

2008

DROGA KOLINSKA

Mag. Aleksandra Kregar Brus

Marketinški fokus, september 2008

AGENDA

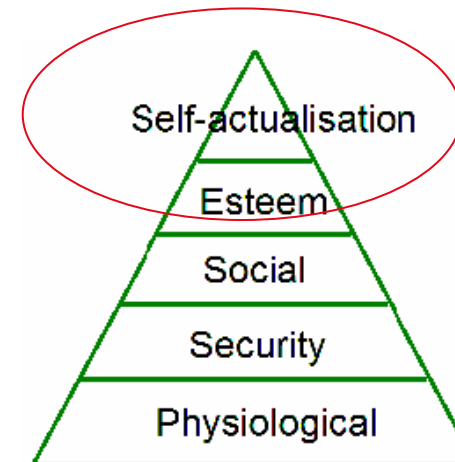
- **New dimensions in business space**
- **New role of marketing**
- **The concept of strategy**
- **DK group: Corporate strategy – business strategy – brand strategy**
- **Mindset transformation**

THE WORLD IS CHANGING

- E-economic growth
- market evolution
- shifts in consumer tastes
- social changes
- political events
- huge discontinuities
- outsourcing
- geographic proximity is not essential for working together

- chaos, speed
- complexity, big money

- self interest:



LIFE IN ALL INDUSTRIES REMAIN DIFFICULT

- **Mature** industry
- **High-tech** industry
- **Global** industry
- **Strong brands** in companies portfolio
- **Consumer trends** and **lifestyle changes**
- **Tough raw materials** environment

(NEW) COMPANY & MANAGEMENT PRIORITIES

- **people**
- **management development**

- **growth**
- **profit**
- **shareholder value**

- **new markets entrance**
- **regional contribution**
- **consolidation**

- **corporate governance**
- **ROA, ROE, ROM**
- **risk management**

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MARKETING?

VBM

CM

ROIC

EVA

NOPAT

ROCE

CVA

COGS

EPS

EBIT

Cash flow

ROA

EBITDA

WACC

ROE

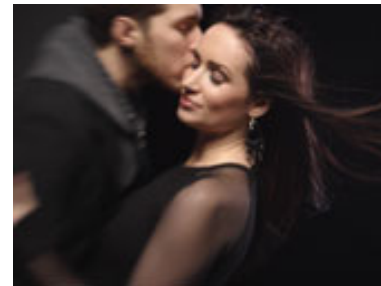
DCF

CE

ROI

ROS

EMOTIONS



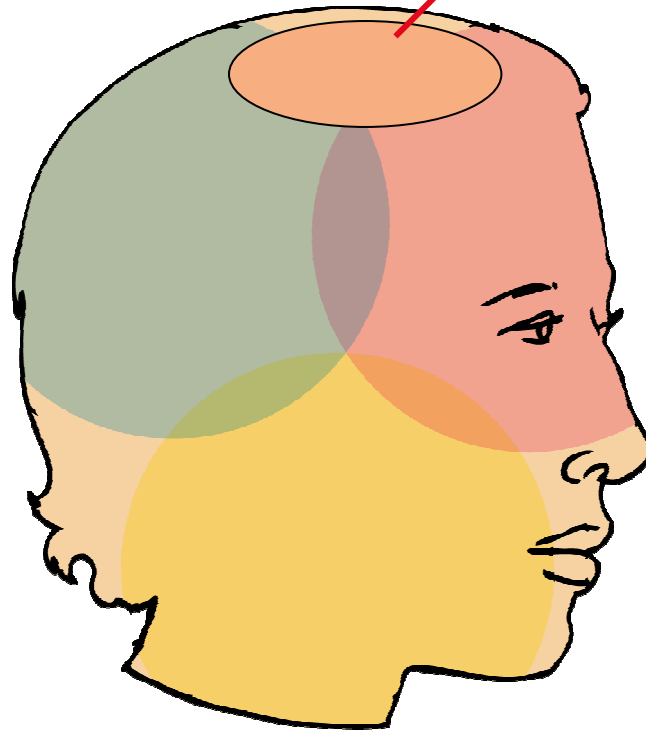
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SHIFTS IN BUSINESS ENVIRONMENT

- retail **CONSOLIDATION**
- media **FRAGMENTATION**
- consumers / shoppers **DEMANDS MORE**

FIND "THE BUY BUTTON"

"Shopping center?"



