

Marketing Strategy in Metal Industry: Case Study

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Abstract. Internet and companies' websites are no longer just a vehicle to increase their visibility and reputation, it's growing their importance for the commercial activities in metal industry all over the world. Paper examines and analyses the marketing strategy of a micro Slovenian company in this sector; it identifies lessons that have been learned in the process. Based on these experiences, researchers are provided with guidelines for adopting elements into day-to-day strategies and operations. Managers have to find the right place for their businesses in the new world, decide to evolve or perish.

Keywords: marketing strategy, supply channels, metal industry, internet, online trade, B2B

Introduction

Companies are increasingly wondering how to plan marketing communications in order to achieve their set and desired goals. In doing so, they have to adapt to the current market situation, since the rules of communication have changed radically. The market is breaking into smaller consumer segments, which is why marketing communication is moving away from mass communication tools. There is an increasing amount of marketing communication that focuses and is tailored to target groups, builds trust and strives for long-term engagement. The biggest change has happened with the advent of information and communication technology, which enables targeted communication, and is increasingly sophisticated. Modern communication tools make the boundary between business and user increasingly invisible, the monologue transforms into dialogue, consumers interact with businesses, media and each other without restriction. Businesses are aware that marketers play an important role in the business.

Companies are now split between decisions whether to take the omnichannel or multichannel solution. Orendorff (2019) warns about two dangers: a) fragmentation of channels and communication media, and b) greater, more hidden danger of putting marketing before backend. Channels shouldn't be united if inventory and order management are not properly being set up and maintained. A recent study shows that more than two-thirds of digital marketing measures fail to get customers to buy (Leitherer 2018). Further, production of several key commodities is becoming concentrated, e.g. Russia and China account together for almost half of aluminium production globally (Chatterjee et al. 2010). In the past it could be read a lot about the overall size, fantastic growth rates and the enormous potential of the Internet. We should understand the importance of customer dynamics at emerging markets like China and India, as these markets become mature and more sophisticated, with increasing use of digital technologies (Hawksworth and Chan 2015).

The purpose of the paper is to research and analyse the company's marketing communication strategy. Based on the findings of the research and theory studied, make a recommendation to the company for a more successful marketing communication strategy and, consequently, for a better business performance of the company. Data was obtained through semi-structured interview with marketing manager of the company.

Analysis

Company X specializes in the processing of metal products and semi-finished products. They provide both large and small-scale orders for the manufacture of products that are later used in the automotive, pharmaceutical, electronics, and lock and hydraulic systems. The company has several services: CNC turning and milling, CAM turning, MIG welding and other services and extensions. 4,803 companies are registered in Slovenia with activity number C 25.620 - mechanical treatment of metals (Bisnode 2018). There is a lot of competition in the market, so companies need to keep up with the times, which means they need to regularly update and upgrade their marketing communication strategy with customers and take care of their brand and reputation.

The company is a family business with 25 years of tradition. At the beginning of their metal operations two years ago, they invested into purchase of two new CNC machines. For the necessary investments, they successfully applied for a governmental grant. They tend only to large-scale orders because they have machines tailored to it, but they also execute small-scale orders, but the higher price of the product is appropriate. They have work divided so that the production manager takes care of the entire production, that is, he controls the work and is in contact with business partners on technical issues. The CNC operator writes programs, adjusts the machine and keeps the machine running smoothly. Performs easier physical work, such as sawing with a hand saw, drilling on a drilling machine, packing and preparing semi-finished products for transportation to customers. The purchasing officer is in charge of material procurement and sales, which means that he prepares bids, works out calculations and plans production. A few hours a week is also devoted to marketing the business. The production area is 400 m², counts six CNC machines, three older machines and auxiliary machines such as a hand saw, automatic saw, drill, grinder and measuring device.

Figures for Europe show that in 2016, in the technical industry, total production was EUR 1,997 billion, with 11 million employees. Compared to the previous year, production growth was 1%. The automotive industry contributed most to the growth in production. One of the reasons for such a small growth in recent years is the fall of the pound in the UK, as a result, imports into the country were more expensive and inputs were also more expensive. The decline in growth has also occurred in the so-called BRIC countries - Brazil, Russia, India and China. Manufacturers of metal products represent the largest sector in the technical industry in Europe. They employ 3.6 million employees, with a turnover of EUR 479 billion in 2016. All metal product manufacturing is mainly made by semi-finished products, which are later used in other technical industries. The main reason for the growth of the mentioned industry is the high growth of the automotive industry, as well as the growth of mechanical engineering and construction (Metal Industry Association 2017, 26-27).

