

# **B2B Marketing Strategy of a Chosen Company**

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Master thesis  
2016



**Tomas Bata University in Zlín**  
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Tomas Bata University in Zlín  
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## **MASTER'S THESIS ASSIGNMENT**

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Define the objectives and the application methods used in the Master thesis.

#### I. Theoretical part

- Compile the theoretical information about B2B marketing strategy building principles.

#### II. Practical part

- Analyze current marketing activities of the chosen company.
- Prepare the project of a B2B marketing strategy for the company.
- Submit prepared project to risk and cost analysis.

### Conclusion

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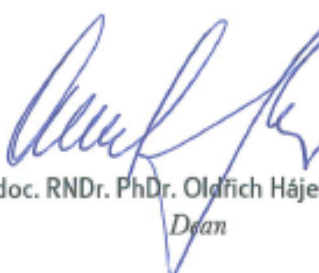
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## **ABSTRAKT**

Cílem této práce je vytvoření marketingové B2B strategie pro moldavský podnik specializující se na certifikaci zboží a služeb, kontrolu kvality, inspekci a testování. I přes poměrně úzký záběr tohoto podnikání na moldavském trhu stále existuje konkurence a proto musí mít podnik efektivní strategii orientovanou na zákazníka. Teoretická část této práce identifikuje hlavní odlišnosti mezi B2B a B2C trhy. Identifikuje také konkrétní oblasti, na které je potřeba se při tvorbě efektivní marketingové strategie zaměřit. Druhá část obsahuje analýzu současných aktivit podniku i situaci na trhu. Třetí část navrhuje novou marketingovou strategii, která zahrnuje segmentaci, positioning a nezbytnou modifikaci marketingového mixu.

Klíčová slova: B2B strategie, marketing služeb, marketingový mix, SWOT analýza, analýza PESTL, Porterova analýza

## **ABSTRACT**

The aim of this project is creating B2B marketing strategy for a Moldavian company that works in domain of certification, quality control, inspection and testing. Although the field of activity is quite narrow and specific, competition on Moldavian market still exists and in order to be successful company needs more effective, customer oriented strategy.

The theoretical part describes main differences of B2B and B2C markets and particular features, on which a B2B service company needs to focus on in order to develop an effective marketing strategy. Second part contains analysis of current company's activities and situation on the market. Third part suggests new marketing strategy, including segmentation, positioning and necessary modifications in marketing mix.

Keywords: b2b marketing strategy, marketing of services, marketing mix, SWOT analysis, PESTL analysis, Porter analysis.

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## INTRODUCTION

For today's competitive environment clearly defined and effective marketing strategy is one of the most important keys to company's success. For a B2B company it is extremely important not only to focus on quality of their products and services but also to develop a marketing strategy based on client's needs, requirements and expected benefits. B2B markets differ from consumer markets in many ways that's why B2B strategy needs to be approached differently in order to be effective and successful.

My Master's thesis is dedicated to developing a marketing strategy for a Moldavian B2B company, specialized in offering services of certification, quality control, inspection and testing. The company is an affiliate of global network, which is one of the world's leaders in this domain. Yet, it is important to develop a separate strategy for Moldavian affiliate, oriented to local market and its particular features.

In my project I focused on two departments chosen together with company's management. These departments are providing certification services according to international quality standards and have the greatest potential of development. As Moldavian companies get more oriented towards European markets, it is necessary for them to prove that their products or services are in conformity with international quality requirements. That's why services of chosen company become more demanded and it is important to elaborate a clearly defined marketing strategy that will increase awareness of the company and its services and will help to gain a bigger market share.

The project aims to analyze current situation on the market, company's present position and marketing activities and to suggest new target segments, differentiation, positioning and services marketing mix modifications that will help the company to grow market share and increase revenues of the chosen departments.

## **OBJECTIVES AND METHODS OF MASTER THESIS PROCESSING**

The main objective of this Master thesis is to prepare the project of new B2B marketing strategy for a chosen company.

Subsequent objectives of the master thesis are as follows:

- Compile the theoretical information about B2B marketing strategy building principles
- Analyze current marketing activities of the chosen company
- Prepare the project of a B2B marketing strategy for the company
- Submit prepared project to risk and cost analysis

During the preparation of the project were used following tools and methods: benchmarking, PESTL analysis, SWOT matrix, Space matrix, QSPM matrix, and Porter's five forces analysis. To conduct time analysis there was used free software WinQSB, PERT-CPM Module.

## **I. THEORY**

## 1 MAIN FEATURES OF B2B MARKETING

For B2B companies marketing is an essential tool for identifying market's needs, obtaining new costumers, obtaining growth and achieving set objectives. Ericksen, Jullens, Kataria (2009) point out, that unlike the customer markets, business markets are often underestimated with marketing focusing more on achieving product-based differentiation and customer relationships. For such kind of companies B2B marketing mostly presented a tactical support tool, not an integral strategy.

But contemporary tendencies that include globalization, growth of competition level, availability of information and choices have influenced the situation. Now in order to maintain market share, generate profit and ensure continuous growth B2B companies have to invest more in marketing and to be in line with modern technologies and tools. (Blaney, 2013)

Hutt, Speh (2012) define business markets as “markets for products and services, local to international, bought by businesses, government bodies, and institutions (such as hospitals) for incorporation (for example, ingredient materials or components), for consumption (for example, process materials, office supplies, consulting services), for use (for example, installations or equipment), or for resale.”

### 1.1 Characteristics of B2B markets

B2B markets have some unique characteristics that should be taken into consideration when working with them and developing a marketing strategy. When comparing to consumer goods markets, B2B markets have greater sales volumes, more complex, often customized goods and services, a longer and more complicated decision making process and a range of other differences. Still, B2B markets directly depend on B2C ones, because in most of the cases households and individual buyers become the final consumers of goods thus influencing on demand at B2B markets.

#### 1.1.1 Demand

As was told before, the demand on B2B markets strongly depends on the situation at consumer goods and services markets. Lilien (2012) describes this feature as derived demand. In most of the cases direct demand for B2B products is fairly inelastic.

In order to predict demand in this case companies should perform a deeper market analysis and show understanding of current market tendencies. This task is quite complicated because companies actually are not in direct interrogation with final consumer market.

Ferrell, Niininen, Brian (2014) point out that demand on B2B market is fluctuating. It is also caused by the dependence of B2B markets to consumer goods and services markets. Even small changes of demand at B2C market can become a reason for some big fluctuations for a range of B2B companies that form the supply chain for these goods.

Brassington, Pettitt (2006) also mention joint demand as one of the characteristics of B2B markets. It means that demands for different B2B products in many cases are connected to each other and B2B companies should plan their production based on coordination with suppliers and predict behavior of other companies that can potentially impact the demand for company's product

### **1.1.2 Decision making process**

People complete 57% of the purchase decision-making process before contacting a sales representative. (BDC, 2013) Decision making process in B2B marketing differs from the one for consumer markets. First of all, it involves more people, has more stages, and is generally longer and more complex.

Ray Wright (2004) points out that it is very important for the company to know who is involved into decision making process in the customer company. Those people form so-called decision-making unit or buying center.

It is crucial for a B2B company not only to know who is making decisions on client's side, but also to understand the whole decision-making process and reasons behind it. It is also important to work over establishing good relations between company-seller and decision making unit representatives.

Wright (2004) describes the following characteristics of a decision-making unit:

- Complex structure
- Many people involved
- Long time to make decisions
- Buying for the organizations
- Mainly rational reasons for purchase
- Seller may know decision making unit members for a long period

- High value goods, services, projects
- End user will probably not be a decision maker

Krishna, Havaldar (2005) and Brennan, Canning, McDowell (2014) describe the following roles that buying center members can play:

**Table 1:** Roles of buying center members (Krishna, Havaldar, 2005, Canning, McDowell , 2014)

Buying center roles	Responsibilities
Initiators	Recognize need of purchasing goods or services.
Buyers	Directly involved into selection and buying process and managing purchasing process overall
Users	People in the company who will actually use product or service
Influencers	Influence buying decisions. They can be internal members – technical specialists, quality control staff, etc. or external specialists – as experts or consultants
Deciders	People who make actual purchase decisions.
Gatekeepers	Company's members who control the information flow about the products to the other members of buying center

It is very important for a B2B company to identify the deciders in the company. For some routine or small purchases the buyer and the decider roles can be combined and played by purchase manager for example. In case of new, complex and costly purchases decisions are usually made on a higher managerial level.

B2B decision making process is usually based on many factors and therefore is more reasonable than in B2C market, where people usually make choices based on emotions and make spontaneous decisions. Consumer market is more influenced by psychological tools used in many main advertising campaigns. (Hague, Hague, Harrison, 2015). B2B marketing thus has to be based on actual product or service benefits. The decision can also be influenced by offering integral service packs, establishing closer relationship with client, offering advantageous long-term collaboration conditions.

### 1.1.3 Relationships in B2B markets

Relationships in B2B markets are crucial for obtaining and maintaining costumers. Usually B2B companies have smaller number of clients that generate larger amounts of sales. In some cases a loss of one big client can influence significantly company's overall revenue. So relationship marketing is one of the main aspects that have to be considered when establishing a B2B marketing strategy.

Mudie, Pirrie (2006) give several reasons of why relationship marketing is advantageous and beneficial for service providers, some of them are relevant in case of B2B companies which provide services:

- Relationship customers tend to increase their purchases over time, consolidating their purchases onto a preferred supplier.
- Experienced customers tend to make fewer demands on the supplier and fewer mistakes in their operation of the service. So productivity is improved and operation costs are reduced.
- Long-term customers can help to attract new customers by positive recommendations.
- There is less need to offer price promotions to the group and those customers tend to be less price-sensitive.

Relationships in B2B and B2C markets have several essential differences. For B2B markets relationship marketing plays a much more important role, requires more efforts and attention. Main differences in relationships between buyer and seller at B2B and B2C markets are listed in table 2.

**Table 2:** Relationships at B2B and B2C markets (Fill, Fill, 2005)

<b>Factor</b>	<b>B2C</b>	<b>B2B</b>
Chronology	<ul style="list-style-type: none"> <li>• Cannot be traced</li> <li>• Short-term</li> <li>• Sudden end</li> </ul>	<ul style="list-style-type: none"> <li>• Can be traced to the earlier agreements</li> <li>• Long-term</li> <li>• Continious process</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Minimal, impersonal</li> </ul>	<ul style="list-style-type: none"> <li>• More personal, both formal and informal types used</li> </ul>
Attachment of buyer to seller	<ul style="list-style-type: none"> <li>• No attachment in most cases, no difference for buyer from whom to buy the product</li> </ul>	<ul style="list-style-type: none"> <li>• Hugh attachment, can occur problems in case of switching seller</li> </ul>
Cooperation	<ul style="list-style-type: none"> <li>• No cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Joint efforts</li> </ul>

As B2B markets usually have smaller number of clients, but one client can bring high and long-term profit, it is very important to maintain strong, personal relations with each consumer, ensure a customized approach to his needs and requests and do best for ensuring that he will have a good experience from using your product or service.

Rauyruen, Miller, Barrett (2007) point out the importance of maintaining B2B customer loyalty to the supplier. Knowing about the degree of client's loyalty a supplier can perform a more effective segmentation of customers and choose a proper strategy for each segment. Understanding the level of clients' loyalty can also help the marketers to find ways to increase it and to build stronger connections.

In order to establish good relationships buyer and seller at B2B market they should cooperate, recognize each other's problems and provide solutions for them. Seller must help the buyer to reduce level of uncertainty that appears while making buying decisions. (Brennan, Canning, McDowell, 2014).

#### 1.1.4 Main types of customers

Business-to-business marketing was previously referred to as industrial marketing, but this phrase failed to recognize the involvement of a range of other, non-industrial enterprises. For example, governments and the not-for-profit sector also contribute a significant amount of commercial activity. (Fill, Fill, 2005).

According to Berkowitz, Kerin, Rudelius (2011) organizational buyers are divided into three different markets:

- **Industrial** - companies that purchase goods and services that they transform into other products.
- **Resellers** - wholesalers and retailers who buy physical products and resell them again without any reprocessing.
- **Government markets** - state and local agencies that buy goods and services for the constituents they serve.

Hutt, Speh (2012) give a different classification of B2B customers, which is presented in table 3.



**Table 3:** Classification of B2B customers (Hutt, Speh, 2012)

Commercial customers	Institutional customers	Governmental customers
Manufacturers	Schools, colleges, universities	Federal government:
Construction companies	Health-care organizations	<ul style="list-style-type: none"> <li>• Non-defense</li> <li>• Defense</li> </ul>
Service firms	Libraries	State governmental
Transportation companies	Foundations	Local governmental
Selected professional groups	Art galleries	<ul style="list-style-type: none"> <li>• Counties</li> <li>• Townships</li> </ul>
Wholesalers	Clinics	
Retailers		

A company should understand perfectly, which type of customers it is working with, which groups of customers will potentially create profit.

**1.1.5 Segmentation**

Segmentation is an important part of each B2B marketing strategy as it allows identifying main groups of clients, defining their needs and developing an individual program for each group. It is even more important in case when company has different types of goods and services or offers individual customer packages based on the specifics of a particular client.

According to Cunningham, Cunningham, Swift (1987) companies adopt segmentation strategies for the following reasons:

- Their markets are heterogeneous; that is, why different customers have different product or service needs.
- Each segment responds differently to various market appeals.
- Market segmentation is consistent with marketing concept.

It means that marketing segmentation is necessary for companies that offer different products and services to different customer groups. But even if the products are the same for all clients, segmentation can help to determine main groups of customers and find the most effective approach for persuading each group.

Chandrasekar (2010) states that customer segmentation on B2B markets can be made according to several principles common also for consumer markets:

**Geographical segmentation**, common for B2C markets can be also applied for business markets, as some industries can be geographically concentrated.

**Demographical segmentation** on B2B can include size of companies, type of business, buying methods and other specific features.

**Behavioral segmentation** can include company's attitude towards product, experience, desired benefits and usage.

Zimmerman, Blythe (2013) point out that such demographical factors as nationality, religion, age of B2B customers are less important than in case of B2C markets. Although in case of international B2B companies cultural differences can become a segmentation factor. Psychographic segmentation, based on consumer's personality, lifestyle and values is generally not applicable for B2B markets.

Coe (2003) defines 3 types of segmentation used for B2B markets:

**Macrosegmentation:** a general segmentation that can be made for example by industry, types of markets.

**Microsegmentation:** defined micro segments are divided to smaller clusters. It is much easier to find a marketing and a communication approach for such a cluster.

**One-to-one segmentation:** means marketing and communication activities developed for one specific client. This technique is especially useful for B2B company that has small number of clients or several big clients who need a particular marketing and communication strategy to be applied.

In B2B marketing segmentation in most cases can be based on the following aspects:

- Geographic segmentation
- Type of company
- Size of company
- Goods and services that client requests/ may need
- Type of buying situation (new purchase, straight re-buy or modified re-buy).

(Blaney, 2013)

## 1.2 Differences between B2b and B2C marketing

B2B and B2C markets differ in many factors, including type of and number customers, volumes of purchases, complexity of buying decision making, interaction of seller with the buyer and many others. Although for B2B and B2C markets the same marketing principles may be applied, the approaches in many cases are different.

According to Brennan, Canning, McDowell (2014) key difference is the fact that in case of B2B market the role of costumer is played by the organization. Products for B2B and B2C markets in many cases are the same, so it can be hard to distinguish between two types of markets using this criterion.

Hutt, Speh (2012) point out, that besides the nature of customer the difference may be in the way costumer uses the product. Fill, Fill, (2005) mention that marketing mix is different for B2B and B2C markets. In the below table are gathered main differences in business and consumer markets from the point of view of main parts of marketing mix and other significant characteristics (Fill, Fill, 2005, Zimmerman, Blythe, 2013, Hutt, Speh, 2012, Saha, Hossain, Islam, Rodela, 2014, Blaney, 2013).