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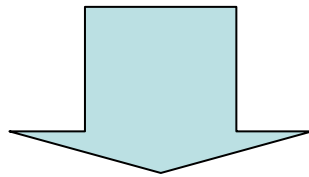
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STRATEGY IS ABOUT CHOICE

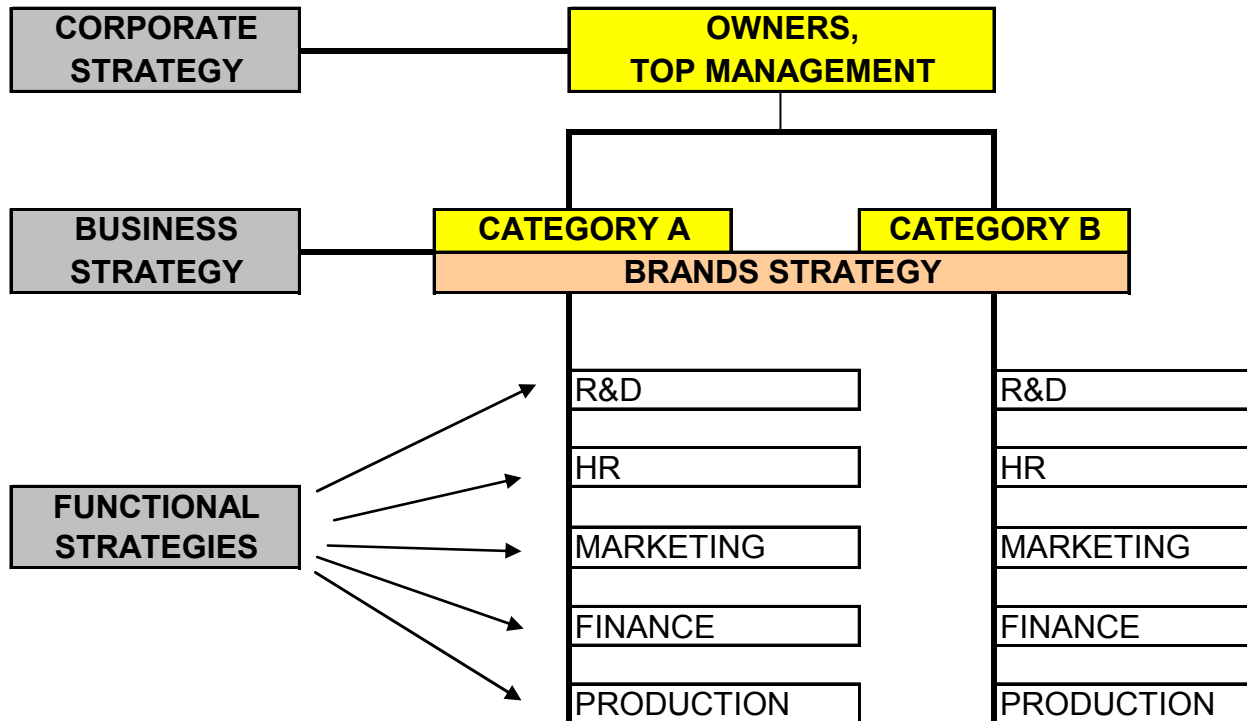
Where to compete?

How to compete?