In 2017, metalworkers from Slovenia realized EUR 500 million in revenue, up 11.6% on the previous year. They mostly cooperate with France, Italy and Great Britain, but mostly with Germany. Many Slovenian metalworkers work for the German automotive industry, which is considered to strictly adhere to the delivery time, quality and agreed way of doing business. Slovenian companies are considered reliable and of high quality. The advantage is that we are close to Germany, so transport costs are also lower and fast service can be guaranteed. Metalworkers had a lot of work in the previous year, they were busy far in advance and this is the case again this year (Tekavec 2018).

The company is a bronze partner to the portal strojnistvo.com, which they call the intersection of machinists. The annual membership fee is €125, and in return the portal advertises them on its website, where they can publish current news, on the human resources exchange they can search for specific staff, and the portal also offers a tab for small ads where they can sell or buy. They also pay an annual membership fee to the poisci.me portal, where you can find local businesses, the best deals and discounts. Last year they also decided to optimize the website. It was created by a web design and

Google advertising company. Initially, they targeted domestic businesses. There are quite a few successful companies in Bela krajina and in the Dolenjska region that they can work with, for example Akrapovič d. d., Revoz d. d., Iskra d. d., Adria Mobil d. o. o. and many other small private companies. They started targeting advertising in the Belokranjec newspaper, but there was no response, so they stopped. They found that these companies already have longterm suppliers and that it would be difficult to substitute them. Earlier this year, they invested in a company vehicle. Considering that they use it to drive goods for business clients all over Slovenia, they felt it appropriate to adhere it to the company's graphic image.

They use sales promotion and fair visits to maximize their workload and revenue. Both this August and the previous year, at the motorhome fair in Düsseldorf they were in the role of visitors. They visited their partners and tried to convince them to increase their annual orders. Last October, they also attended the international B2B forum SEE MEET, which offers companies the opportunity to establish new business relationships. The main objective of this event is to bring together companies from South-East and North-West Europe. The project is funded by the Ministry of Economic Development, Spirit Slovenia Agency and six regions from eastern Slovenia (Maribor Development Agency 2018). The event takes place every year in Maribor at the Habakuk Hotel, where entrepreneurs meet for two days for 25 minutes, and in the evenings they hang out at an informal dinner and a tour of evening Maribor. The company visit has been paid off, as they got two new customers, now they have been in business with them for almost a year.

A month later, they were invited to the International Mechanical Engineering Forum in Austria. The event took place at the premises of the Austrian Chamber of Commerce in Vienna. The company believes that they were not successful at the meeting as they did not find any new business ties. This September, they also attended the 51st MOS at the Celje Fair within the organisation of Metlika Chamber of Commerce. They annually present themselves at the craft fair, and some craftsmen from Bela Krajina are invited to the presentation, exhibiting on 1 m² of surface. They have not yet confirmed whether they were successful at the fair, as they are still contacting the companies they met at the fair.

Today we have many opportunities for free advertising. The company has created a Facebook and LinkedIn profile. Facebook is a social network that has 2.270 billion users worldwide (Statista 2018). It is about connecting people, networking and meeting new people. We can post on our profile our information and images that we want our friends to see. Facebook is also an increasingly popular tool for business advertising, as it has "business facebook" that is tailored to advertise and track ad performance. Some people think that this form of advertising is more suitable for B2C business, as Facebook is dominated by younger users. LinkedIn is a business social network with 562 million users (Omnicores Agency 2018). Beneficiaries are businesses, experts in their fields, and many job seekers. Companies are introducing themselves on LinkedIn, posting their products or services and achievements they are proud of. They are also looking for a potential profile of the people they need in their business.

The marketing activities they carry out should also be analyzed and their performance measured. They do not do this in the company, the main reason is the lack of time. An employee who deals with this has a lot of work to do with other things, as his job is to take care of purchasing and selling the business. It is believed that their participation in the B2B meeting in Maribor, their sophisticated website and their appearance at fairs are the most important for their visibility. Given that their business is only two years old, they do not have enough resources to present themselves at the largest Slovenian industrial fair in Celje, but they also have a goal to visit the fair. For the first year of its operations, the company has created a strong corporate identity. They conceived and sketched the logo themselves, then left the work to the graphic designer. This one made the logo, brochures, business cards and folders. Given that they are constantly investing in new machines and equipping their production, they also update their leaflets every year so that the pictures of products and machines are new and different. They also find it very

important that the employees in the production are tidy. Each year they get two work pants, winter and summer logo shirts, warm jackets and work boots.