**Table 4:** Differences in main characteristics of B2B and B2C markets (own source)

	Characteristics	Consumer markets	B2B markets
<b>Product</b>	Type of products	Standard range	Customized packages
	Size of purchase	Small quantities	Large in value and volume
	Product complexity	Lower	Higher
<b>Price</b>	Price for the same products	Higher	Lower because of high volumes
	Price sensitivity	More sensitive	Less sensitive
<b>Channels</b>	Channels	Long	Short
	Supplier switching costs	Limited	Large
	Geographic concentration	Usually dispersed	Often clustered
<b>Selling</b>	Selling process	Selling product	Selling customized packs and additional services
	Personal selling	Used rarely	Main tool

<b>Promotion</b>	Promotional focus	Psychological benefits	Economic benefits
	Primary promotional tool	Advertising	Personal selling
	Buyer-seller relationship	No strong attachment	Personal relationship
	Promotional strategies	Oriented for mass-market	Limited, customer-specific
	Branding	Extensive	Limited
	Web integration	Limited	Greater
	Market research	Extensive	Limited
	Customer segmentation	Complex	Unsophisticated
	Information about competitors	Widely available	Harder reachable
<b>Decision making and buying behavior</b>	Number of decision makers	Small	Large
	Decision time length and complexity	Short and simple	Long and complex
	Consequences of poor purchase	Limited	Potentially critical
	Nature of decision	More spontaneous	More rational
	Number of factors influencing buying	Few	Many
	Purchase cycle	Usually short	Often long
<b>Customers</b>	Purchase orientation to satisfy	Individual and family needs	Organizational needs
	Customers	Individuals	Organizations
	Nature of customers	Homogeneity	Heterogeneity
	Customer base	Larger	More narrow
	Market size	Smaller overall value	Larger overall value

We can see from the table 4 that there are several significant differences in B2B and B2C marketing, related to marketing mix and other important aspects: types of customers, character of demand, decision making process, channels, and promotion. That's why B2B markets require different approach and specifically adopted marketing strategy.

## 2 TYPES AND FEATURES OF B2B STRATEGIES

According to Wright (2004) strategy plays a key role in company's development and growth. It represents set of methods and tools needed by a company to achieve its long-term goals, remain competitive and successful. A B2B marketing strategy should be integral and cover all areas of a company. Author defines the following features of marketing strategies:

1. Should describe how the organization will achieve its objectives.
2. Should be clearly stated and long-term oriented.
3. Should perform a coordination function for all departments and marketing activities, directing them towards achieving necessary goals.

Hutt, Speh (2012) define several hierarchical levels of strategy:

- Corporate strategy
- Business-level strategy
- Functional strategy

In B2B markets strategies are usually focused on customers, unique features of products and services as well as benefits that they can give to clients. Basically, 2 main aspects are:

- Tailoring products and services for creating unique value propositions and ensure profit for both buyer and seller.
- Choosing right consumer segments and establishing close relations with them.

### 2.1 Consumer-driven marketing strategy

Represents a type of strategy designed according to the needs of a specifically chosen segment of customers.

According to Kotler, Armstrong (2014) contemporary companies realize that they cannot address their messages to all of the customers in the market. Or at least the message should be adapted to each particular segment. So the companies move from mass marketing to target marketing. They perform segmentation, select one or more segments and adopt marketing strategy and mix to each of the segments.

This approach is especially relevant for small or medium B2B companies that have limited number of clients and have to tailor their strategy not only to a specific segment, but sometimes to each potential large customer.

Kotler, Armstrong (2014) define main steps of creating customer-driven strategy:

- **Market segmentation** – dividing market to smaller segments according to specific and relevant criteria.
- **Market targeting** – choosing target segments for entry depending on each segment's potential.
- **Differentiation** – company should create a unique value proposition for customers that will differentiate it from competitors on the market.
- **Positioning** – decision on which position compared to competitors the company will occupy for the target customers.

## 2.2 Relationship marketing

Relationship marketing is not a new concept. It gained popularity in 90s and has become one of the highly used approaches that yet caused a lot of discussions and arguing. (Egan, 2008)

Gummeson (2011) defines relationship marketing as an approach to develop long-term loyal customers and thus gaining profitability.

Nick (2011) mentions that contemporary marketing has made a shift from transactional marketing, which focuses on just achieving point of sale to the relationship marketing. Author describes 3 types of relationship marketing strategies:

- **Database marketing** – generation of personalized relations with customers using database as a source.
- **Interactive marketing** – tracking the history of all communication with customer and all transactions made in order to ensure an individual approach in future. Using customer's feedback for improving products and services, maintaining dialogue with clients.
- **Network marketing** – involves direct selling by distributors that are encouraged to build their own distribution networks and personal relations with clients.

Relationship marketing can be successfully used by B2B companies, because as it was mentioned before the relationships between buyer and seller for this market are crucially important. B2B companies usually have smaller amounts of clients and several big clients that generate major profits. In this case developing a relationship marketing strategy can help the company to maintain clients for longer time raise their loyalty level and make collaboration maximally successful.

Sorce (2002) mentions factors that influence loyalty and retention of customers. These are:

- Loyalty programs
- Special recognition programs
- Affinity programs
- Community programs
- Knowledge-building programs.

### **2.2.1 CRM tools for relationship management**

Even if relationship management strategy is implemented, many companies do not succeed because of the lack of infrastructure necessary to achieve relationship management objectives. That's why CRM software becomes more popular and used for tracking and managing relations with customers. CRM software systems aim to provide all staff that interacts with customers, access to real-time customer information and a complete history of all customer interactions with the selling firm. This enables staff to answer external questions about order status and quotations as well as internal questions regarding sales forecast and relationship potential. (Nick, 2011).

Classification of CRM systems (Torggler, 2008):

- Collaborative CRM – used to manage relationships with client, establishing contacts
- Transactional CRM – used for automation of sales, customer support, complaint management, etc.
- Analytical CRM – used for market and sales analysis and prediction.

The main functions of CRM software:

- sales force automation
- marketing automation

- call center support
- personalizing a web site experience
- sending personalized emails

CRM software can have different interface and options but their main objective is providing customers information at the right place and time, supporting customer processes and encourage the development of long-term relationships between clients and enterprises. (Torggler, 2008)

CRM systems should be chosen based on ROI analysis, because their implementation can be costly and is needed mostly in case of big number of customers. Usually they are implemented in large companies that need to automate interaction with numerous clients, maintaining personal relations at the same time.

### **2.3 One-to-one marketing**

The main goal of many companies is attracting more customers in order to increase market share and sales. But in some cases it is more profitable to use one-to-one marketing which means establishing close and personal relationship with each client and selling more products or services to the customer.

One-to-one marketing represents an individualized approach, when the information about the customer and his previous interactions with the company is used to build strong, personal and long-term relationships.

There are two main goals aiming by this strategy:

- Reduce advertising costs through retention of customers
- Increase profits through achieving customer's loyalty (Lamb, Hair, McDaniel, 2009).

Article on forbes.com (2014) emphasizes efficiency of one-to-one marketing for a B2B company. This market is characterized by bigger investments and revenues from each client, so in many cases it is much more reasonable to focus marketing efforts on smaller amount of customers and developing meaningful relationships with them.

In the article are described main steps needed to build one-by-one marketing strategy:

- Build relationships

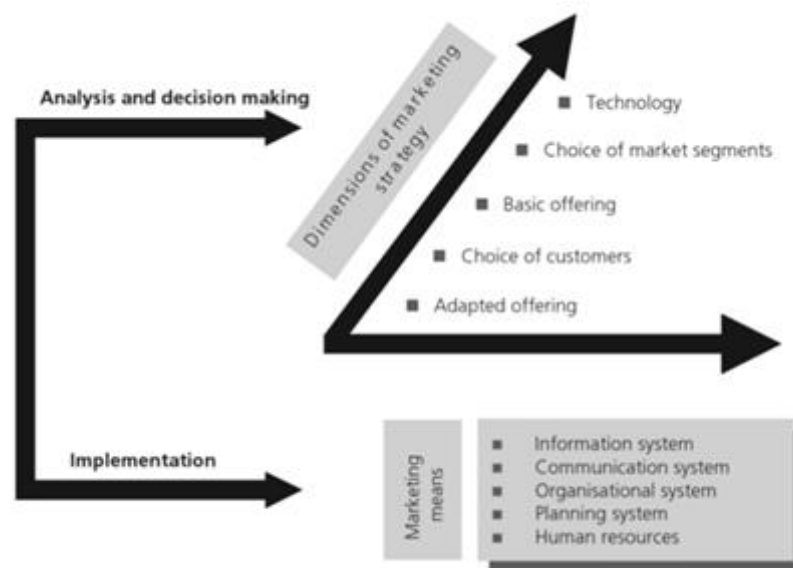


- Focus on individual customer
- Manage customers in-between purchases
- Help customers to manage their business

## 2.4 Multistrat model approach for strategy creation

The Multistrat model can be used for B2B companies, especially those that are operating internationally. It takes its name from the principle of breaking down into stages the marketing strategy for a business-to-business company. The strategy should be formulated on two levels: one for the market and second one for particular customer. These marketing levels also should be linked to global strategy of the company.

This approach helps to link global strategy with local strategy and approach to individual customers, which helps to unite these 3 areas and create an integral and effective plan. (Michel, Naudé, Salle, Valla, 2002).



**Figure 1:** Multistrat model. (Michel, Naudé, Salle, Valla, 2002)

## 2.5 The rational planning approach to strategy creation

Michel, Naudé, Salle, Valla (2002) state that for successful B2B marketing strategy creation strategic planning needs to be applied. It is generally used in order to ensure competitive advantage of the company. One of the ways to evaluate the competitive advantages of a company is applying Porter's 5 forces.

Describing rational planning approach, authors suggest the following steps for its realization:

1. External factors evaluation (opportunities and threats)
2. Internal factors evaluation (strength and weaknesses)
3. Comparison of key company's features with competitors (benchmarking)
4. Making a summary of findings in SWOT matrix (strengths, weaknesses, opportunities and threats).
5. Identification of strategic alternatives – different possible strategies.
6. Evaluation of strategic alternatives – testing the different possible strategies for their efficacy in achieving organization's goals.
7. Implementation and control of the strategy.

## **2.6 Marketing mix for developing strategy of a service company**

For strategy development it is very important to pay attention to all parts of marketing mix and figure out which of them need modification and improvement. For services marketing traditional 4 Ps are substituted with 7 Ps: product, people, price, promotion, place, processes, and physical evidence.

### **2.6.1 Product**

In case of a service providing company services play the role of product. According to American Marketing Association definition, services are 'activities, benefits or satisfactions which are offered for sale or are provided in connection with the sales of goods'. (Cunningham, Cunningham, Swift, 1987)

Specific features of services:

- Services are intangible
- Services cannot be inventoried
- Buyers are dependent on sellers
- It is difficult to specify performance standards for service industries.

Talking about service as the main product there should be also mentioned quality of services. It is crucially important and may be considered key competitive advantage of the company. That's why services providers pay great attention to quality management, estab-

lish standards and procedures for quality control, collect and evaluate customer's feedback on the quality of services provided.

### **2.6.2 People**

People are one of the main assets in every service providing company. Every employee in some degree plays role of a marketing person. (Rao, 2011) High level of competence and loyalty can create main competitive advantage for the company they work for.

People can play a crucial role in case of service providing company and influence in a great way client's perception of the service quality and overall company's performance. Usually customers may perceive personnel involved in providing a service as a part of the service. It is very important to pay attention to such aspects of managing human resources, as recruitment, selection, training, performance evaluation and motivation. (Winston, Crane, 2012).

Mudie, Pirrie (2006) when talking about service companies' development and growth refer to the term 'emotional capital', meaning the human resources available at the company and treating them as a valuable asset.

### **2.6.3 Price**

Price plays an important role in positioning products or services on the market. Positioning on B2B markets is mostly based on rational criteria, that's why setting a reasonable price that will be advantageous also for customer is crucial. (Wright, 2004)

Pricing in service sector is often not a very well defined measure. The cost of the same types of services can vary significantly from one company providing them to another, based on a wide range of factors: reputation, brand name, character of personal relationship, speed, credibility, etc.

Unlike the goods production companies, which can easily calculate all direct and indirect costs for their products and choose a pricing policy, for services it is harder to determine the price, because they are intangible.

The major cost of providing a service is labor, so the companies that use cost-oriented pricing usually base their calculations based on labor time and costs. Cunningham, Swift (1987)

Hoffman, Bateson (2015) define main factors influencing price policy of service companies:

- Cost-oriented pricing is more difficult for services.
- In many cases consumer may not know what price he will pay for services until it is provided.
- Services tend to be characterized by high fixed-cost to variable-cost ratio.
- Price can be one of the factors that mainly influences choice of supplier.
- Price discrimination is a viable practice in services.
- Comparing prices to competitors tends to be more difficult for services companies.

Main approaches that can be used for price strategy of a service company:

- **Discount pricing** – offering a commissioning or discount to intermediaries.
- **Guaranteed pricing** – when price has to be paid only after the service is provided.
- **High price maintenance pricing** – is applied when the price is strongly associated with quality of service (e.g. - doctors)
- **Value based pricing** – prices based on value given to the customer's segment. (Chowhan, 2015)
- **Satisfaction-based pricing** – appealing to the target markets that value certainty and want to reduce the risk. Can be also based on offering guarantees and certain unique benefits.
- **Relationship pricing** – pricing that helps building long-lasting relationships with customers. For example, offering better prices or larger benefits for long-term contracts.
- **Efficiency pricing** – appealing to the customers who seek for the best results for the money they pay. (Hoffman, Bateson, 2015)

#### 2.6.4 Promotion

Promotional channels for services can be the same ones as for companies that sell tangible goods. CIM (2009) emphasizes the importance of “promotion mix” which is defined as set of tools a business can use to reach its customers. The following tools are considered to be parts of promotion mix:

- **Advertising** - bringing a specific product or service to the attention of target customers. In most cases it focuses on a particular product or service. Advertising tools are: commercials, printed materials, signs, emails or mailing and others.
- **Public relations** – unpaid communication which can be not controlled by the company, but can be influenced by it. (Sharp, 2013)
- **Sales promotion** – offering advantageous conditions for the customer to motivate him to try the product. The tools used could be: advantageous pricing, coupons, sampling in shops, contests and competitions, trade deals, etc. (Yeshin, 2006).
- **Direct marketing** – represents direct communication between seller and customer without any intermediaries or additional communication channels. Helps to create direct individual relationships between seller and buyer. (Mullin, 2002).
- **Personal selling** – one-to-one communication between seller and potential buyer, where seller tries to find out customer's needs and satisfy them by selling him a particular good or service. Salesperson in this case tries to build personal relationships, identify client's needs, and show him advantageous of good or service, advice solution to client's problem. This is a relatively expensive promotional tool, but it has such advantages, as direct contact, building relationships with customers, receiving direct feedback from him for services or goods improvement. (Heerden, 2008).

Promotion mix tools can ensure an effective communication with the customer that is extremely important in today's competitive markets. Every company chooses their own tools for promotion mix, depending on the specifics of activities, type of target customers and available budgets.

Companies usually apply two types of communication strategies to ensure awareness of their services and attract customers:

- **Push strategies** – when the company gives the client information about the services even if he didn't request it.
- **Pull strategies** – when company encourages the customer to seek for his services. (Sharp, 2013)

As in many cases client is highly involved in the process of service providing and the quality of service in many cases strongly depends on client, companies should pay great attention to training and educating the customer in order him to be aware of how to use the service in the most efficient way. So promotional program should be oriented not only to attracting new customers but also to inform clients on the way of most effective service use, train them and help them to improve their experience. (Rao, 2011).