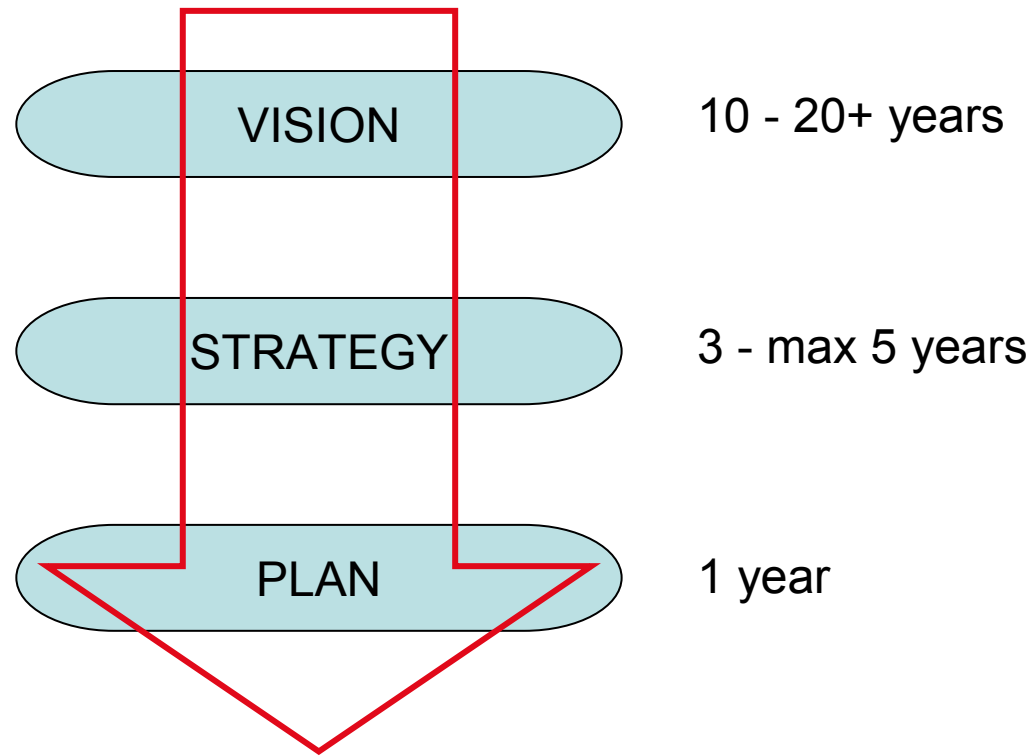
Company earns return on its capital that exceeds the cost of its capital

