

Strategic marketing planning in the petrochemical market

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Abstract. The market of petrochemical products is a key segment of the Russian economic system, and its subjects play a key role in the formation of the revenue part of the state budget and the active balance of payments of the Russian Federation. Hydrocarbon raw materials are indispensable and having no alternative base of technological functioning of petrochemical enterprises. Oil and gas are irreplaceable strategic resources, so their rational use, deepening of processing, is a task of national scale. It is the transition from direct export of hydrocarbons to their deep processing, to the strategic development of oil and gas and petrochemical complexes that will minimise the dependence of the Russian economy on adverse fluctuations in the world market. In the current geopolitical conditions, the subjects of the market will have to move in line with the ongoing transformation of the industry, making maximum use of strategic marketing planning tools to strengthen their own market positions, adequate to the market of increasing production volumes, winning new markets, increasing sales of products with high added value.

1. Introduction

Strategic marketing planning is a sufficient process of developing adaptive measures to changes in the external environment, which allows to increase the effectiveness of the use of internal factors of production for sustainable and successful development. In the process of marketing strategic planning, optimal goals and strategies of market participants' behaviour are developed, the implementation of which ensures their viability in the long term.

Strategic goals of any organisation are generated primarily in the external market environment, in other words - in the area of marketing interests. There is a whole range of proven marketing tools to keep the company in a leading position in a highly competitive environment. At the same time, marketing in theory and practice is considered as a strategically oriented concept, which is the foundation of management activities and is based, in turn, on legal, financial, information, intellectual and expert-analytical support.

The whole process of strategic marketing planning is a logical sequence of the following stages:

1. Strategic audit.
2. Development of the company's mission.
3. Goal setting (building a tree of goals).
4. Development of marketing strategy.
5. Development of a mechanism to monitor the implementation of the strategy. [1, p. 68]

Without the implemented mechanism of strategic marketing planning, no enterprise of the petrochemical industry is able to survive.

2. Results and Discussion

The strategic vector of modern development of world petrochemistry in developed countries is an intensive movement towards the creation of powerful industrial clusters based on the integration of oil and gas production, oil and gas processing, oil and gas chemistry. At the same time, such



consolidation is accompanied by state support in the form of participation in the creation of modern infrastructure, as well as the use of financial and tax instruments to stimulate investment. The periphery of the cluster core of petrochemical industries is the centers of engineering, consulting, scientific, educational and other services. To increase the investment attractiveness of the region, developed and developing countries create special economic zones (SEZs) around such clusters, attracting international companies. Economic support of cluster production by the state is aimed at improving the environmental friendliness and energy efficiency of production [2, 3].

The positive foreign experience of strategic development of petrochemical clusters confirmed by practice should be taken into account by all subjects of the domestic market in the development of their own long-term strategic marketing plans.

Since the world and Russian markets of oil and petrochemical products are characterised by high dynamics and intense competition, the most important stage in the development of the marketing strategy is a strategic audit of the external environment of the organisation, as well as the subsequent monitoring of the company's environment in the process of implementing the strategy.

Market research itself in the petrochemical industry has its own characteristics. This process involves the analysis of a large array of data from which you want to select only the relevant information. The audit of such elements as the structure and dynamics of development of oil and petrochemical, as well as related industries, the configuration of the world market and its impact on the domestic petrochemical sector, the key factors of success in the industry, the analysis of consumers and competitors are extremely important.

The authors' analysis of the Russian market of petrochemical products revealed the following specific features of this sector:

- Russia has significant reserves of hydrocarbons, however, the petrochemical complex, having a high potential of monetisation of strategic reserves of oil and gas, in the Russian economy takes about 1.5%. The existing production base of the domestic petrochemical industry was formed in the second half of the last century;
- offer in the domestic market of the petrochemical industry does not provide the domestic demand, significant part of which is met through imports;
- petrochemical companies are more likely to operate in the B2B market, where the main consumers are manufacturing companies that produce fuel products, polymers, fertilizers, hence the demand for petrochemicals is derived from the demand in related markets (e.g. insulation materials, building materials, packaging products, synthetic rubbers, etc.);
- the Russian petrochemical industry does not have its own specialised mechanisms to stimulate this sector, all available instruments are derived from the system of stimulation of the adjacent oil and gas industry (its state subsidies);
- the studied sector is characterised by a significant dependence on the state of fuel and raw materials markets and the conjunctural configuration of the world economy as a whole;
- the instability of commodity and product markets, as well as the need to improve production efficiency, are leading to the concentration of the industry.

In the process of analysis, the determinants that hinder the successful development of the petrochemical complex were identified.

The main internal barriers include high depreciation (up to 85%) of fixed assets of the industry with almost their maximum load, outdated technologies, lack of investment in the industry due to the low return on investment capital.