### **2.6.5 Place**

Distribution policy differs from the one that is used for tangible goods. There is no storage applicable for services, as well as retailing and wholesaling – channels widely used by tangible goods producers. Though another channels can be widely used by services distributors. They include electronic channels, agents, brokers, franchisers. Intangibility of services in this case represents their benefit. It helps companies to save money on physical channels and also allows using direct selling widely. (Rao, 2011)

### **2.6.6 Processes**

Processes represent actual procedure, mechanisms and flow of activities through which a service is delivered (Zeithaml, Bitner, 2007)

Process is set of activities that ensure availability and quality of the provided service. Process efficiency describes way in which physical setting is designed technologically and functions that are scheduled and routed to provide the services. (Rao, 2011)

The dimensions of a process's efficiency and effectiveness:

- Length: the number of steps that participants have to follow in order to affect service delivery.
- Duration: the time that elapses from the first to the last activity of the service delivery process.
- Logistical effectiveness: the degree of smoothness in the flow of the steps of the service delivery process.

### 2.6.7 Physical evidence

Physical evidence is defined by Zeithaml, Bitner (2007) as the setting where the service is delivered:

- Points where the service company and the customer interact
- Any tangible components that facilitate performance or communication of the service.

Role of physical evidence for service companies:

- Influences the overall service perception by the customer.
- Increases desire to buy the service.
- Creates differentiation of the company from competitors.
- Helps to build relationships.

Physical tangibles are important for services offering. Customer in many times cannot see the service itself, but they can see the tangibles that are related to the service and form their opinion based on them so physical evidence plays an important role in shaping client's perceptions of the company and influencing his expectations. (Rao, 2011).

### 3 ANALYTICAL TOOLS USED FOR STRATEGY DEVELOPMENT

#### 3.1 Benchmarking

Prašnikar, Debeljak, Ahčan (2010) define benchmarking as a process of creating business knowledge by comparing and analyzing business information about other companies with the goal of improving the quality of decision-making.

Lankford (1999) states that although from the technical point of view benchmarking is quite an easy tool, it should be taken seriously. Subjective approach and lack of relevant information can make this tool not efficient and cause some misleading results.

Basically benchmarking represents the practice of learning from others, using their knowledge, best practices and experience to improve the performance of the company or certain company's department. Benchmarking analyses performance of the company, notes strengths and weaknesses and assesses what areas need improvement.

Lankford (1999) also define main types of benchmarking:

- **Strategic benchmarking.** Applied on top management level. This type of benchmarking is used for the strategies of the competitors and analyzes what exactly makes them successful.
- **Competitive benchmarking** - this form of benchmarking is measuring the performance, products, and services of an organization against its direct or indirect competitors in its own industry.
- **Cooperative and collaborative benchmarking** - information is shared between groups of firms. It is a brainstorming session among organizations.
- **Internal benchmarking** - a comparison of an organization's internal activities and processes. Used by the company to understand strengths and weaknesses of its own products and services.

Comparison of chosen areas of the company to competitors is a widely used practice that helps the company to define areas where improvement is needed and achieve competitive advantage on the market. Benchmarking, when properly used, can become a powerful tool that helps to create a successful marketing strategy and to straighten company's positions.



### 3.2 Porter's analysis

Porter's analysis is based on the assumption that an industry is influenced by five forces. In strategic planning this model can be used for better understanding of the industry and market where the company operates. (quickmba.com, 2010)

Porter's five forces determine how attractive the market is from the point of view of competitive intensity. Attractiveness is defined by profitability of the industry where the company operates, assessing existing risks and opportunities. (Team FME, 2013)

Five key factors the model uses to identify and evaluate potential opportunities and risks are:

- Competitive Rivalry
- Threat of New Entrances
- Threat of Substitutes
- Bargaining Power of Suppliers
- Bargaining Power of Customers

The description of the components of each force is given in the appendix I.

Two of five forces involve the buyer-supplier relationship, one from the buyer's side and the other from the supplier's.

Every company's goals include achieving profit by creating relationships with suppliers and buyers. The main goal of the company is developing strategy that reduces power of suppliers by using various supply channels and reducing power of buyers by offering unique services, diversification of portfolio, good relationship management, making switching unprofitable and other techniques.

The same approach can be applied regarding each of five above-mentioned forces in order to achieve advantageous position on the market, reduce risks and use the opportunities that exist.

### 3.3 Internal and external factors evaluation

In order to build an effective strategy internal and external factors that influence overall organization's performance should be analyzed. Internal factors are strengths and weaknesses, external factors are threats and opportunities (SWOT). Main environmental issues are summarized in form of opportunities and threats, organization's key characteristics are listed as strengths and weaknesses.

Internal and external factors, presented in one frame, are interconnected. For example, in order to use an opportunity at the market company should have an internal strength for doing it. (Sharp, 2013).

4 types of factors are analyzed:

- **Strength** (internal factor) – what makes company better than the others, gives it a competitive advantage and helps to attract and retain customers.
- **Weakness** (internal factors) – what parts of company's activities need to be changed/ improved. What stops the company from obtaining its goals and reaching more customers/ getting more profit, etc.
- **Opportunities** (external factors) – external factors, such as trends, new technologies, etc. that can be used by the company to make its performance better, achieve goals, expand, attract new customers, etc.
- **Threats** – external obstacles that become a barrier for the company from achieving its goals and may create potential problems.

Strengths and Weaknesses are internal factors that can be determined by analyzing main company's activities, features and characteristics. Opportunities and Threats are external factors. In order to determine it company should perform the analysis of external environment and to understand which factors can influence its activities. For this scope can be used PEST analysis or one of its variants.

PEST analysis includes 5 main parts:

- Political factors
- Economic factors

- Social factors
- Technological factors

There also exist some extended variants of this analysis:

- PESTL (legal factors are added).
- PESTLE (environmental factors are added).
- SPELIT (Intercultural factors are added. (mindtools.net, 2016))

For B2B marketing it is extremely important to understand external factors, related not only to economic issues, but also social and cultural ones. Although as direct clients company has another companies and not final users of products, B2B Company's activity strongly relates on consumer markets which form final demand for products of B2B clients. So if there are some issues with demand on consumer market it will strongly affect B2B companies also. Technological external factors can play role of opportunity for B2B companies because they can result in new business services that can be offered to B2B customers. Technological factors can become a threat in case they offer a substitute to company's product or service. (Sharp, 2013)

That's why all parts of PESTL analysis should be performed and a company should pay great attention to its external environment.

### **3.4 IFE and EFE matrixes**

Represent the continuation of SWOT and PESTL analysis. All internal and external factors that were determined are placed in tables. They are assigned weights from 0 to 1 according to the importance. Sum of ratings should be equal to one. Ratings are assigned in the following way:

4 – to major strength for IFE table and major opportunity for EFE table

3 – to minor strength for IFE table and minor opportunity for EFE table

2 – to minor weakness for IFE table and minor threat for EFE table

1 – to major weakness for IFE table and major threat for EFE table (Ommani, 2011)

Examples of IFE and EFE matrixes are given on the figure 2.

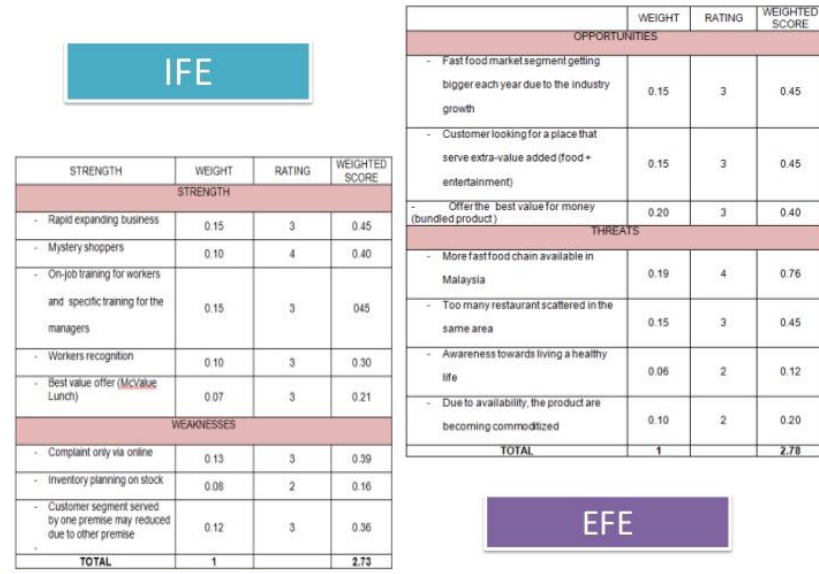


Figure 2: IFE and EFE matrix (Slideshare.net, 2016)

### 3.5 SPACE matrix

The strategic position and action evaluation (SPACE) matrix is a management tool used to analyze a company's business. It is used to determine what type of strategy a business should undertake. (Ommani, 2011) SPACE Matrix represents a four-quadrant Framework which indicates whether aggressive, conservative, defensive or competitive strategies are appropriate for a given enterprise company. The SPACE Matrix Analysis is most often employed during professional market analysis of a firm. (Bhandari, 2013).

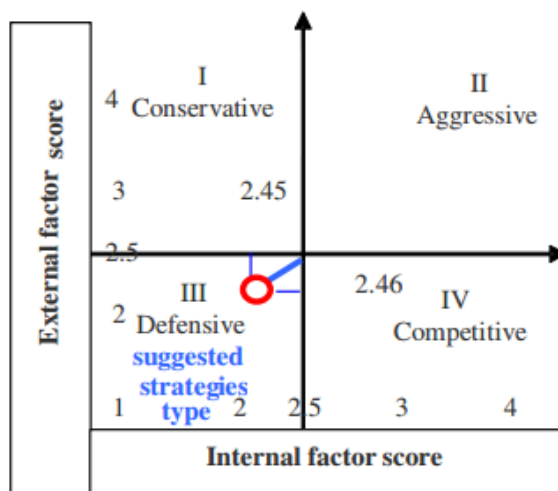


Figure 3: SPACE matrix (Ommani, 2011)

### 3.6 SWOT matrix

SWOT is the first step of planning and it helps planners to focus on key subjects. SWOT method is a key tool used in businesses to formulate strategic plans. SWOT matrix comprises four strategic groups:

- How strengths are used to take advantage of opportunities.
- How weaknesses are reduced by taking advantage of opportunities.
- How strengths are used to reduce the impact of threats.
- How weaknesses that will make these threats a reality are addressed. (Ommani, 2011)

From the previous step (designing SPACE matrix) we can see the type of strategy that should be used (aggressive, defensive, competitive and conservative). Based on it we will design our strategic goals using one key internal group of factors (strengths or weaknesses) and one key external group of factors (opportunities or threats). Example of strategy formulation process is given in Appendix II.

### 3.7 QSPM

QSPM is used for prioritizing factors according to their importance and relevance to key identified internal and external factors.

The relative importance of various facts, figures, trends, and data is deciding among feasible alternative strategies to pursue is critically important in formulating strategies that can provide major competitive advantages to the firm. (David, David, David, 2009)

In QSPM weight of each internal and external factor (from IFE and EFE matrix) are multiplied to attractiveness scores of each goal related to each factor (AS). The number we get is total attractiveness score (TAS). The summ of all TAS will give us total attractiveness score of a goal (STAS). Based on STAS goals will be prioritized. (Ommani, 2011)

## **II. ANALYSIS**

## 4 COMPANY PROFILE

### 4.1 Global company characteristics

Company represents one of the world's leaders in the domain of certification, verification and testing. Company operates in more than 140 countries, has over 85 000 employees working in 1800 offices all over the world.

Company's aim is to provide services to producers, exporters, importers and other organization through all value chain, supporting their business, insuring clients' sustainable growth and developing.

Global network and expertise of the company help its clients reduce risk, improve efficiency and ensure compliance to contractual or regulatory requirements in all manufacturing or sourcing

**Vision:** company aims to sustain one of the most competitive and productive state among service companies in the world. Company's core competencies in inspection, verification, testing and certification are being continuously improved to be best-in-class. Company's chosen markets are and will be determined by the ability to be the most competitive and to consistently deliver unequalled service to customers.

**Values:** We seek to be characterized by our passion, integrity, entrepreneurialism and our innovative spirit, as we continually strive to fulfill our vision. These values guide us in all that we do and are the bedrock upon which our organization is built. (Company web-site, 2016)

### 4.2 Characteristics of the Moldavian affiliate

Company has begun its activity in the Republic of Moldova in 1993, when, together with the Ministry of Foreign Economic Relations has organized a symposium concerning the assistance for export and import transactions of local economic agents.

As a result of the meeting in 1994 the Moldovan Government requested the opening of company's affiliate in Moldova as a nongovernmental organization. Establishment of Moldavian affiliate was supported by the President of the Republic of Moldova and the Government.

The head office is situated in Chisinau, Moldova. The services are rendered on the territory of Moldova as well as in ports through Moldavian head office.

**Table 5:** Main company's characteristics. Source: internal information

<b>Characteristics</b>	<b>Description</b>
Number of offices	1
Number of laboratories	1
Number of employees	25 full-time and 30 casual employees
Largest areas of activities	<ul style="list-style-type: none"> <li>• Agricultural Services</li> <li>• Testing Services</li> <li>• Systems and Services Certification</li> </ul>
Activities performed	<ul style="list-style-type: none"> <li>• Certification of agricultural producers according specific standards</li> <li>• Certification of exporters and importers who work with organic products against specific standards</li> <li>• Another services for exporters of agricultural and food products</li> <li>• Certification of food producers against food safety standards</li> <li>• Certification of all types of companies according Quality management systems standards</li> <li>• Trainings and consultations</li> </ul>

### 4.3 Company portfolio

#### 4.3.1 General services portfolio

##### 1. Agricultural services.

Inland and port operations:

- Quality/quantity inspections
- Weighing
- Sampling
- Analysis
- Supervision of loading and discharging
- Tally
- Intake
- Outtake
- Monitoring of storage



2. **Minerals services:**
  - Certification of imported coal and exported steel raw materials.
3. **Consumer testing services:**
  - Testing
  - Product inspection
  - Process assessment
  - Technical assistance
  - ORGANIC certification
  - Globalgap certification
  - Non-GMO certification
  - GMP+ certification.
4. **Systems & services certification.**
  - ISO 9001
  - ISO 22000 certifications.
  - HACCP
  - OHSAS 18001
  - ISO 14001
  - ISO 27001
  - QMS Training.
5. **Industrial services**
  - GOST R certification

#### **4.3.2 Description of the services provided by departments chosen for the analysis**




For the analysis and strategy modification there were chosen 2 departments within the company : Systems and Services Certification, Consumer Testing Services as these two departments have the biggest potential for development and provide quite similar range of services.


Within these two departments company provides the following types of services :

- Certification of goods and services
- Certification of Quality Management Systems
- Trainings



- Consulting services




**Table 6:** Customer Testing Services department: range of standards (own source)

Standard	Description
<p>EU Organic</p> 	<p>Certification of agricultural producers, processors, distributors, exporters and importers against EU standard (Organic regulations EC 834/2007 and EC 889/2008). Standard assesses quality management system of the company, restricts utilization of chemical and harmful substances, genetically modified organisms, hormones, antibiotics, etc. Ensures that certified products are of organic quality, don't contain any forbidden harmful substances and are grown in natural conditions. (Company's web-site, 2016)</p> <p>In Moldova such products are usually grown and certified for export to EU countries as those products are demanded and bought by importers for a better price.</p>
<p>GlobalGAP</p> 	<p>Set of international standards for Good Agriculture Practices. A voluntary certification that shows company's commitment to GlobalGAP values and rules. Standard ensures quality and safety of agricultural products and sets up rules for production according to principles of health and safety of workers and environment protection. (Globalgap.org, 2016)</p> <p>There are sets of standards for different types of products, but in Moldova the most used ones are GlobalGAP for fruits and vegetables. Farmers and exporters who get certified usually do it with purpose to export product to European Union for a better price.</p>
<p>Gmp+</p> <p>Feed Safety Assurance</p> 	<p>GMP+ Feed Safety Assurance is a complete module for the assurance of feed safety in all the links of the feed chain. Demonstrable assurance of feed safety is a 'license to sell' in many countries and markets and participation in the GMP+ FSA module can facilitate this excellently. Based on needs in practice, multiple components have been integrated into the GMP+ FSA module, such as requirements for the quality management system (ISO 9001), HACCP, product standards, traceability, monitoring, prerequisites programs, chain approach and the Early Warning System. (Gmpplus.org, 2016)</p> <p>In Moldova this standard is still gaining popularity and usually applied by producers and exporters of cereals intended to be used as animal feed.</p>
<p>Non-GMO</p>	<p>Company's internal standard for producers that evaluates their production methods and supply chain to ensure that the products they produce don't contain genetically modified</p>

Standard	Description
	organisms and that none of those are used during production process. (Company’s web-site, 2016)
Product inspections and testing.	Quality and quantity inspections of different consumer goods according to producer’s / importer’s / exporter’s requirements in order to assure that products are of necessary quality and quantity and that contractual conditions during export or import are respected. Include on-site inspections, weighting, sampling, performing laboratory testing in company’s and external laboratories, issuing reports.