LEVELS OF STRATEGY

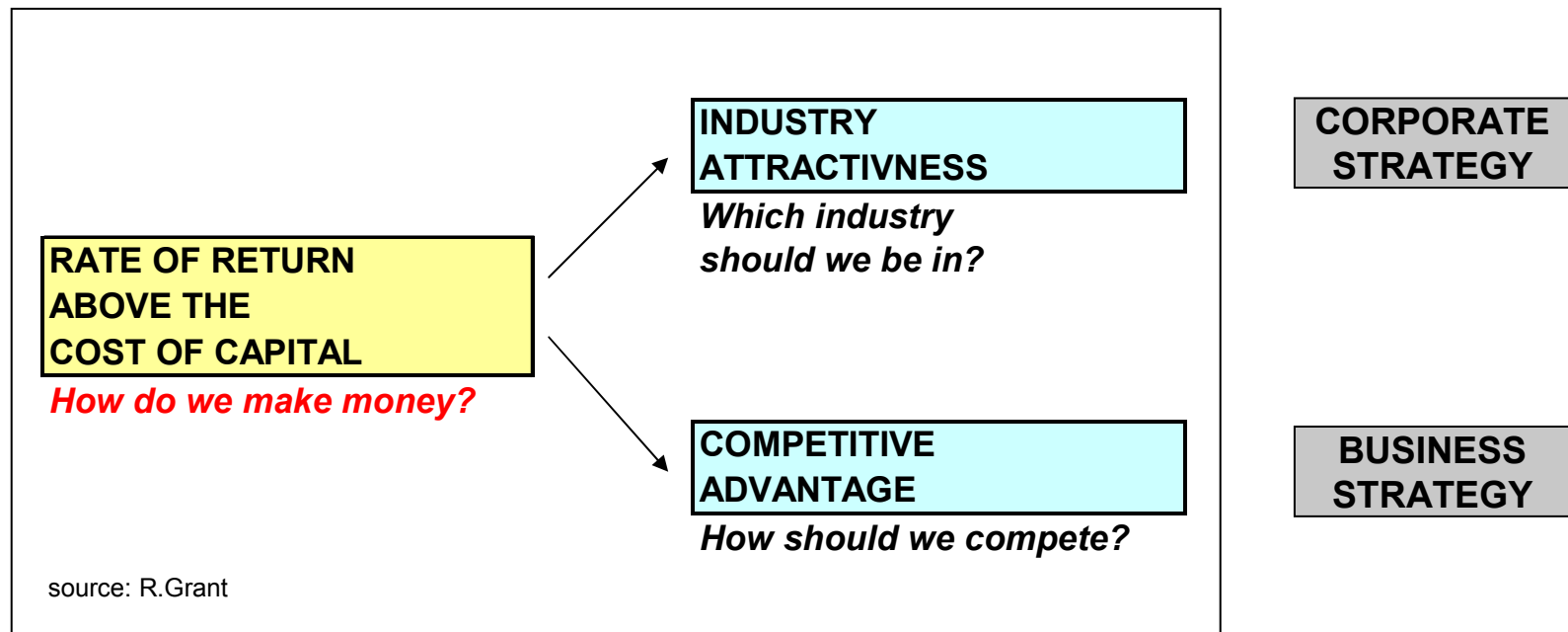


Source: Grant R., 2005

TIMESCALES



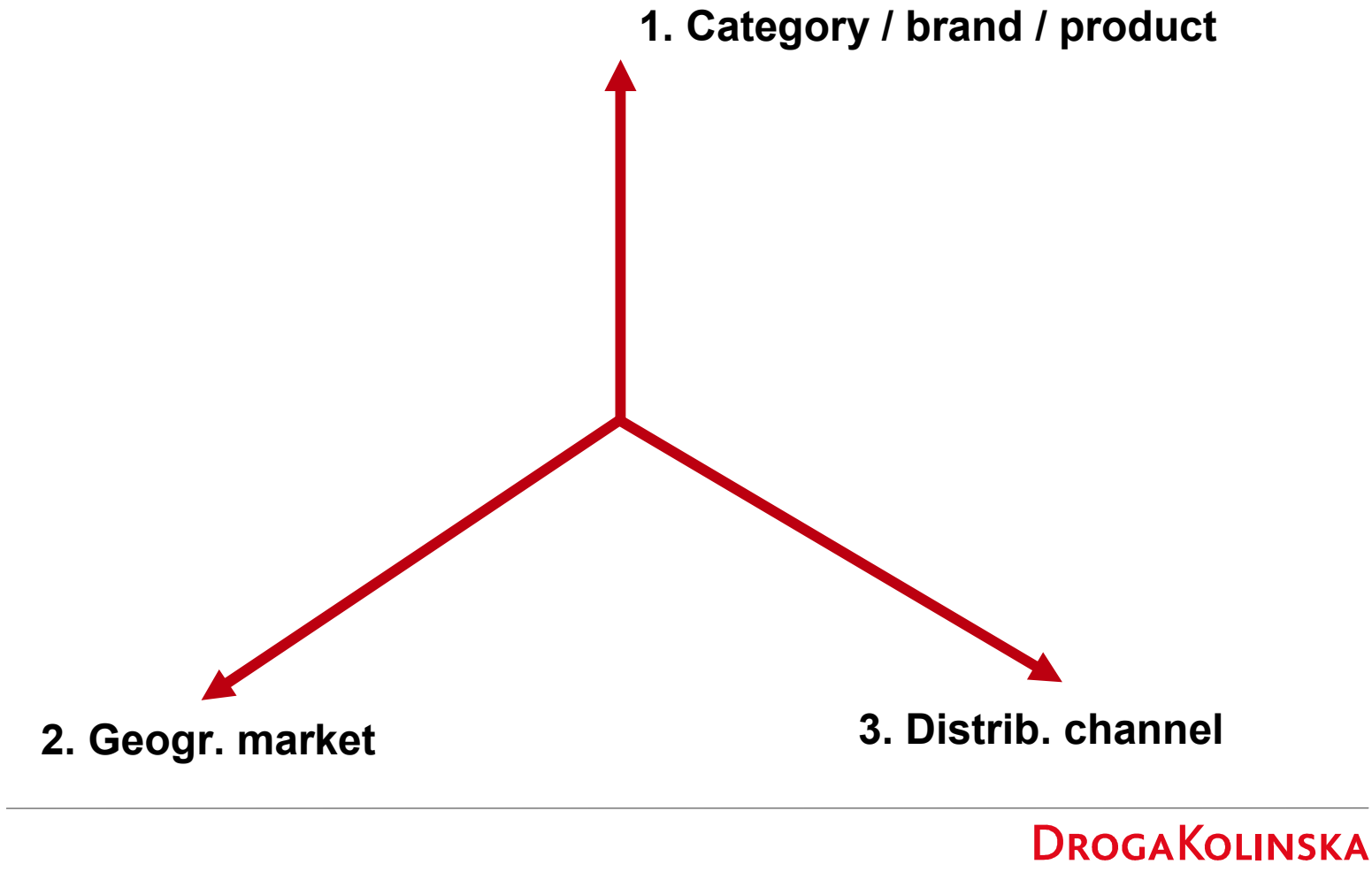
HOW DO WE MAKE MONEY?



