s pricing strategy needs to be based on what the market can accept and consistent with its other products.
- *Place* – should be sold in all supermarkets, most bakeries, half of the kiosk outlets and sports centres/gyms.

From this analysis it is evident that there exists an opportunity for this packaging product to increase its market share whilst simultaneously developing its relationship with a major customer. However, it has also emphasized the need for a clear and coherent marketing plan, which should come as a result of a strategic marketing review.

Comment

This is a review of “Strategic marketing planning for a supplier of liquid food packaging products in Cyprus” by Demetris Vrontis, Harry Kogetsidis and Andreas Stavrou. This case study provides a clear and logical example of how basic marketing planning theory can be translated into practice. It is a little frustrating that the name of the Cypriot packaging company is not printed revealed but enough information is provided to ensure that the reader gains enough understanding to comprehend the issues the organization faced.

Reference

Vrontis, D., Kogetsidis, H. and Stavrou, A. (2006), “Strategic marketing planning for a supplier of liquid food packaging products in Cyprus”, *Journal of Business & Industrial Marketing*, Vol. 24 No. 4, pp. 250-61, ISSN 0885-8624.

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