External factors impeding the development of petrochemistry are regional disproportion in the provision of territories with raw materials and energy resources, as well as in the asymmetry of their consumption; the growth of geopolitical tension, the aggravation of Russia's confrontation with a number of countries, a sharp restriction of access of Russian petrochemical companies to international credit resources, as well as to cutting-edge foreign technologies (Fig. 1).

Internal Factors	External Factors
<ul style="list-style-type: none"> • High depreciation of production assets (85 %); • Maximum capacity utilisation; • Outdated technologies and innovative backwardness in comparison with foreign complexes, high dependence on imported technologies and equipment; • Lack of investment in the petrochemical industry due to lower return on investment than investment in oil production and refining; • Insufficient development of the system of technical regulation, industry standards and quality control system of the chemical complex; • Low levels of reproduction of highly qualified personnel. 	<ul style="list-style-type: none"> • Change in the structure of proven reserves of FER (Fuel and Energy Resources) in favour of hard-to-extract and multi-component ones; lagging of growth of explored hydrocarbons from their production; • Regional asymmetry in the supply of raw materials and energy resources and their consumption; • Growth of capital intensity of scientific and technical developments; • Lack of transport and logistics infrastructure, the complexity of its expansion and access to it; • High tariffs for electricity and railway transportation; • Increased geopolitical tensions and deteriorating relations between the Russian Federation and a number of leading Western countries limit Russian energy companies' access to credit resources of major world banks, as well as to advanced technologies.

Figure 1. External and internal barriers to the development of the petrochemical industry [4]

External marketing audit is a tool for prompt and symmetrical response to global trends.

The internal audit of the company, which allows to assess its strategic potential is no less important. The main directions of internal marketing analysis are shown in fig. 2.

1. Business-process marketing in the enterprise

- SWOT-analysis and identification of key success factors (KSF);
- Strategy, mission and corporate culture;
- Methods of monitoring the implementation of the adopted strategy;
- Place and principles of organisation, as well as goals and objectives of the marketing service in the company;
- Coordination of the units' activities in the implementation of the strategy;
- Regulation of business processes.

2. Marketing tools for creating a balanced product portfolio

- Unique consumer value of the product;
- Reproducible service quality and product value;
- Assessment of the degree of importance of the types of products produced by the enterprise (ABC, XYZ, etc.);
- Monitoring of competitors' prices: business process regulations;
- Effective participation of the company in exhibitions: business process regulations.

3. Management of commodity circulation channels

- Participants in the purchase process and typical stages of the transaction;
- Structure of the sales organisation units and their interaction with the departments of marketing;
- Role and tasks of marketing departments in preparation for participation in tenders: business process regulations;
- Marketing scenario approach to motivation;
- Use of Internet technologies in promoting products to the market.

Figure 2. Key aspects of the marketing audit of business processes of the enterprises of the petrochemical sector [5, 6]

When analysing the product portfolio, it is necessary to take into account such specific features of petrochemistry as the requirements of quality standards. In this industry, the quality of the product is

determined primarily by natural indicators of the raw materials used, and secondly - the quality of production processes. It should be understood that compliance with technical and regulatory standards is extremely important for petrochemical products, while aesthetic and ergonomic parameters do not matter at all.

Therefore, maintaining a stable position in the market and ensuring high competitiveness for the petrochemical industry is possible only through the transition to environmental standards, innovative and resource-saving production technologies.

Marketing strategy of production companies operating in the market of petrochemical products is a comprehensive long-term plans for 3-5 years, designed to ensure the effective marketing of petrochemical products, the implementation of the company's mission and achievement of its long-term development goals.

In general, the algorithm for the development strategy of a petrochemical company is as follows (Fig. 3):