**Table 7:** System and services certification department: range of standards (own source)

Standard	Description
ISO 9001 	ISO 9001:2015 sets out the criteria for a quality management system and is the only standard in the family that can be certified to (although this is not a requirement). It can be used by any organization, large or small, regardless of its field of activity. In fact, there are over one million companies and organizations in over 170 countries certified to ISO 9001. This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. (iso.org, 2016)
ISO 22000 	SO 22000:2005 sets out the requirements for a food safety management system and can be certified to. It maps out what an organization needs to do to demonstrate its ability to control food safety hazards in order to ensure that food is safe. It can be used by any organization regardless of its size or position in the food chain. (iso.org, 2016)
HACCP	HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product. (US FDA, 2015)
OHSAS 18001	OHSAS 18000 is an international occupational health and safety management system specification. It comprises two parts, 18001 and 18002 and embraces BS8800 and a number

Standard	Description
	<p>of other publications.</p> <p>The standard helps: minimize risk to employees; improve an existing OH&amp;S management system; demonstrate diligence; gain assurance; etc. (ohsas-18001-occupational-health-and-safety.com, 2016)</p>
<p>ISO 14001</p> 	<p>The ISO 14000 family of standards provides practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities. ISO 14001:2015 and its supporting standards such as ISO 14006:2011 focus on environmental systems to achieve this. The other standards in the family focus on specific approaches such as audits, communications, labeling and life cycle analysis, as well as environmental challenges such as climate change. (iso.org, 2016)</p>
<p>ISO 27001</p> 	<p>The ISO 27000 family of standards helps organizations keep information assets secure. Using this family of standards will help your organization manage the security of assets such as financial information, intellectual property, employee details or information entrusted to you by third parties. ISO/IEC 27001 is the best-known standard in the family providing requirements for an information security management system (ISMS). (iso.org, 2016)</p>

#### 4.4 Current marketing activities held by Moldavian affiliate

Marketing activities are important for the Moldavian office, because Moldavian market is quite small and in order to meet financial objectives set it is crucial to use all possible ways of attracting customers.

Company currently is using few types of marketing activities:

- For research and identification of potential customers open databases are used.
- Selected companies are added to a list and then are contacted via e-mail. After that manager calls them and suggests company’s services. If they are interested, personal meetings are organized. This scheme (push-tactics) is widely used, although not so effective in this case because the company provides a range of quite specific

services, so it is quite hard to convince a potential client, who initially may be not interested, that he needs them.

- Some potential clients who need this type of services contact the company by themselves (pull-tactics). They usually find out about the company from Mass-media or other communication channels used in marketing activities. The percentage of conversion from potential into actual clients in this case is quite higher than in previous one.

Main marketing communication channels and tools used:

- Printed advertising (in business editions of newspapers, journals, etc.)
- Database marketing
- Email marketing
- Telephone marketing
- Occasional participation in topic related TV programs
- Participation in different events (conferences, seminars, exhibitions) where potential clients can be found

The company uses quite a wide range of channels, although not all of them are so effective. There is also lack of modern advertising tools used: marketing via internet is done only by email. Moldavian office doesn't have its own locally adopted web-site and doesn't use social media.

Company doesn't perform any systematic market research. There is also no research of existing customers satisfaction level made.

There is no any CRM tools used and no clear tracking of relations with a certain costumers is done, so in case the employee who was in contact with this client leaves, there can be problems in recalling history of client's relations with the company. Despite that company showed growth in revenues and number of customers during past couple of years. It is explained by specificity of services provided, strong brand name all over the word, good company reputation, services quality and managing relationships with existing clients.

Using a range of more relevant and efficient marketing tools and performing a market research on a regular basis will help the company to obtain more clients, and proper CRM will help to maintain them.

## 4.5 Competition analysis and benchmarking

There are several competitors of the Company at the Moldavian market. All of them differ by size, location and range of services so from this point of view there are no competitors that provide exactly the same range of services as the company.

Some of the companies are situated in Moldova, other ones are located abroad in neighbor countries (for example Romania and Ukraine) and in order to provide the services send their auditors to the location where the company is situated.

For benchmarking analysis there were chosen 3 biggest companies who have a range of services close to the chosen company's and analyzed according to the selected criteria.

**Table 8:** Benchmarking analysis (own source)

Key factors	Chosen company	Competitor 1	Competitor 2	Competitor 3	Average per factor
Range of services	3	4	4	3	3,5
Quality	5	4	5	4	4,5
Brand name	5	3	4	4	4
Price	3	3	3	4	3,25
Promotion:					
- Web-page	3	4	0	3	2,5
- Other online channels	3	3	3	3	3
- Offline promotion	4	3	4	4	3,75
Speed	4	4	4	4	4
Physical place	5	4	5	3	4,25
Learning activities	4	2	2	3	2,75

Key factors	Chosen company	Competitor 1	Competitor 2	Competitor 3	Average per factor
Consulting activities	4	4	4	4	4
<b>Average per company</b>	<b>3,91</b>	<b>3,45</b>	<b>3,45</b>	<b>3,55</b>	

We can see that overall chosen company has quite strong position compared to the competitors.

Analyzing average in categories we can see that the company is below the average benchmark at the following factors:

- Range of services – in order to remain competitive and increase market share, company should introduce new activities into service portfolio, after performing the analysis of market demand.
- Web-page – it is crucially important for the company to create local affiliate's web page with content translated into local languages, full description of services and affiliate's contacts.

The following categories are very close to average so also need to be improved:

- Other online channels – recently very few marketing channels are used. This should be improved, because online tools are necessary in modern business, may help to attract clients and in many cases are quite cheap or can be used for free.
- Prices – are higher than those of most of the competitors. They can remain at the same level, but stronger positioning statement is necessary, Also clearer pricing policy and discount programs are recommended.

This should be taken into consideration when developing new marketing strategy for the company.

## 4.6 Current clients and segmentation

Company works with the following types of B2B customers:

- Agricultural producers
- Agricultural processing companies
- Food producers
- Exporters of agricultural and food products
- Services providing companies
- Companies of other specifics of activity

Following segmentation principles are applied:

- Type of the services offered
- Country where client company is situated

Currently company has around 20 permanent clients for agricultural products certification and 30 clients for systems and services certification. Permanent clients represent 40 % of the total number of clients served annually.

## 4.7 SWOT analysis

### 4.7.1 IFE matrix

Represent strengths and weaknesses (internal factors) of the chosen company. Summary of internal factors evaluation is presented in table 9.



**Table 9:** IFE factors (own source)

	<b>Internal Factors</b>	<b>Weight</b>	<b>Rating</b>	<b>Weighted score</b>
<b>Strengths</b>	Skilled human resources	0.04	4	0.16
	Offering unique services on the Moldavian market	0.06	4	0.24
	Support in providing services from the offices all over the world	0.04	4	0.16
	Company’s high international reputation and reliability	0.04	3	0.12
	Quality of services provided	0.05	4	0.2
	Range of services	0.03	3	0.09
	Flexible timings	0.05	3	0.15
	Strong position on the market	0.04	3	0.12
	Permanent growth and development, high growth rate	0.03	3	0.09
	Experience in providing services	0.04	3	0.12
	Distribution and sales networks	0.05	3	0.15
	Brand name	0.04	4	0.16
	Wide internal knowledge database	0.05	3	0.15
	<b>Total</b>	<b>0.56</b>		<b>1.91</b>
<b>Weaknesses</b>	Limited qualified workforce	0,04	2	0,08
	Limited office capacity and productivity	0,04	2	0,08
	Prices higher than can offer competitors	0,06	1	0,06
	Weak local marketing	0,06	1	0,06
	Low level of utilization of modern systems and technologies in operating, advertising, etc.	0,06	2	0,12
	Low utilization of digital marketing channels	0,05	2	0,1
	Absence of company’s local web-page	0,05	1	0,05
	No clearly defined pricing policy	0,05	1	0,05
	No loyalty programs implemented	0,03	2	0,06
	<b>Total</b>	<b>0,44</b>		<b>0,66</b>
	<b>Total weight score</b>	<b>1</b>		<b>2.57</b>

#### 4.7.2 PESTL analysis for EFE factors determination

##### Economic factors

From the Economic point of view Moldova can be considered a developing country with developing Economy. Recent years have rather shown stagnation, and were quite challenging for the Moldavian economy. It is based on the political situation, which highly influences country's economic development. (imf.org, 2015)

Economic growth and the poverty reduction trend is closely correlated in Republic of Moldova with the flow of remittances and consumption generated by the latter.

Total disposable income is highly influenced by the revenues of people working abroad. Constrained by the limited capacity of domestic production, this demand was largely met by imports of goods and services. The national public budget has benefited from this, but the trade balance has turned into an alarming trade deficit. (worldbank.org, 2015)

**Table 10:** Economic indicators of Moldova in 2010-2014 (focus-economics.com, 2015)

Economic factor	2010	2011	2012	2013	2014
GDP per capita (EUR)	1,279	1,373	1,600	1,732	1,687
Economic growth (GDP, annual variation in %)	7.1	6.8	-0.7	9.4	4.6
Unemployment rate	7.5	6.2	5.9	4.1	3.5
Public debt (% of GDP)	26.3	23.7	24.3	24.1	27.0
Inflation rate (CPI, annual variation in %)	7.4	7.6	4.7	4.6	5.1
Exchange Rate (vs EUR)	16.25	15.19	16.00	17.88	18.88
Exports (USD billion)	1.5	2.2	2.2	2.4	2.3
Imports (USD billion)	3.9	5.2	5.2	5.5	5.3

##### Political and legal factors

Political situation in Moldova is quite unstable for the couple of recent years, which leads to unstable situation in business markets, which strongly depend on politics. (imf.org, 2015)

Recent politics of EU integration is beneficial for the analyzed company because European quality standards become more demanded, the trade volumes among EU and Moldova are growing, EU is providing larger quotas for fruit and vegetable export from Moldova. All this leads to growing number of customers for the chosen company.

One more factor is legislation, especially in the domain of agricultural products and food safety and quality. More European quality standards are adopted in Moldova and become compulsory. More farmers and food producers are willing to implement voluntary standards to become more competitive, set higher prices for their products and find buyers abroad.

### **Technological factors**

Modern agricultural and food production technologies are starting to get adopted in Moldova. More companies are starting to use modern equipment and technologies to achieve higher quality of their products.

Healthy products without chemicals and harmful substances become more demanded in the country and abroad. Organic products also gain popularity in Moldova; several Organic shops were opened in 2014-2015. Buyer's requirements, especially from abroad are constantly growing which makes it necessary for farmers and food producers maintain higher quality of products and implement quality management systems.

Some of the companies still prefer not to invest in development and use old equipment and technologies, but they become not so competitive and it's harder for them to find potential buyers for the products. (imf.org, 2015)

One more technological change is growth of internet users which makes it easier to achieve target auditory through digital channels.

### **Social factors**

From social point of view we can see the migration of population. (Worldbank.org, 2015). More people are working abroad and taking there their families. We can also see the phenomena of aging of the population, because most of younger people go abroad.

Some of the people however come back to Moldova with the money earned abroad and invest them into local business, for example agriculture. This is a positive thing because it leads to local economy development. Often they adopt techniques seen abroad which makes their companies competitive and ensure higher quality of their products.

**Table 11:** PESTL analysis. Economic factors (own source)

PESTL analysis factors	Note	Potential impact	Implication			
			Time frame	Type	Impact	Relative importance
Corruption	Can influence overall market situation and company`s activity	L	24+	N	Decreasing	Low important
Inflation rate	Lowers the purchasing power of local customers	M	24+	N	Increasing	Low important
Unemployment rate	General indicator of economic situation	L	24+	N	Increasing	Low important
Export	Export to EU volumes are growing which means increase of demand for the company`s services	H	24+	P	Increasing	Critically Important
Import	Importers are a category of company`s potential clients	M	24+	P	Increasing	Low Important
Tax rates and tax regulations	Have impact on the local business and thus to potential number of local clients	L	24+	N	Increasing	Low Important
Foreign investments and access to public funding	Investing to agricultural and production unit from local and foreign funds have a good impact on the number of potential exporters	M	12-24	P	Increasing	Low important

**Table 12:** PESTL analysis. Political and legal factors (own source)

PESTLE analysis factors	Note	Potential impact	Implication			
			Time frame	Type	Impact	Relative importance
Unsystematic changes	Not relevant changes during year which make business harder.	L	12-24	N	Unchanged	Low important
Low efficiency of law	Can affect business of company and its clients	L	12-24	N	Unchanged	Low important
High bureaucracy	Makes entrepreneurs life harder, government needs lots of official documents.	L	12-24	N	Decreasing	Unknown
Legislation for agricultural and food products	More strict legislation leads to the necessity of providing quality control services and implementing more strict standards	M	12-24	P	Increasing	Critical important
Financial support of organic producers	Leads to the increasing demand in organic certification services, thus increasing number of potential clients	M	12-24	P	Increasing	Critical important
Unstable political situation	Lead to unstable financial situation and creating undesirable conditions for the business	L	12-24	N	Decreasing	Low important
Politics of EU integration	Growing level of cooperation between countries, finding new markets for Moldavian producers, motivating them to implement quality standards, motivating them to implement quality standards,	M	24+	P	Increasing	Critical important

**Table 13:** PESTL analysis. Technological factors (own source)

PESTLE analysis factors	Note	Potential impact	Implication			
			Time frame	Type	Impact	Relative importance
Information and communications	Placement of information in Internet and development of effective communications via social media and web site can increase costumer’s loyalty and sold volumes	M	24+	P	Increasing	Critical important
Development of new production technologies for healthier products	New technologies help to provide healthier products to the consumer	L	24+	P	Increasing	Low Important
Improving product quality	Leads to growing number of exporters	L	24+	P	Increasing	Low Important
Growing number of agricultural producers willing to implement European quality standards	Leads to higher number of potential clients	H	12-24	P	Increasing	Critical Important
Adopting organic production technologies	Growing number of clients	M	24+	P	Increasing	Critical important
Growing quality requirements from foreign buyers	Growing need in certification against quality standards, performing surveys and checks	H	24+	P	Increasing	Critical important
Usage of old technologies and equipment by most of the companies	Some companies don’t have enough sources or will to improve quality of their products.	L	12-24	N	Decreasing	Low important

**Table 14:** Cultural and social factors (own source)

PESTLE analysis factors	Note	Potential impact	Implication			
			Time frame	Type	Impact	Relative importance
Geographical area	Historically is good for growing high quality products which creates big number of exporters – our potential clients	M	24+	P	Unchanged	Low important
Aging of the population	Yong people have tendency to leave the country. Older people are less flexible in adopting new technologies and implementing standards	L	24+	N	Increasing	Low important
Migration tendency	Less young people re willing to work and ope business in Moldova which means that potential market is becoming smaller	L	24+	N	Increasing	Low Important
People coming back from abroad and adopting modern technologies	Influence positively potential number of customers	M	12-24	P	Increasing	Low important
Population size	Influences potential number of customers	L	24	N	Increasing	Important

## 4.7.5 EFE factors

Table 15: EFE factors (own source)