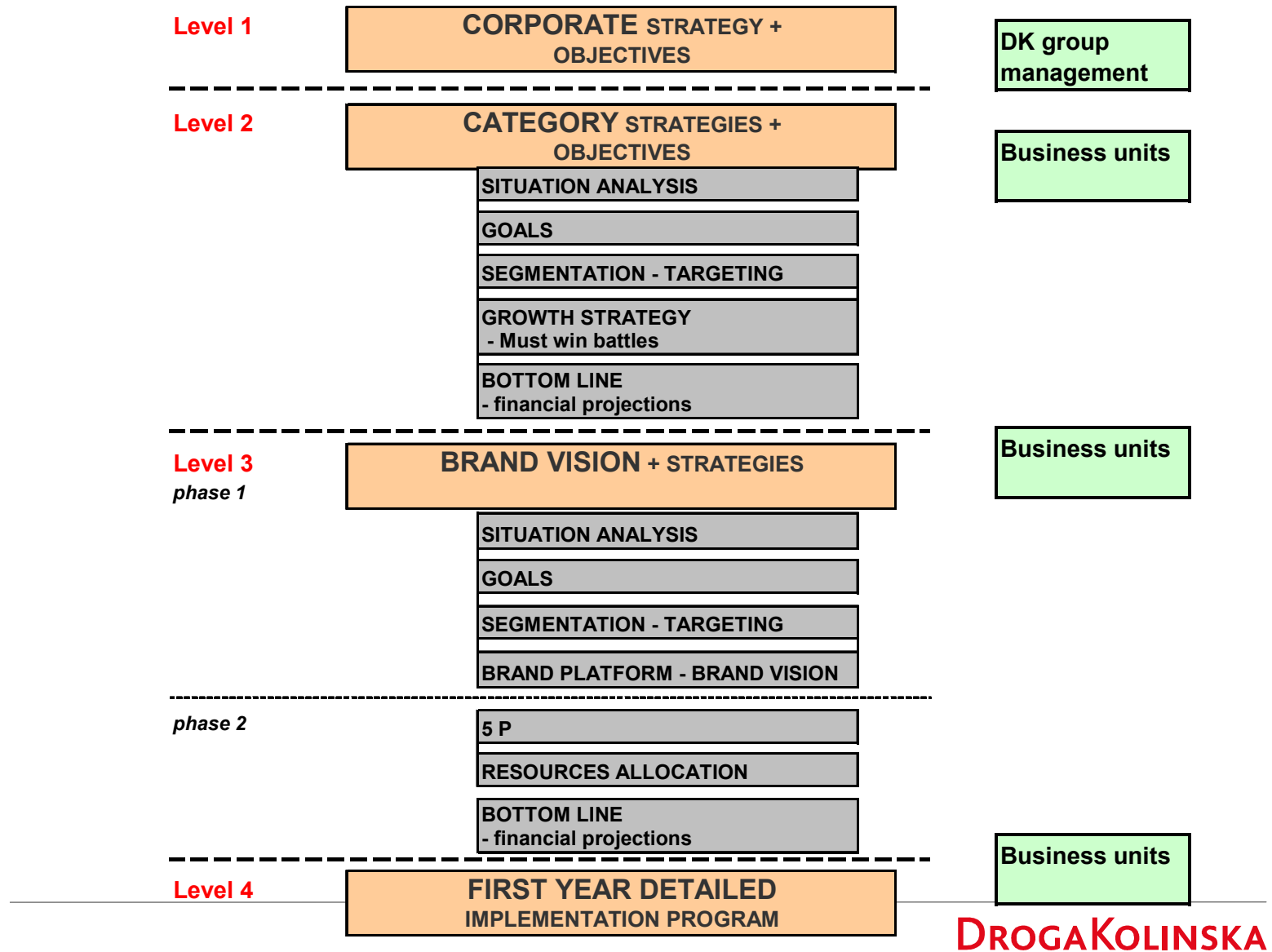
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STRATEGY DIMENSIONS