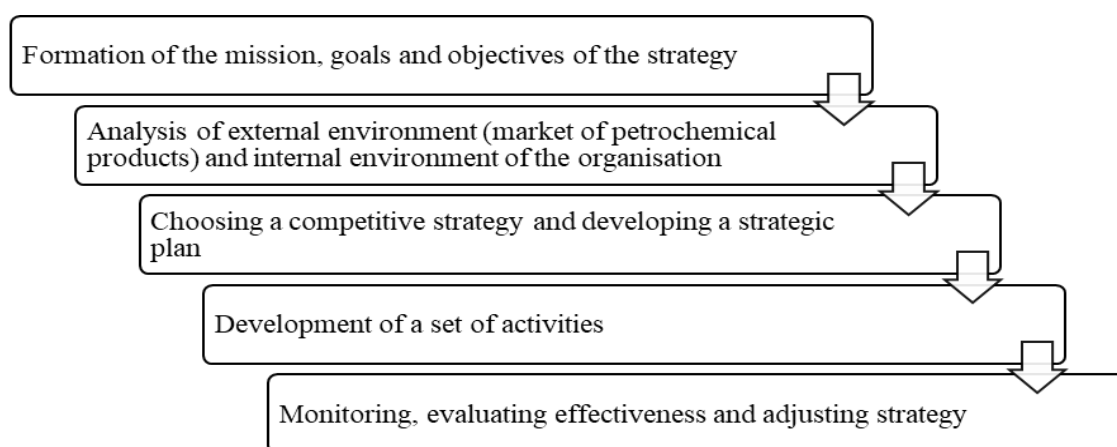


Figure 3. Stages of development of the strategy of the petrochemical complex

Thus, the consistent implementation of all stages of strategic business management in the market of petrochemical products will allow to take into account a wide range of market situations.

In the process of developing a strategy in the market of petrochemical products, enterprises should set the following targets:

- sustainable business growth;
- high quality products according to international standards;
- reliability of product supply;
- preservation of the environment and rational use of natural resources;
- high reputation in the business community;
- business transparency and social responsibility, etc.

Besides, the key trends of strategic development in this market should be taken into consideration.

Thus, according to experts, the cluster approach declared in the development plan of the gas and petrochemical complex of Russia for the period up to 2030 [7] is the most effective and expedient. It is the clusters that will be able to become the key points of growth of the petrochemical industry and increase its share in GDP, and the innovative infrastructure of cluster production should become a powerful catalyst for positive structural reforms in the economy of the country and its regions.

In accordance with the development Strategy until 2030, six petrochemical cluster production facilities should be established in Western Siberia, the Volga region, the Caspian region, Eastern Siberia, the North-West and the Far East. To date, only the Volga region production cluster has been fully formed, which has been loaded to full capacity. The main barriers to the effective launch of the remaining clusters are infrastructure constraints: weak capacity of railway and motor transport, the

lack of pipe and product pipelines. Investment needs for the formation of a full-fledged infrastructure are estimated at 1 trillion. dollars [8, p. 67].

The main driver for the development of the petrochemical industry should be the increase in value added from processing of primary raw materials of the oil and gas sector, while the development of petrochemicals in the reference scenario and in the long term should be faster than oil and gas production. To do this, it is necessary to actively increase the production of high value added products in the petrochemical sector, to create common raw materials and technological chains, to involve foreign partner countries [9].

If large integrated companies are the centers of creation of petrochemical clusters, medium and small firms in the industry will have to use the full potential of the concept of strategic marketing management to enter into the periphery of the clusters and search for their own niche in it.

The efforts of small petrochemical companies should be focused on the implementation of the following areas of strategic development:

- expansion and deepening of the range of products (due to the production of new innovative products, such as polymers with desired properties, bioplastics, membranes, etc.);
- expansion and improvement of the raw material base through the involvement of new types of raw materials (e.g., bio-raw materials);
- search for new innovative technologies of deep processing (bio-and nanotechnologies);
- search for new market niches and consumer segments;
- the combination of broad cooperation with narrow specialisation in order to reduce the cost of production, etc.

Product marketing strategies will play a special role in the petrochemical segment of the market. Foreign manufacturing is now reoriented to the production of more high-tech products, petrochemical complexes, for example, are engaged in the development of new catalysts and technologies [10, 11]. In the domestic market, the most promising are product areas with significant potential for import substitution, that is the production of synthetic rubbers, polyamides and polystyrene.

In addition, according to experts, it is imperative to stimulate the final markets for the consumption of petrochemical products. Thus, construction is the main recognised driver of consumption of petrochemical products (especially polymers, insulation materials, etc.) all over the world. The second driver is the automotive industry. Consolidation of efforts of economic entities of the market and the state on territorial localisation of production in the territory of Russia, of both accessories and raw materials for their production, is the strategically important direction of development [12, p. 166].

3. Conclusion

In modern conditions, companies in the petrochemical industry should pay more attention to marketing strategies - in a highly competitive environment and the strong impact of negative factors on this sector, only effective strategic marketing will allow business to succeed in this market. The work of marketing services allows companies to identify the most promising market niches, new target segments, develop new products demanded by the market, form a recognisable brand and build a "road map" to achieve strategic goals.

The strategic target for the development of the domestic petrochemical complex is to increase the competitiveness of products, in particular, by the deepening of processing, import substitution, the introduction of product and technological innovations.

The implementation of the strategy involves the fulfillment of such tasks as stimulation of petrochemical industries, clustering of the petrochemical industry, further development of import substitution in the industry, large-scale investments in infrastructure, introduction of innovative technologies in petrochemical production, development of human and scientific potential, active promotion of the "swarm of small enterprises" in the structure of the cluster periphery of the industry.

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