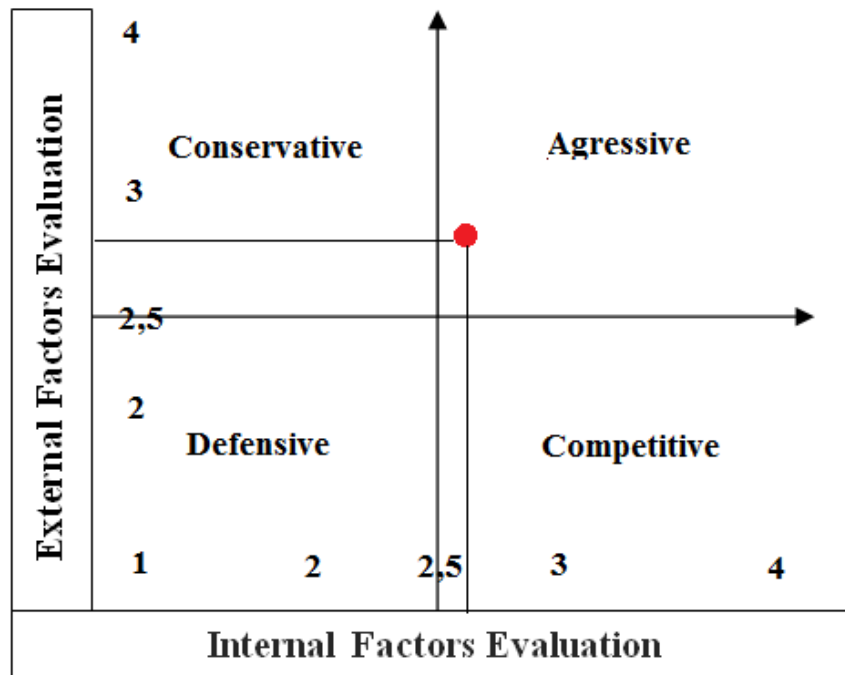
	External Factors	Weight	Rating	Weighted score
<b>Opportunities</b>	Export	0,06	4	0,24
	Import	0,04	4	0,16
	Foreign investments and access to public funding	0,04	4	0,16
	Information and communications	0,05	4	0,2
	Development of new production technologies for healthier products	0,04	4	0,16
	Improving product quality	0,04	4	0,16
	Growing number of agricultural producers willing to implement European quality standards	0,05	4	0,2
	Adopting organic production technologies	0,05	4	0,2
	Growing quality requirements from foreign buyers	0,06	4	0,24
	Legislation for agricultural and food products	0,03	3	0,09
	Financial support of organic producers	0,04	4	0,16
	Politics of EU integration	0,03	4	0,12
	Geographical area	0,04	3	0,12
	People coming back from abroad and adopting modern technologies	0,03	3	0,09
<b>Weighted average score for opportunities</b>		<b>0,6</b>		<b>2,3</b>



	External Factors	Weight	Rating	Weighted score
<b>Threats</b>	Corruption	0,03	2	0,06
	Inflation rate	0,04	2	0,08
	Unemployment rate	0,03	2	0,06
	Tax rates and tax regulations	0,04	1	0,04
	Usage of old technologies and equipment by most of the companies	0,03	2	0,06
	Unsystematic changes	0,04	2	0,08
	Low efficiency of law	0,03	2	0,06
	High bureaucracy	0,03	2	0,06
	Unstable political situation	0,03	2	0,06
	Aging of the population	0,04	1	0,04
	Migration tendency	0,03	1	0,03
	Population size	0,02	1	0,02
<b>Weighted average score for threats</b>		<b>0,39</b>		<b>0,65</b>
<b>Total weighted average score</b>		<b>0,99</b>		<b>2,76</b>

#### 4.7.6 SPACE matrix

Is composed based on IFE and EFE scores in order to determine which type of strategy is better to use for a particular company. In case of the chosen company IFE score is 2,57 and EFE score is 2,76. Graphical solution using SPACE matrix is presented on the figure 4.



**Figure 4:** SPACE matrix (own source)

According to the space matrix, aggressive policy (S-O strategy) is suggested. S-O strategies establish a plan to use the company's strengths in a way that will help it take advantage of the opportunities on the market.

Based on strengths and opportunities strategic goals are developed.

Development of strategic goals for the chosen company is presented in table 16.

**Table 16:** S-O SWOT matrix (own source)

<p style="text-align: center;"><b>Strengths/Opportunities</b></p>	<p>O1 Export                  O2 Import                  O3 Foreign investments and access to public funding                  O4 Information and communications                  O5 Developing new production technologies for healthier products                  O6 Improving product quality                  O7 Growing number of agricultural producers willing to implement EU quality standards                  O8 Adopting Organic production technologies                  O9 Growing quality requirements from foreign buyers                  O10 Legislation for agricultural and food products                  O11 EU Politics of EU integration                  O12 Geographical area                  O13 People coming back from abroad and adopting modern technologies</p>
<p>S1 Skilled human resources                  S2 Offering unique services on the Moldavian market                  S3 Support in providing services from the offices all over the world                  S4 Company’s high international reputation and reliability                  S5 Quality of services provided                  S6 Wide range of services                  S7 Flexible timings                  S8 Strong position on the market                  S9 Permanent growth, high growth rate                  S10 Experience in providing services                  S11 Distribution and sales networks                  S12 Brand name                  S13 Wide internal knowledge database</p>	<p style="text-align: center;"><b>Suggested strategy:</b></p> <p><b>SO1</b> Perform segmentation, determine and attract new groups of customers  <b>SO2</b> Provide to the customers integral packs of services, determine and offer new services that they need  <b>SO3</b> Increase the awareness of the company using modern communication channels and tools  <b>SO4</b> Organize educational activities for current and potential clients  <b>SO5</b> Develop personal customer relationships using modern tools  <b>SO6</b> Monitor changes in requirements on the market, legislation and new standards in order to widen number of services and maintain high growth rate  <b>SO7</b> Develop list of activities in order to support company’s image and to straighten the brand position on Moldavian and regional market</p>

4.7.7 QSPM matrix

QSPM

Key factor	Weight	SO1		SO2		SO3		SO4		SO5		SO6		SO7	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
O1	0.06	4	0.24	4	0.24	2	0.12	2	0.12	2	0.12	3	0.18	2	0.12
O2	0.04	4	0.16	4	0.16	2	0.08	2	0.08	2	0.08	3	0.12	2	0.08
O3	0.03	3	0.09	2	0.06	2	0.06	3	0.09	1	0.03	3	0.09	1	0.03
O4	0.04	3	0.12	4	0.16	4	0.16	4	0.16	3	0.12	3	0.12	3	0.12
O5	0.03	2	0.06	2	0.06	2	0.06	3	0.09	1	0.03	3	0.09	1	0.03
O6	0.03	3	0.09	2	0.06	2	0.06	3	0.09	1	0.03	2	0.06	1	0.03
O7	0.05	4	0.20	3	0.15	4	0.20	4	0.20	2	0.10	3	0.15	1	0.05
O8	0.05	2	0.10	2	0.10	2	0.10	4	0.20	1	0.05	3	0.15	1	0.05
O9	0.06	3	0.18	4	0.24	3	0.18	4	0.24	1	0.06	4	0.24	1	0.06
O10	0.02	2	0.04	2	0.04	1	0.02	3	0.06	1	0.02	4	0.08	1	0.02
O11	0.02	3	0.06	1	0.02	2	0.04	2	0.04	1	0.02	2	0.04	1	0.02
O12	0.03	2	0.06	3	0.09	2	0.06	2	0.06	1	0.03	3	0.09	2	0.06
O13	0.04	3	0.12	2	0.08	1	0.04	2	0.08	1	0.04	1	0.04	1	0.04
O14	0.02	2	0.04	2	0.04	1	0.02	1	0.02	1	0.02	2	0.04	1	0.02
T1	0.02 5	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03
T2	0.04	1	0.04	2	0.08	1	0.04	1	0.04	1	0.04	1	0.04	1	0.04
T3	0.02 5	2	0.05	2	0.05	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03
T4	0.03	1	0.03	3	0.09	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03
T5	0.05	3	0.15	1	0.05	2	0.10	3	0.15	1	0.05	3	0.15	1	0.05
T6	0.04	1	0.04	2	0.08	1	0.04	2	0.08	1	0.04	3	0.12	1	0.04
T7	0.03	1	0.03	2	0.06	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03
T8	0.03	2	0.06	2	0.06	1	0.03	1	0.03	1	0.03	1	0.03	1	0.03
T9	0.02	3	0.06	2	0.04	1	0.02	1	0.02	1	0.02	1	0.02	1	0.02
T10	0.04	2	0.08	1	0.04	2	0.08	2	0.08	1	0.04	1	0.04	1	0.04
T11	0.04	2	0.08	1	0.04	1	0.04	1	0.04	1	0.04	1	0.04	1	0.04
T12	0.03	2	0.06	1	0.03	2	0.06	1	0.03	1	0.03	1	0.03	1	0.03

Key factor	Weight	SO1		SO2		SO3		SO4		SO5		SO6		SO7	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
S1	0.04	2	0.08	2	0.08	1	0.04	3	0.12	1	0.04	2	0.08	1	0.04
S2	0.06	2	0.12	3	0.18	4	0.24	3	0.18	1	0.06	2	0.12	4	0.24
S3	0.05	2	0.10	3	0.15	3	0.15	1	0.05	1	0.05	3	0.15	3	0.15
S4	0.06	2	0.12	3	0.18	3	0.18	2	0.12	1	0.06	1	0.06	4	0.24
S5	0.05	2	0.10	3	0.15	3	0.15	1	0.05	2	0.10	1	0.05	3	0.15
S6	0.04	3	0.12	4	0.16	3	0.12	3	0.12	1	0.04	2	0.08	3	0.12
S7	0.05	2	0.10	3	0.15	2	0.10	1	0.05	1	0.05	1	0.05	2	0.10
S8	0.04	2	0.08	2	0.08	3	0.12	1	0.04	1	0.04	1	0.04	4	0.16
S9	0.02	2	0.04	1	0.02	3	0.06	1	0.02	3	0.06	3	0.06	4	0.08
S10	0.04	2	0.08	3	0.12	3	0.12	3	0.12	1	0.04	3	0.12	3	0.12
S11	0.04	2	0.08	3	0.12	3	0.12	1	0.04	1	0.04	1	0.04	3	0.12
S12	0.04	1	0.04	2	0.08	4	0.16	3	0.12	2	0.08	1	0.04	4	0.16
S13	0.05	2	0.10	3	0.15	1	0.05	4	0.20	2	0.10	4	0.20	1	0.05
W1	0.03	2	0.06	2	0.06	1	0.03	3	0.09	2	0.06	2	0.06	1	0.03
W2	0.03	1	0.03	2	0.06	1	0.03	1	0.03	2	0.06	2	0.06	1	0.03
W3	0.06	3	0.18	3	0.18	2	0.12	2	0.12	3	0.18	1	0.06	3	0.18
W4	0.05	3	0.15	2	0.10	4	0.20	3	0.15	2	0.10	1	0.05	3	0.15
W5	0.05	3	0.15	2	0.10	4	0.20	1	0.05	3	0.15	2	0.10	2	0.10
W6	0.04	3	0.12	2	0.08	4	0.16	1	0.04	3	0.12	1	0.04	3	0.12
W7	0.04	3	0.12	2	0.08	4	0.16	3	0.12	2	0.08	3	0.12	4	0.16
W8	0.05	1	0.05	3	0.15	1	0.05	2	0.10	2	0.10	1	0.05	2	0.10
W9	0.03	1	0.03	4	0.12	2	0.06	1	0.03	3	0.09	1	0.03	2	0.06
<b>STAS</b>			<b>4.32</b>		<b>4.70</b>		<b>4.34</b>		<b>4.07</b>		<b>2.85</b>		<b>3.73</b>		<b>3.79</b>
<b>Priority</b>			3		1		2		4		7		6		5

Based on the results of QSPM, the WT strategies are prioritized as follows:

1. **SO2** Provide to the customers integral packs of services, determine and offer new services that they need.
2. **SO3** Increase the awareness of the company using modern communication channels and tools.

3. **SO1** Focus on market research in order to determine and attract main groups of potential customers.
4. **SO4** Organize educational activities for current and potential clients.
5. **SO7** Develop list of activities in order to support company's image and to straighten the brand position on Moldavian and regional market.
6. **SO6** Monitor changes in requirements on the market, legislation and new standards in order to widen number of services and maintain high growth rate.
7. **SO5** Develop personal customer relationships using modern tools.

#### **4.7.8 Porter's Five Forces analysis**

##### **Threat of New Entrants**

Market of certification and quality control services in Moldova is quite specific and small. Also it can be characterized as a quite saturated one because of quite large number of companies for that market. Market penetration is relatively hard because there is a necessity in qualified specialists, qualification process is quite long and expensive, and number of qualified specialists is limited.

Market has a growth potential, but at the moment number of potential clients is also limited due to relatively high costs of services and their specific character. Quality system certification is only starting to get demanded in Moldova, it is not compulsory according to local legislation (as it is in some other countries) so many people still do not see its advantages and reasons for investing in it.

Although situation may probably change in future, at the moment because of the above mentioned factors treat of new entrants can be considered as low.

##### **Bargaining Power of Suppliers**

Bargaining power of suppliers is characterised by the number of suppliers the company works with and the suppliers` diversification.

As suppliers in case of the analyzed company act laboratories which provide different testing services and firms who may provide specialists in case if the company doesn't have it's own employees with necessary qualifications.

Usually the role of specialists providers play affiliates of the same company from other countries. So the company can choose the best option from the point of view of services costs, travel costs for the specialist and travel time. Usually specialists of that kind can be found in several offices. Also, taking into consideration, that suppliers are part of one global company, they usually provide quite advantageous conditions to the affiliate they collaborate with and in some cases are opened for negotiations.

Talking about laboratories, chosen company works mostly with internal laboratories which are part of global company structure. In this case collaboration conditions are more attractive. In case of external laboratories there can be always a choice made between several different suppliers, taking into consideration costs, distance and timings.

### **Bargaining Power of Buyers**

Talking about B2B market, number of customers is quite limited and each customer is valued. It refers especially to the area of services in which chosen company operates. Number of clients who are intending to get certifications according to specific voluntary standard is limited, costs for clients are relatively high which makes the process of attracting new customers harder. There are several competitors at the market so the client can choose the most attractive conditions which refer not only to costs, but also to timings, quality of services, personal attitude and additional services offered.

All these factors make bargaining power of buyers quite high. Company should adopt programs to gain customers' loyalty, create advantageous conditions for maintaining clients and attracting new ones, adopt promotion strategies, offer additional services and provide high quality level of services.

### **Intensity of Competitive Rivalry**

There are relatively few competitors that provide the same range of services at Moldavian market. Yet, the market is relatively small so competition between these companies is quite high. There is no company at the market that takes a much larger market share compared to the other competitors, so no monopoly on the market exists. According to external data, company's market share is around 20 % which makes it one of the market's leaders. Yet, there are several competitors whose position is not much lower.

Recession of recent years reduced the number of potential clients on the market which made the competition level higher.

**Threat of Substitutes**

There are no direct substitutes to the services that company offers on the market. As indirect substitutes can be considered state certification bodies which certify goods and services according to Moldavian standards. Yet, for potential clients who need internationally recognized standards these services usually do not cover their needs.

Local laboratories perform limited number of tests and investigations and in case when a more advanced or precise testing is needed clients usually address to the chosen company or its competitors. So it can be considered that threat of substitutes is medium to low.

**Table 17:** Porter’s analysis. Overall conclusion (own source)

<b>Force</b>	<b>Level of threat</b>
Threat of New Entrants	Low
Bargaining Power of Suppliers	Low
Bargaining Power of Buyers	High
Intensity of Competitive Rivalry	Medium to high
Threat of Substitutes	Medium to low

We can see that certification services market in Moldova is quite competitive and saturated. Customers have high bargaining power due to their limited number, costs of services and many options they have.

Competitive Rivalry is relatively high due to limited size of market, number of competitors and specifics of services.

In order to reduce customers bargaining power company should consider widening services portfolio, adopting strategies for entering new markets in order to achieve new customers, develop promotional strategies for attracting new customer segments, improve quality of services and strengthen the brand position on Moldavian market.