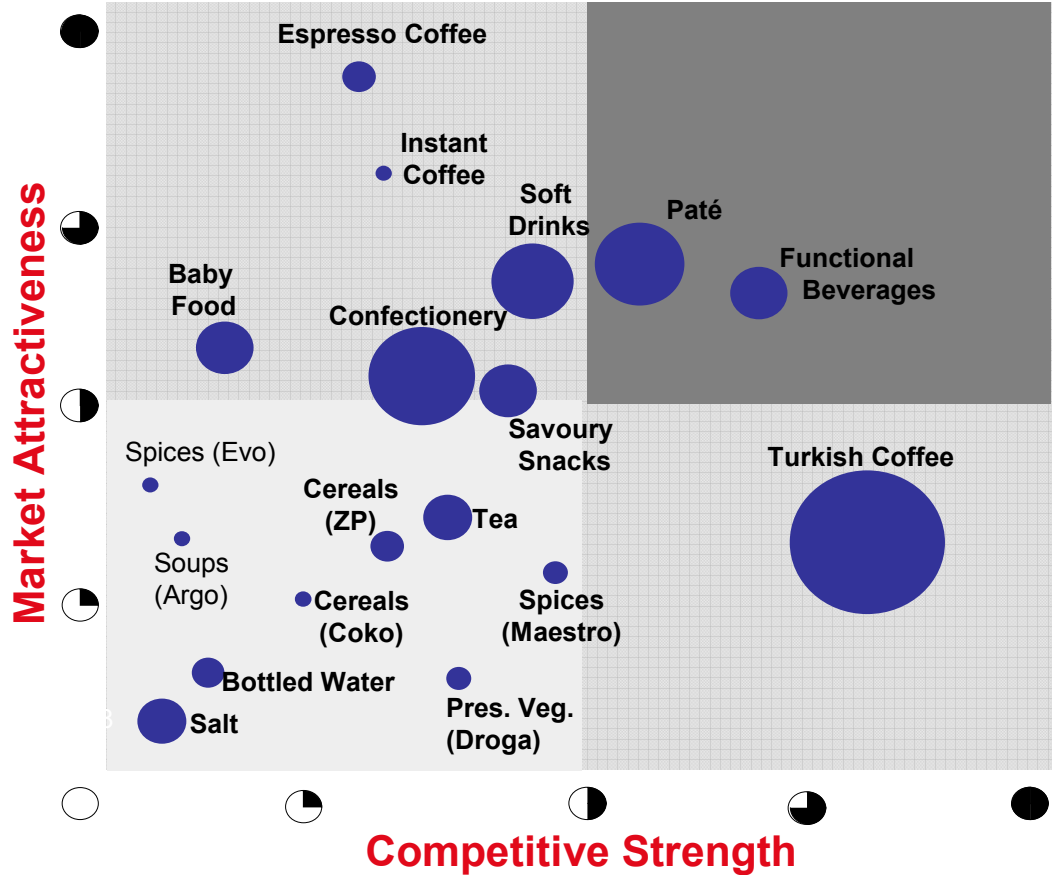


DK group STRATEGY HIERARCHY



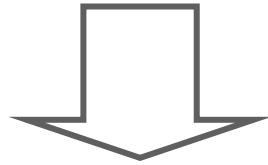
CORPORATE DK portfolio – build the strategy on our strenghts