Given that they have only been on the market for two years, we could say that they have been successful in marketing communication. They have a lot of competing companies in the market, so they have to work harder and have a good reputation in recognizing the company. According to our findings, the company mostly used sales promotion tools. They are very active in the field, attending events that are accessible to their financial status, they are also consistent in corporate identity, regularly updating and adding new acquisitions and products to folders, the website and social networks. They want to create a strong brand that will be synonymous with quality and timeliness.

Considering the fact that the sales of the company differ from month to month, our suggestion for them is to create a marketing communication plan with the help of last year's monthly revenues and projected revenues for the coming years and for the coming year. We would also recommend the company to first determine its vision and the goals it wants to achieve. This is a key part of the ongoing process in the marketing communications planning. In the interview, they mentioned that their goal is to get three new permanent clients in the next five years to sign an annual contract. Their goal is not well defined, as they have not defined potential customers. Here are some questions to help their plan: - What is the size of companies are we looking for? – Where are the companies we're looking for? - Which marketing tool will we communicate with? Once they have the answers to all these questions, they can start planning marketing communications. We agree that sales communication marketing and personal selling tools are appropriate for this type of activity. If a company wants to enter a foreign market, it would be appropriate to do an analysis of foreign markets.

It is important that we measure performance after all the activities we carry out. The company has attended quite a few fairs and events, but only a small percentage have been successful. Such events and fairs are not very financially advantageous and the employees are absent at the time, otherwise they could be in production and do their regular work. It is true that last year they started marketing activities and tried out as many marketing activities as possible, but without planning and a defined goal. As mentioned earlier, we recommend the company to define its goal and choose the right marketing tool. Every year, the Chamber of Crafts of Slovenia organizes an Expert Meeting of Metalworkers, to which it invites all members of the metalworking industry and all the others who wish to upgrade their expertise in metalworking and entrepreneurship in general. We suggest that company attends this meeting, as this is a great opportunity to meet new business partners and gain a foothold in the domestic market. We have well-established companies in Slovenia with which they could cooperate. Formally required evidence of quality is required in foreign countries such as Germany. By penetrating foreign markets, we have the opportunity to grow and develop. Although we live in globalized world, we must consult in detail about cultural and social differences and economic conditions. We can expand to a foreign market on our own, or by connecting with foreign partners. We recommend that the company starts slowly and does not overtake itself.

We agree that the company abandons the beforementioned portals as they only represent a cost to the company. Given that the social networking site is available for free at Facebook and does not take much time a month, we would suggest that they continue to use it and post updates there. We suggest that the production manager establish himself on LinkedIn as an expert in the field and uses his profile to promote the company profile. The company is young, innovative, driven, persistent and looking for new challenges. They try their best, their employees do not find it a problem to stay an hour longer at work or to get to work on Saturdays. Satisfied employees are the key to success, which they are well aware of in the company. They want to write a success story in the future.

Conclusion

The metalworking market is booming. Most businesses with this activity are fully occupied, although there is a lot of competition in the market. This is why customers have become demanding, and they require quality, prompt responsiveness and consistent meeting of deadlines. All these requirements affect business managers, as they are constantly under pressure to meet delivery deadlines and consequently affect their employees as they are increasingly expected to do so. Considering that there is a lot of competition in the market, we need to be marketing oriented and appear as much as possible at events so that companies hear about us, as this is the only way they can become established among larger customers. Businesses have to evaluate and use the marketing communication activities themselves. We have found out that through various marketing communication activities they are trying to become recognizable and established in the world of the metal industry. Currently, they mostly do business with Slovenian companies, mostly brokers operating abroad. They want to enter the foreign market directly, as brokers charge them a few percent of the transaction. The aim of the paper was to give similar companies a recommendation for a more successful marketing communication strategy based on the findings. After analyzing, we found out that the company did not have set well-defined goals and marketing communication strategy. It has only been on the market for two years - but they tried to use different marketing channels, which later proved to be unsuccessful.

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