In order to remain competitive company should adopt unique for Moldavian markets services, maintain their high quality, work on relationship management with existing clients, adopt strategies for promotion and attracting new clients.



## 5 PROJECT OF B2B MARKETING STRATEGY FOR THE CHOSEN COMPANY

During the analysis it was found out that the company already has one of the leading positions on the market, is competitive and shows permanent growth. In this case it was decided to apply the aggressive strategy with strategic goals based on strengths and opportunities.

It was decided to use principles of consumer-driven marketing strategy, which consists of segmentation, targeting, differentiation and positioning steps in order to create a unique value proposition and to determine company's position on the market. Also it was decided to use elements of relationship marketing.

The company should focus on maintaining strong and competitive position on the market, increasing market share and finding new market segments for its goods and services, improving internal processes, focus more on promotional activities and adopt modern tools for facilitation of obtaining goals.

### 5.1 Overall goals and objectives

New marketing strategy is aiming to achieve the following goals:

- Increase market share by 10 %
- Improve services marketing mix
- Improve marketing and sales processes in the company
- Develop new market segments for company's services

During the analysis there were determined and prioritized the following strategic goals:

**SO2** Provide to the customers integral packs of services, determine and offer new services that they need

**SO3** Increase the awareness of the company using modern communication channels and tools

**SO1** Focus on market research in order to determine and attract main groups of potential customers

**SO4** Organize educational activities for current and potential clients

**SO7** Develop list of activities in order to support company's image and to straighten the brand position on Moldavian and regional market

**SO6** Monitor changes in requirements on the market, legislation and new standards in order to widen number of services and maintain high growth rate

**SO5** Develop personal customer relationships using modern tools

## 5.2 Target markets

Segmentation for chosen company should base according to the following factors:

**Geographical segmentation:** Moldova-based companies and foreign companies in CIS region (focus on Ukraine, Belarus, Georgia, Armenia).

**Company type:** as target segment it was decided to select agricultural, food producers and wine producers. Agricultural companies will be sub-divided to 2 segments: fruits and vegetables producers and crop producers. The marketing strategy for each of sub-segments will be the same, but the packages of services will differ.

**Company size:** for Moldavian market it is reasonable not to perform this segmentation due to small number of potential clients. For foreign markets focus will be made on medium and large companies.

**Strategic priority:** companies can be classified also as ones that are strategic to the business future (bigger companies with long collaboration plans). For these companies focus will be done on relationship marketing. Small companies that request single services and not plan to repeat requests will be considered as more of transactional type. Good relationship with clients also will be the scope, but less focus on relationships will be made.

**Buying situation:** companies should be divided to those that purchase services for the first time (new task), existing clients who have some modified requests (modified re-buy) and those who request the same services as last time (straight re-buy). Marketing messages will differ for new and existing clients, and for those that request changes and are more flexible and opened some additional services can be offered.

**Table 18:** Targeting for the chosen company (own source)

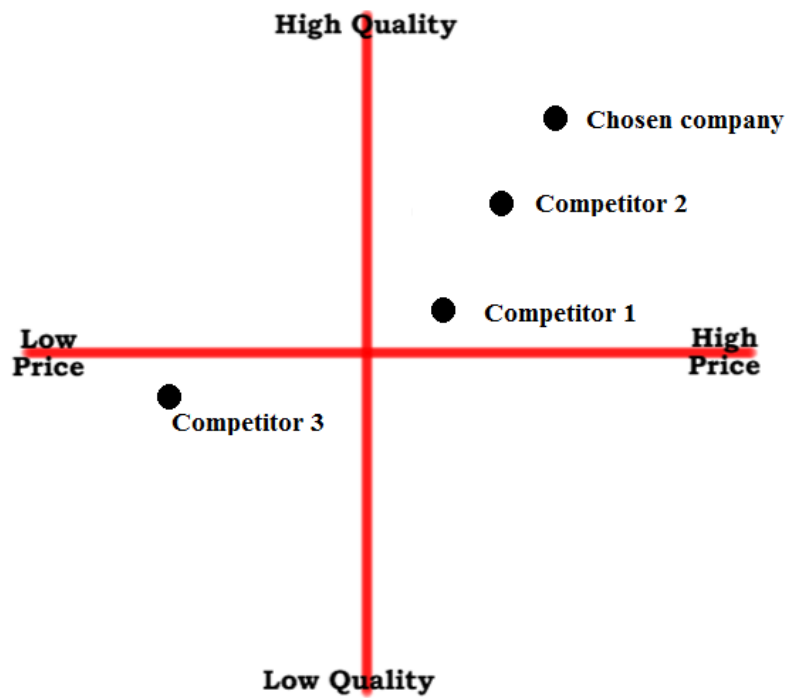
Segmentation principle	Target market
Geographical segmentation	Moldova CIS countries (Ukraine, Belarus, Georgia, Armenia)
Company type	Agricultural producers <ul style="list-style-type: none"> <li>• Fruits and vegetables</li> <li>• Crops and cereals</li> </ul> Food producers Wine producers
Company size	All sizes fir Moldavian market Medium and big for foreign markets
Strategic priority	Focus on “strategic clients”- medium to large companies that request long-term, more complex services and plan long collaboration.
Buying situation	All buying situations

### 5.3 Differentiation and Positioning

Differentiation will be achieved through providing high quality of services, strong relationship management, introducing new unique for this market services, issuing recognized and reliable certificates.

Although company has prices higher than competitors, it already is one of the market leaders due to quality of services, reputation and strong brand name. So suggested positioning will maintain leader of the market in both price and quality.

The positioning map is presented on figure 5.



**Figure 5:** Positioning map for chosen company (own source)

Positioning statement should clearly define selected segments, services that are offered and competitive advantages that company may provide for its customers. Main positioning information is presented in the table 19.

**Table 19:** Positioning summary (own source)

<b>What</b>	Providing high quality certification, testing and consulting services
<b>To whom</b>	<ul style="list-style-type: none"> <li>- Agricultural producers (farmers)</li> <li>- Food producers</li> <li>- Wine producers</li> </ul>
<b>Where</b>	<ul style="list-style-type: none"> <li>- Moldova</li> <li>- Other CIS countries</li> </ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"> <li>- Collaboration with internationally accredited certification body with issuing world-wide recognized certificates</li> <li>- Certification according to common and specific standards</li> <li>- Strong and reliable company’s reputation</li> <li>- Consultancy services and support in finding best solutions for your business</li> </ul>

Company can adopt positioning statement for each segment and each provided service, using the above mentioned table.

## 5.4 CRM program

One of the objectives of marketing strategy is building strong personal relationships with the customers. For that company needs to include CRM principles into the strategy.

Objectives of CRM for the company will be the following:

- Increase the percentage of clients' retention.
- Increase level of loyalty of clients.
- Ensure clearer tracking of relationships with current, past and potential clients.
- Ensure more personalized approach to each client.

Measures Company needs to undertake for realization of CRM politics:

- Establish CRM politics and develop communication standards with clients for the employees.
- Inform personnel about new CRM politics, company's values and goals.
- Organize personnel trainings on CRM principles.
- Buy CRM software and organize staff trainings on its usage.
- Use CRM software for data analysis and strategy improvement.
- Collect feedback from the clients on their experience of collaboration with the company.
- Collect feedback from the employees in order to ensure continuous improvement of the program.

Adopting CRM system that will help to track the history of relations with existing and potential clients, sending them customized messages, maintain permanent contact and develop strong, personal relationship. For this software Bpm online sales is suggested, which will help to track customers history and relationship, analyze sales process and sale funnel, perform customer segmentation, manage contracts and other sales documents, marketing analytics and planning. The cost of the system is around 100 Euro per month, and although number of clients of the company is not that big (around 150 clients annually), it will help track relations with each potential and existing client and offer them the best solution, thus increasing sales. (Terrasoft.ru, 2016)

## 5.5 Marketing mix for the chosen company

### 5.5.1 Product

Company should work over the integrity of services and provide customers the packages that will satisfy their needs in the best way. It means that one customer can use services from different company's departments.

Food producers:

- ISO 9001
- ISO 22000
- Consultancy for export or import activities
- Offering testing services
- Offering inspecting services
- Offering pre-certification audits
- Offering social audits

Agricultural producers:

- Organic certification
- GlobalGAP certification
- GMP+ certification in case of producing animal feed
- Offering to grain and seeds producers services provided by Agricultural department: surveys, inspections, inland and port operations, quality and quantity inspections, etc.
- Organizing conferences regarding export possibilities, inviting foreign importers
- Organizing seminars on requirements for export to European Union and another desired countries
- Informational support in finding buyers and markets for products

Importers and exporters:

- Offering QMS certification
- Offering Organic, GlobalGAP certification in case of exporting certified products
- Offering inspection services (quality / quantity inspections during export and import)

- Organizing seminars and trainings on export / import requirements, new standards that can be useful for the company and other applicable information

As additional services trainings and seminars can be offered. Seminars can be:

- For potential customers in order to explain them benefits of offered services
- For existing customers in order to explain them how to use the services in order to achieve maximum success. How to collaborate with the service provider in the most effective for both parts way.
- For existing customers in order to suggest them new services and tell about their advantages

New certification standards can be offered to customers in order to increase services portfolio and to ensure competitive advantage of the market by providing unique services in Moldova. After market analysis there can be suggested to start certification according to new standards that are relevant for Moldavian market. The standards are listed in table 20.

**Table 20:** Services portfolio extension (own source)

Standard	Application
ISCC standard	Independent, globally applicable certification systems for sustainability and greenhouse gas emissions. ISCC can be used to demonstrate compliance with sustainability requirements from authorities, business customers and final consumers. ISCC can be applied for the certification of all kinds of biomass and bioenergy as well as for biomass-based products in the food, feed and chemical industries.(ISCC, 2016)
ISO 26000 – social responsibility standard	ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society.
GlobalGAP for Crop producers	Extend existing accreditation from fruit and vegetables also to crop production.

There is also offered to increase value for the customers by organizing seminars and educational activities.

Possible topics for trainings and seminars can be the following:

- Specifics and advantages and application of a particular standard
- Thematic seminars for each customer segment: importers and exporters, agricultural producers, food producers, service products. Offered services and how they can positively influence on the client's business
- Informational seminars on standard's requirements, recent updates and modification
- Seminars on collaboration with the company: how to fill out documents and forms, timings, specifics and most effective ways of collaboration, feedback.

### 5.5.2 People

For adopting new strategy company will need to hire additional personnel and ensure staff trainings for guaranteeing high quality of services provided and adopting customer relationship management approach.

The following activities and changes are suggested:

1. Hire 1 marketing specialist and educate him about existing and potential services.  
Background: marketing and economics, preferably knowledge about QMS or import and export procedures.
2. Hire or promote from existing personnel 2 sales persons.  
Background: sales, export and import management, quality management system certification
3. Train more personnel for specific standards:
  - 1 Organic and GlobalGAP auditor
  - 1 ISO 9001 auditor
  - 1 social auditor
  - Additional auditors upon necessity

Auditors can be chosen and trained among existing personnel, but additionally 2 auditors need to be hired. As specific standards have specific requirements towards background, studies and work experience of the auditor, those requirements should be carefully evaluated before hiring persons.

4. Ensure trainings for operational personnel growth and development:
  - Awareness of standards



- Sales – general principles
  - Marketing
  - Relationship management
  - Quality of processes
  - Operational management – for back-office staff that are involved in main operations.
5. Set annual KPI for personnel in dependence with their position and experience
  6. Collect feedback on the personnel from clients in order to ensure high quality of services.

**5.5.3 Price**

The pricing will be based on the type of services, their complexity and length and the number of hours spent.

Pricing will include:

1. Fixed costs that are paid to the suppliers (calculated separately based on the specifics of work)
2. Man-day rate for the auditor’s work. Depending on standard’s complexity can vary from 300 to 500 Euro per man day. Will contain:
  - Number of days needed for the audit
  - Number of days for the preparation to the audit
  - Number of days needed for report writing

**Table 21:** Suggested prices (own source)

Type of service	Man-day rate, EURO
Common standards for QMS certification	300
Specific standards	400
Standards where an external specialist needs to be invited	500

3. Hour rate for back-office personnel involved in paperwork and client contacts. Standard costs: 20 Euro per hour.
4. Fixed costs for support personnel who is not directly involved into the process: office manager, financial department, calculated based on overall cost of project.

5. Laboratory testing services: costs paid to the laboratory and 20% margin for office's operational expenses and time spent on order (sending sample, communication, processing the result, issuing the certificate).

Also elements of relationship pricing are suggested to be applied. It means that a discount will be offered to long-term loyal clients and clients that order more than 1 service:

- 10 % discount of the total order amount for repeated requests
- 10 % discount of the total order amount for clients that use 2 or more company's services
- 20 % discount in case client makes repeated order for 2 or more company's services

#### **5.5.4 Promotion**

More attention is suggested to be paid to pull strategies, which means identifying key consumer segments and addressing them messages that will raise their interest in company's services and motivate them to contact the company by themselves. This approach already proved to be more effective for the company in the past, so focusing on pull channels will help to make promotion more effective and attract more clients.

#### **Advertising**

Will be performed using several tools:

- Printed materials with company's logo for existing and potential clients: pens, calendars, organizers, cups.
- Printed brochures with brief information about the company and its services for potential clients. Can be handled during initial meetings in the office, business trips, exhibitions, conferences and other events.
- Publishing information in Moldavian thematic business journals: Atlas Info , Business-info, Comersant, Logos-pres, Agricultura Moldovei, Lider Agro, Omnibus, Varo Moldova, Business Class, Agrobusiness. Articles will be telling about the company, its services and advantages that potential clients will get by collaborating with the company.

Advertising materials can also be sent to affiliates of the company in other countries, which collaborate with the chosen company, don't offer the same services and can promote company's services to their existing and potential clients.

### **Sales promotion**

For sales promotion the following methods can be applied:

- Organization of events for potential customers: conferences, free-of-charge seminars, meetings. During these events will be provided information about company's services, advantages and added value offered to the potential and existing customers, new services proposed by the company.
- Offering discounts and beneficial collaboration conditions.
- Discounts for existing clients that recommend the company to other potential clients, who later become company's costumers.

### **Personal selling**

Represents one of the key tools for attracting new customers and promoting company's services. Will include:

- Personal contacts with potential clients through e-mail, telephone.
- Organization of one-to-one meetings at company's office or client's office, presenting company's services, listening to client's needs and expectations and offering him customized solutions to his problem in form of individually prepared service pack.

### **Public relations**

Following activities are suggested for this type of promotion mix:

- Organization of conferences, promoting company's services for potential and current clients.
- Maintaining communication with clients through e-channels.
- Participating in thematic exhibitions (preparing own stand and promotional materials). The exhibitions may include:
  - Local: Food and Drinks exhibition, Annual Wine exhibition, Annual Agricultural exhibition, organic products exhibition.

- International: Biofach –annual exhibition for Organic food and Fair Trade Held in Germany

### **Digital marketing**

Digital marketing program will involve using several new tools and channels, as this area was not developed at the company. It will include:

- **Company's local web-site creation.** Very important aspect of promotion. Local web-site will provide information about the company and its services, contact information, will give the clients the possibility to provide feedback on company's activities, will share news from Moldova and abroad referring to the fields of activity in which the company is operating. Web-site will help to increase awareness of the company, give to potential clients precise and clear information regarding the services and possibilities to connect with the company in order to find more details or order a call-back from company's representatives.