Product Categories' Strategic Positioning



CATEGORY STRATEGIES - go for regional reach

I. Situation analysis



II. Category / sub - category vision, goals and strategy

III. Segmentation Targeting Positioning

- Identify groups of similar customers and potential customers
- Evaluate the segments (size and growth)
- Choose which segment to target

IV. Implemetation

- Clear decisions on Must-win-battles
- Define Strategic trusts & key actions
- KPI
- Financials – bottom line

BRAND(S) STRATEGY - go for regional reach

I. Situation analysis

- ✓ Consumer behaviour
- ✓ The competitive arena
- ✓ Dynamics of the market process

II. Develop brand(s) goals and strategy

III. Develop brand platform – brand vision

IV. 5 P

- ✓ Marketing strategies over the brand / product life cycle

V. Resource allocation

- ✓ Estimation of investments and other resource needs
- ✓ Prioritization of investments

VI. Financials – bottom line

- ✓ Sales projections
- ✓ Market share evolution
- ✓ Profit line

BRAND(S) VISION – what do we want our brand to become?

Show root strenght

- Symbols and values of the brands

Define target group

- The person and the situation for which the brand is used (not just demographics)

Show Insight

- How the brand can best solve a problem, or create an opportunity for them

Show benefits

- The differentiating functional and emotional benefits that motivate purchase

Present reason to believe

- The proof the brand offers

Present Values, Beliefs and Personality

- What the brand stands for and believes in and its personality

Define discriminator

- A statement of your point of difference

Present brand essence

- The distillation of the brand's genetic code into one clear thought

WAYS OF BUSINESS GROWING

- **Generating sales growth**
 - Must win markets
 - Strong performance by all categories
- **Growing market shares**
 - Strong brands growing above the markets
- **Enhancing mix**
 - Mix contributing to margin improvement
- **Driving margin**
 - COGS improvement
 - Cash generation
- **Driving efficiency**
 - Moving to higher performance



HOW WE DEAL WITH RISKS?

Risk is all about three questions:

- ✓ **What can happen?**
- ✓ **What would be the result?**
- ✓ **What can be done to minimize the impact?**

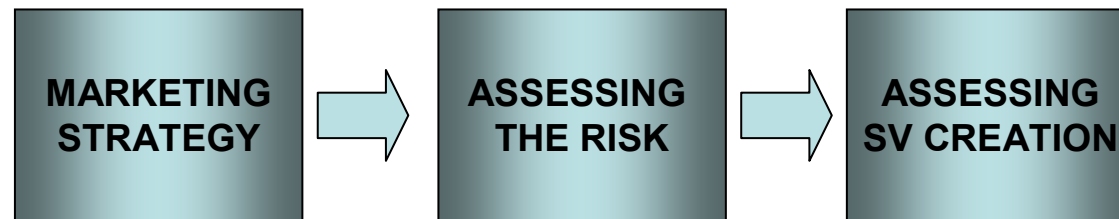
Risks company face at all stages of company development:

- ✓ **Growth risk**
- ✓ **Innovation risk**
- ✓ **Market risk**
- ✓ **Financial risk**
- ✓ **Team & management risk**

Risk categories

- **Management**
- **Technology**
- **Resources**
- **External**
- **Political**
- **Timing**