Web-site creation will also open several more promotional options for the company:

- **Search Engines Optimization** - optimizing content in a way that will help the customers easier to find the web site through search engines (Google, Yandex) by introducing key words.
- **Exchanging links with partners and customers.** Placing links to company's web-site on their portals and their links at company's web-site.
- **Using paid advertisings online (Pay Per Click):** Google Adwards, Yandex direct
- **Analytics.** After creating web-site marketing analytics can also be performed online, using Google Analytics and Yandex Metrics. These tools will help to monitor how much time customer spends on each page, how many of them reach target pages (e.g. contact page or page of a certain services), which key words are used to find web site through search engine, regions where potential customers come from, etc. Thus new information for analysis and web-site optimization can be gained.
- **Content marketing.** Promoting web-site and attracting visitors by creating relevant and useful articles and information. The web site may include not only information about the company and its services, but also articles about new

standards and regulations, useful information for food producers, agricultural growers, importers, exporters and other target audience. News from the world markets, new global changes and tendencies in the area, local and global company news which can be interesting. Web-site can be used for creation community of current and potential clients, where they can exchange experience and useful information.

- **E-mail marketing.** One of the main sources used to keep contact with existing clients and start contacts with potential customers. For this purpose CRM system will be used, base of potential, existing and lost customers will be created and messages with different content will be sent to each of these groups periodically.

**Table 22:** Example of e-mail marketing program (own source)

Type of message	Message	Target auditory	Frequency and time
Welcoming new visitors	Welcome to the web-site	People who visited web-site and registered there	Once after registration
Newsletter	Informational materials, news on current markets, legislation modifications, new services	Current, potential clients who registered at web-site or left their contacts	Once a week
Motivational/engagement e-mail	General information about company's services and benefits	Potential customers interested in company's services.	Once after registration, on request
Feedback survey	Asking to provide feedback on company/ employees/ quality of provided service	Current clients	1 week after the service was provided
Brining back emails	Reminding about the company. Information about new services, invitation to contact/ visit.	Past customers that don't use company's services anymore	1 in 6 month
Congratulations e-mails	Congratulate with New Year, Christmas, Easter, etc.	Current, potential and past clients	Before big annual holidays

- **Social Media Marketing.** Is not so effective in case of B2B marketing, especially in Moldova, but still some elements can be used and help to strengthen company's

overall image and raise knowledge about the brand. As social media channels can be used: LinkedIn – very helpful for establishing business connections web-site, Facebook. As the effect from SMM for Moldavian market isn't expected to be great, no professional SMM agency will be hired. Marketing will be done by company's internal marketing specialist and will be aimed for maintaining communication with existing and potential customers, improving brand image, giving general good impression about the brand.

### 5.5.5 Processes

Main modifications will be needed in sales process as the company will have sales manager who will be in charge of initial interrogation with client.

Sales manager will contact potential clients, in dependence of their awareness of the product and interest in it. There will be two types of potential clients: ones who expressed interest in services and want to find out more and second group – potential clients that didn't hear about the company or its services or didn't express any interest in them before. Focus will be made on the first group of potential clients, who will be attracted by different pull marketing channels. The contact process will include the following steps:

- Sales manager contacts clients and finds out about their field of activity and field of interest
- Sales manager describes services that can be offered and sends requested information via e-mail
- If necessary sales manager organizes a meeting between department's manager and potential client
- In case of big clients and potential expensive contracts signing there can be also organized a meeting with services company's general management
- Client fills out request for quotation
- Manager of the department calculates preliminary costs
- Client approves or negotiates and then approves the costs
- Contract is signed and invoice is issued.
- Service providing phase starts

In case of potential clients who are initially not interested in company's services technique of cold calling will be used. Sales manager will contact potential clients and propose them

company's services. If client expresses interest, sales manager sends him informational materials and organizes meeting upon necessity. In case the potential clients decided to benefit from the service, the following steps are the same as for the first case.

## 5.6 Time Analysis of project implementation

Scheduling of basic stages is important part of each project. It helps to determine overall project length and identify critical steps that can impact the timings. For adaptation of new marketing strategy there was developed a list of activities.

**Table 23:** List of main activities for project realization (own source)

Step	Description
A	Decision of new strategy adaptation
B	Current market situation analysis
C	Adopting strategy for current market situation
D	Placement hiring information on local job portals
E	Hiring new marketing and sales specialists
F	Hiring auditors
G	Trainings auditors for new standards
H	Looking for certification bodies accredited for new standards and signing collaboration contracts. Developing procedures for new services.
I	Preparing online/ offline marketing campaign for potential clients and developing promotional materials
J	Choosing suppliers for web-site creation
K	Web-site development
L	Web-site initial content preparation and translation
M	Web-site content management
N	Web-site testing and launching
O	Setting analytical tools for web-site and preparing base for online advertising campaigns
P	Creation of social media accounts
Q	Developing marketing materials and web-site content for new services
R	Placing information about new services on web-site, social media pages
S	Buying and implementing CRM system
T	Personnel training on new CRM system and relationship management
U	Market research for potential customers. Initial database creation
V	Preparing list of events for potential customers
W	Contacting potential customers using new strategy principles and tools.
X	Evaluation of new marketing strategy results
Y	Improvement of marketing strategy

For calculation of project length WinQSB solution was used. Length of each step and its predecessors were defined. After that the data was inserted into the software.

Activity Number	Activity Name	Immediate Predecessor (list number/name, separated by ',')	Normal Time
1	A		1
2	B	A	4
3	C	B	2
4	D	C	4
5	E	D	4
6	F	D	6
7	G	F	12
8	H	C	4
9	I	E	4
10	J	C	2
11	K	J	4
12	L	I	3
13	M	J,L	2
14	N	M	1
15	O	N	1
16	P	E	1
17	Q	E,M	4
18	R	H,G,I,K	1
19	S	I	1
20	T	S	1
21	U	I	2
22	V	Q	1
23	W	V,U,R,T,P,N	12
24	X	O,W	1
25	Y	X	2

**Figure 6:** Defining length and predecessors of steps (own source, WinQSB)

According to the WinQSB program, the total time of the project realization is 45 weeks. Critical pass, on which depends overall project length, contains the following activities: A, B, C, D, F, G, R, W, X, Y. Critical steps are listed on the figure 7.



04-09-2016	Critical Path 1
1	A
2	B
3	C
4	D
5	F
6	G
7	H
8	W
9	X
10	Y
Completion Time	45

**Figure 7:** Critical path for project time definition (own source, WinQSB)

Project's graphical solution in form of network diagram is presented on the Appendix III. Graphical solution in form of Gantt chart and detailed activity analysis of the project is presented in the Appendix IV.

We can see that processes structure in this case is quite complicated and many processes are interdependent. Critical pass steps, which are marked in red, are those that define overall project length and postponing them can impact overall timings negatively.

## 5.7 Costs analysis

**Table 24:** Costs of the project (own source)

Description	Price per 1 unit/ 1 month	Costs, Euro
<b>Current market situation analysis</b>		
<ul style="list-style-type: none"> <li>Expenses related to data acquisition</li> </ul>	-	500
<b>Personnel costs</b>		
<ul style="list-style-type: none"> <li>Additional sales and marketing personnel salary (per year)</li> </ul>	250	6000
<ul style="list-style-type: none"> <li>Sales and marketing personnel trainings</li> </ul>	-	600
<ul style="list-style-type: none"> <li>Additional auditors salary (2 people)</li> </ul>	400	9600
<ul style="list-style-type: none"> <li>Auditors training</li> </ul>	-	1000
<ul style="list-style-type: none"> <li>Training on CRM requirements</li> </ul>	-	500
<b>Software costs</b>		
<ul style="list-style-type: none"> <li>Accusition of CRM software</li> </ul>	100	1200
<ul style="list-style-type: none"> <li>Personnel training</li> </ul>		200
<b>Operational costs</b>		
<ul style="list-style-type: none"> <li>Signing contracts on new cervices with certification bodies</li> </ul>	-	1000
<b>Web-site</b>		
<ul style="list-style-type: none"> <li>Web-site development</li> </ul>	-	1000
<ul style="list-style-type: none"> <li>Content development</li> </ul>	-	500
<ul style="list-style-type: none"> <li>Content translation</li> </ul>	-	300
<b>Offline promotion</b>		
<ul style="list-style-type: none"> <li>Printed promotional and gifts materials design</li> </ul>	-	200
<ul style="list-style-type: none"> <li>Printed promotional and gifts materials creation</li> </ul>	-	1000
<ul style="list-style-type: none"> <li>Placing promotional materials in thematic newspapers and magazines</li> </ul>	50	600
<b>Online marketing campaigns</b>		
<ul style="list-style-type: none"> <li>Google Adwords campaign</li> </ul>	100	1200
<ul style="list-style-type: none"> <li>Yandex direct campaign</li> </ul>	75	900
<ul style="list-style-type: none"> <li>Other online advertising</li> </ul>	-	1000
<b>Events organization</b>		
<ul style="list-style-type: none"> <li>Producing stands and promotional materials for exhibitions</li> </ul>	-	500
<ul style="list-style-type: none"> <li>Organization of a conference for potential customers</li> </ul>	-	500
<b>Total Costs</b>		<b>26300</b>

## 5.8 Risk analysis

The aim of risk analysis is identification of the potential risks existing for the project, determination of their probability of occurrence, impact that they might have and general significance of each risk, preparing a set of measures in order to minimize or eliminate the risk. For the marketing strategy implementation the following risks were defined:

- I. Use of incorrect market data
- II. Staff operational mistakes
- III. Staff non-professional behavior
- IV. High employee turnover
- V. Internal data leak
- VI. Marketing strategy turns out to be non-effective
- VII. Financial risks
- VIII. Aggressive competitors
- IX. Political and legal risks
- X. Environmental risk
- XI. Economic situation on country and regional level
- XII. Low interest of consumers in new services

The table below contains a list of possible risks, quantified information on their impact rate and occurrence probability and calculated results which are used to define level of risk (high, medium or low).

Table 25: Risks analysis (own source)

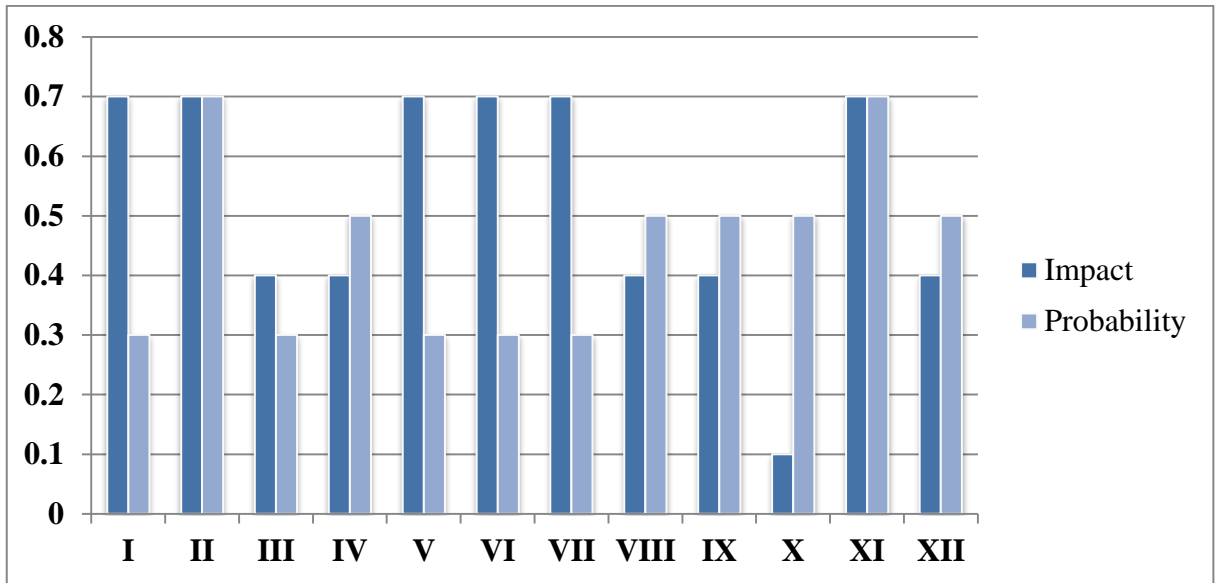
Risk	Internal or external	Impact rate			Probability of occurrence			Result	Level of risk*
		Low (0,1)	Medium (0,4)	High (0,7)	Low (0,3)	Medium (0,5)	High (0,7)		
I	Internal			X	X			0,21	M
II	Internal			X			X	0,35	H
III	Internal		X		X			0,12	M
IV	Internal		X			X		0,2	M
V	Internal			X	X			0,21	M
VI	Internal			X	X			0,21	M
VII	Internal			X	X			0,21	M
VIII	External		X			X		0,2	M
IX	External		X			X		0,2	M
X	External	X				X		0,05	L
XI	External			X			X	0,35	H
XII	External		X			X		0,2	M

\*Low / Medium / High

#### Intervals of the risk analysis:

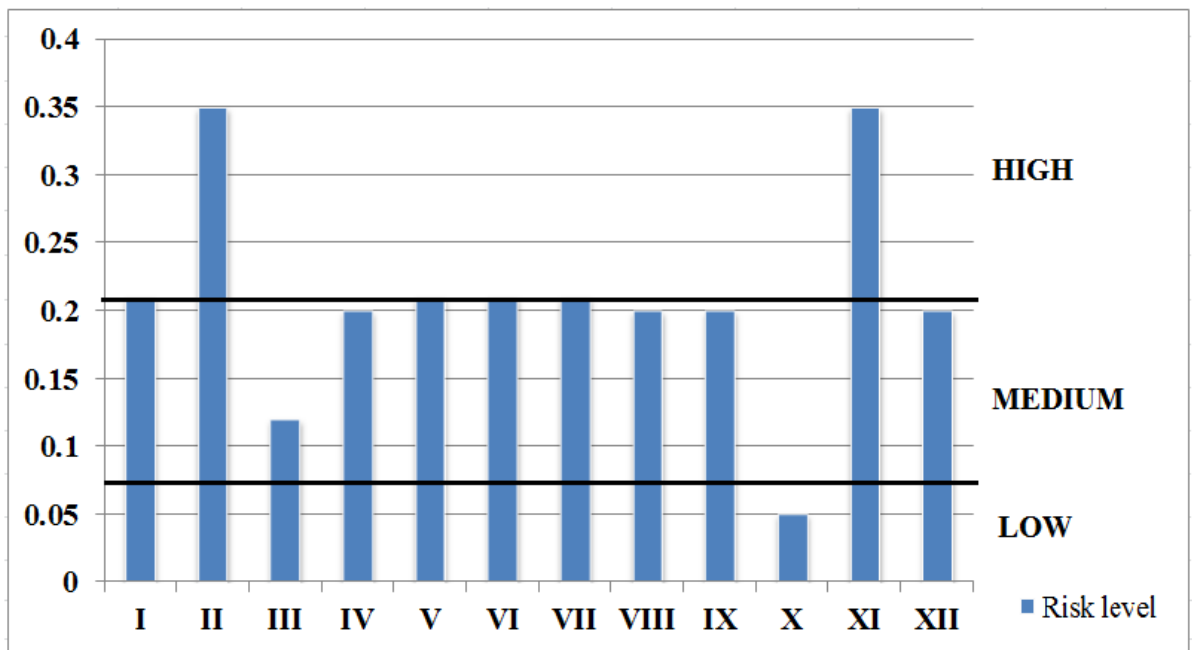
- low risk: 0,01 – 0,07
- medium risk: 0,12 – 0,21
- high risk: 0,28 – 0,49

Figure 8 demonstrates graphically which risks have the highest probability to occur and which of them can have the greatest impact.



**Figure 8:** Risks evaluation. Graphical presentation (own source)

Figure 9 shows graphically the level of each risk.



**Figure 9:** Risk level. Graphical presentation (own source)

After performing the analysis 3 groups of risks were defined: low, medium and high. For each group a relevant set of measures for risk minimization or elimination was developed.

**Table 26:** Measures for high risks prevention (own source)

<b>Name</b>	<b>Description</b>	<b>Measures</b>
Staff operational mistakes	Mistakes done because of lack of knowledge, attention or professional skills. Can cause financial losses, project delay.	Determine potential problematic areas. Collect information on previous mistakes and their reasons. Ensure proper trainings for operational staff. Implement remuneration programs for good performance, work on staff motivation.
Economic situation on country and regional level	Can cause decrease in number of clients.	Focus on several market segments. Find clients from different markets and countries. Monitor economic situation in the region in order to take preventive measures.

**Table 27:** Measures for medium risks prevention (own source)

<b>Name</b>	<b>Description</b>	<b>Measures</b>
Use of incorrect market data	Can cause wrong results on market evaluation and demand prediction, wrong management decisions.	Use only reliable sources of information. Verify all important data that will be used for strategy development. Monitor changes on the market and regularly update data.
Staff non-professional behavior	Impolite and non-professional attitude to customers can influence company's reputation in a negative way and cause loss of clients.	Insure staff trainings on customer relationship management. Collect feedbacks from clients on staff's performance. Set motivational and remuneration programs for staff.
High employee turnover	Will lower company's capacity and increase costs for hiring and training of new personnel	Create stable and attractive conditions for staff. Elaborate system of non-monetary benefits. Regularly collect feedback from staff (can be anonymous).
Internal data leak	Data can get to the competitors that can use it against the company. It can also harm company's reputation and its clients.	Set procedures on data protection and control. Include non-disclosure points into agreements with employees. Monitor and control data transfer.

Name	Description	Measures
Marketing strategy turns out to be not effective	Will cause loss of company's money.	Use relevant data for strategy creation. Perform deep market analysis. Regularly evaluate results of the campaign and improve it if necessary.
Financial risks	Financial problems in company	Monitor financial situation and cash flow in the company. Elaborate a set of preventive measures.
Aggressive competitors	Can influence negatively on company's number of clients, performance, and reputation.	Monitor situation on the market, track new competitors activity, set preventive measures, increase market share and widen services range.
Political and legal risks	New laws can be adopted that will cause changes in company's activity. Overall political situation can influence negatively number of clients in case of crisis.	Monitor changes in legislation and adapt to them fast. Monitor political situation in the country. Explore company's activities to other countries in the region, in order not to depend on just one sector.
Low interest of consumers in new services	Will cause loss of money and time that was necessary for adding new services into company's portfolio.	New services should be added after careful market analysis and demand prediction based on reliable data.

**Table 28:** Measures for low risks prevention (own source)

Name	Description	Measures
Environmental risk	Bad weather conditions can cause lowering number of clients from agricultural services or they may not be able to pay for the services.	Monitor debtors of the company. Perform measures for debt collection. Focus on more segments besides agricultural producers and wine producers.

## CONCLUSION

The aim of the project was developing new marketing strategy for the chosen Moldavian Company. The focus was made on two company's departments: Consumer Testing Services and Systems and Services Certification, which have the biggest growth and development potential.

Current market analysis showed that company already has one of the leading positions on the market and is ahead of most of the competitors in this domain. Based on internal and external factors evaluation and SPACE matrix compiling it was determined that company can choose aggressive strategy as one of the market's leaders and continue to grow market share by attracting new client segments and widening services portfolio based on current demand on the market. As the company works in B2B sector, it has relatively low number of clients if compared to consumer markets. That's why new strategy needs to be focused on client relationship management in order to attract and maintain clients by creating strong personal relationships. For this purpose it is also important to develop loyalty programs.

Based on this new marketing strategy was elaborated for chosen departments. The strategy suggests more clearly defined target market segments and positioning for the company. It also contains suggested modification in product mix: growing services portfolio by adding new services demanded on the market. People as a part of services mix need to be trained in CRM and quality management for increasing quality of services provided. Also new staff should be hired for marketing and sales positions, as before company didn't have employees who focused on those areas. It is also crucial for the company to start to use more communication channels. The biggest gap was in online communication channels that were nearly not used. New strategy suggests creation of local affiliate's web-site (as global company web-site already exists but doesn't focus on Moldavian market). It was also suggested to start online campaigns in social networks, pay per click advertising and use of other digital channels. For more effective clients' management it is suggested to purchase an online CRM system that will help to monitor history of relations with a particular client, prepare personalized communication programs, gather statistical data that further can be used for analysis and strategy improvement.

At the end there were performed: timings analysis, calculation of marketing budget needed for strategy implementation and evaluation of existing risks.



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**LIST OF ABBREVIATIONS**

AS	Average Score
B2B	Business-to-Business
B2C	Business-to-Customer
CRM	Customer relationships management
CRM	Customer Relationship Management
EFE	External Factors Evaluation
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Points
IFE	Internal Factors Evaluation
ISO	International Organization of Standardization
KPI	Key Performance Indicators
PESTL	Political, Economic, Social, Technological, Legal
QSPM	Quantitative Strategic Planning Matrix
ROI	Return on Investments
SPACE	Strategic Position and Action Evaluation matrix
STAS	Sum of Total Average Score
SWOT	Strengths, Weaknesses, Opportunities, Threats
TAS	Total Average Score

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APPENDIX IV: Project Activities Duration (own source, WinQSB)

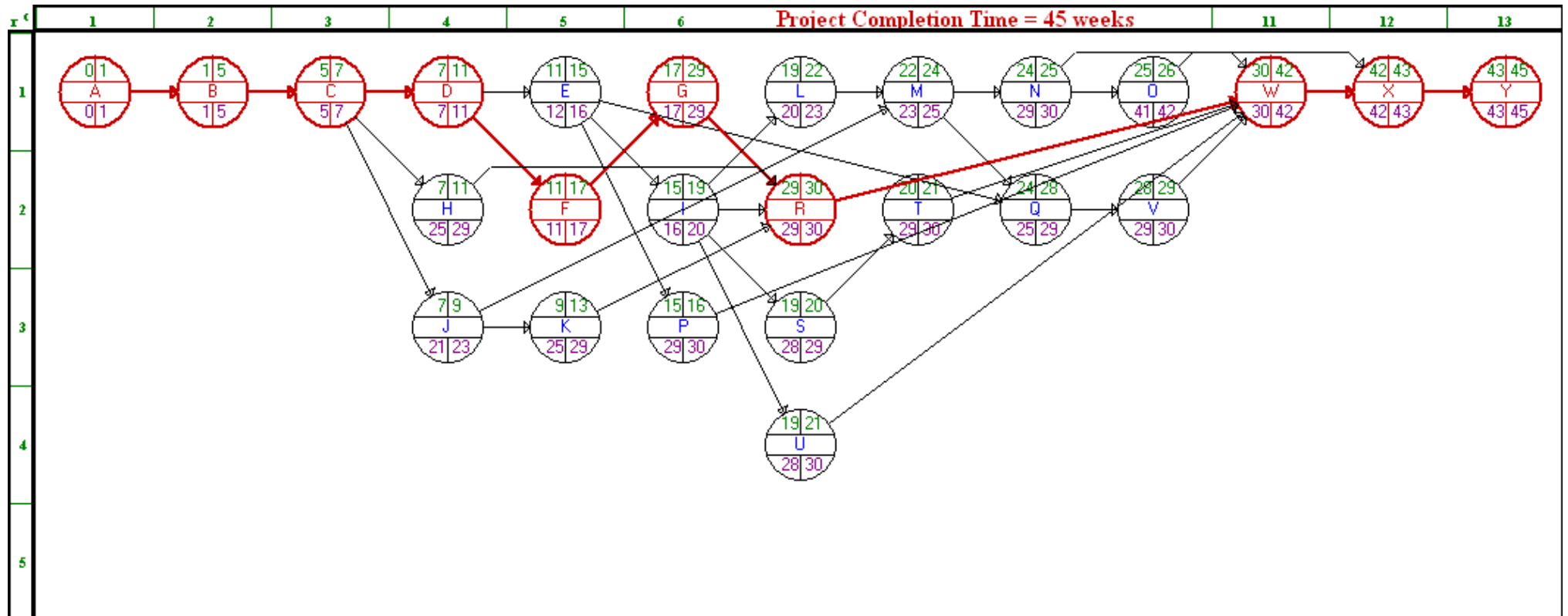
**APPENDIX I: PORTER'S FIVE FORCES – DESCRIPTION  
(MINDTOOLS.COM, 2016)**



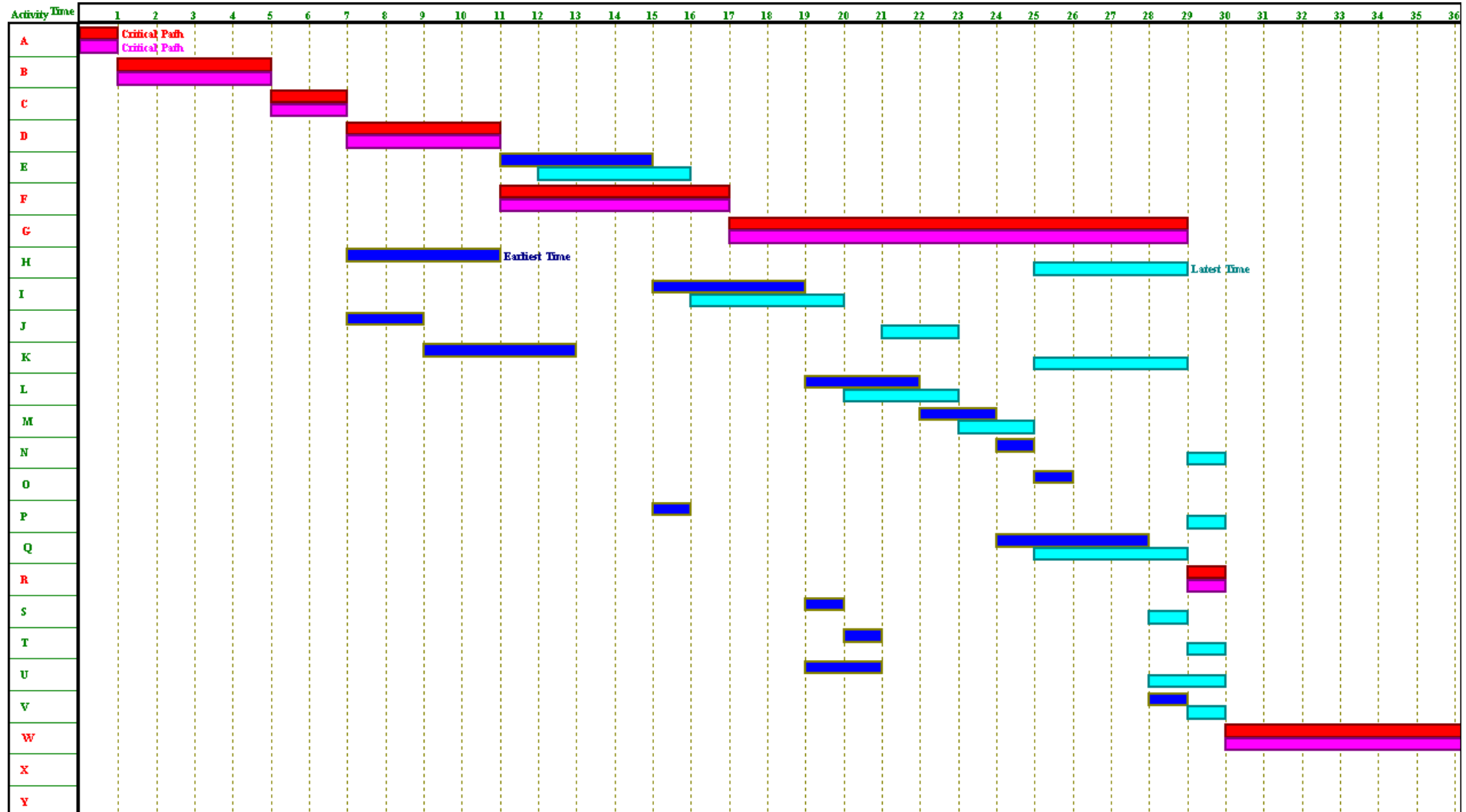
**APPENDIX II: EXAMPLE OF SWOT MATRIX (OMMANI, 2011)**

<p style="text-align: center;">Internal Factors</p> <p style="text-align: center;">External Factors</p>	<p><b>Strengths (S)</b></p> <p>S<sub>1</sub>: High quality land</p> <p>S<sub>2</sub>: High technical knowledge of farmers</p> <p>S<sub>3</sub>: Frequency of water for riverside situation</p> <p>S<sub>4</sub>: Large labor force</p> <p>S<sub>5</sub>: Indigenous farming systems</p> <p>S<sub>6</sub>: New technology</p>	<p><b>Weaknesses (W)</b></p> <p>W<sub>1</sub>: Extension system oriented towards accessible farmers</p> <p>W<sub>2</sub>: Lack of added value</p> <p>W<sub>3</sub>: Lack of resources</p> <p>W<sub>4</sub>: Lack of reliable data and information on organic agriculture</p> <p>W<sub>5</sub>: Poor local market opportunities and infrastructure</p> <p>W<sub>6</sub>: Poor image marketing</p> <p>W<sub>7</sub>: High cost of production</p>
	<p><b>Opportunities (O)</b></p> <p>O<sub>1</sub>: New attitude regarding role of agriculture in national development</p> <p>O<sub>2</sub>: The growth of population</p> <p>O<sub>3</sub>: The increasing information technology</p> <p>O<sub>4</sub>: The increasing industries that related to agriculture</p> <p>O<sub>5</sub>: The development of new technologies</p> <p>O<sub>6</sub>: Governmental support in policy programs for agriculture</p>	<p style="text-align: center;">(Defensive) Suggested strategies</p> <p style="text-align: center;">WT</p>
<p><b>Threats (T)</b></p> <p>T<sub>1</sub>: Incoherent government policies</p> <p>T<sub>2</sub>: Production risk</p> <p>T<sub>3</sub>: Marketing and prices risk</p> <p>T<sub>4</sub>: The prices of inputs have very tolerance</p> <p>T<sub>5</sub>: The raining is very low</p> <p>T<sub>6</sub>: The price of crops is low</p> <p>T<sub>7</sub>: Increasing use of external inputs</p>		<p><b>WT Strategies</b></p> <p>WT<sub>1</sub>: Development of extension programs based on farmers needs</p> <p>WT<sub>2</sub>: Development of governmental supports</p> <p>WT<sub>3</sub>: Development poor local market opportunities and infrastructure</p> <p>WT<sub>4</sub>: Preparing strategic plans to development organic farming.</p> <p>WT<sub>5</sub>: Planting of crops with high economic values</p> <p>WT<sub>6</sub>: Using sustainable water resources management.</p> <p>WT<sub>7</sub>: Considering farm sustainability indexes</p> <p>WT<sub>8</sub>: Considering quality of crops</p>

### APPENDIX III: PROCESS NETWORK DIAGRAM (OWN SOURCE, WINQSB)



# APPENDIX IV: PROJECT GANTT CHART (OWN SOURCE, WINQSB)



**APPENDIX V: PROJECT ACTIVITIES DURATION (OWN SOURCE, WINQSB)**

04-09-2016 19:00:34	Activity Name	On Critical Path	Activity Time	Earliest Start	Earliest Finish	Latest Start	Latest Finish	Slack (LS-ES)
1	A	Yes	1	0	1	0	1	0
2	B	Yes	4	1	5	1	5	0
3	C	Yes	2	5	7	5	7	0
4	D	Yes	4	7	11	7	11	0
5	E	no	4	11	15	12	16	1
6	F	Yes	6	11	17	11	17	0
7	G	Yes	12	17	29	17	29	0
8	H	no	4	7	11	25	29	18
9	I	no	4	15	19	16	20	1
10	J	no	2	7	9	21	23	14
11	K	no	4	9	13	25	29	16
12	L	no	3	19	22	20	23	1
13	M	no	2	22	24	23	25	1
14	N	no	1	24	25	29	30	5
15	O	no	1	25	26	41	42	16
16	P	no	1	15	16	29	30	14
17	Q	no	4	24	28	25	29	1
18	R	Yes	1	29	30	29	30	0
19	S	no	1	19	20	28	29	9
20	T	no	1	20	21	29	30	9
21	U	no	2	19	21	28	30	9
22	V	no	1	28	29	29	30	1
23	W	Yes	12	30	42	30	42	0
24	X	Yes	1	42	43	42	43	0
25	Y	Yes	2	43	45	43	45	0
	Project Completion	Time	=	45	weeks			
	Number of Critical	Path(s)	=	1				