THE HIGHEST RISK
=
no (clear) company strategy



Vir: M.McDonald, B.Smith, K.Ward, 2006

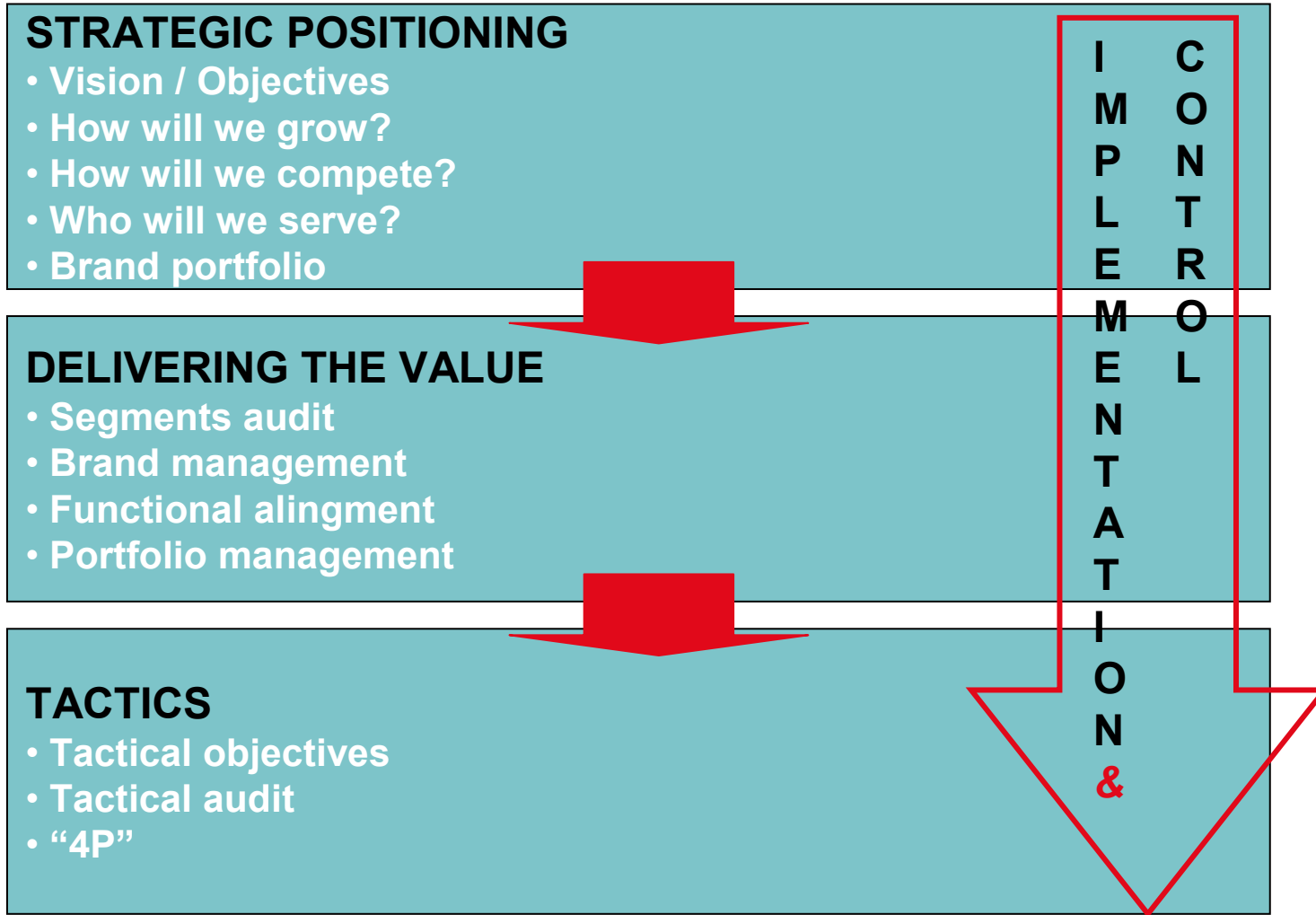
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CHANGE IS POSSIBLE TO MANAGE

- ✓ Understand where you are
- ✓ Understand where you want to be
- ✓ What are the measures for having got there
- ✓ Communicate, involve, develop people
- ✓ Prepare for the unexpected

TOP DOWN PROCESS



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HOW TO THINK FASTER & DIFFERENTLY THAN COMPETITION?

- understand the drivers of change
- stay close to customers and consumers
- have the ability to:
 - ✓ *Anticipate trends*
 - ✓ *Forecasting*
 - ✓ *Spot trends*
 - ✓ *Create environment that let the best idea*

GROWTH IS A PROCESS

- **CUSTOMER DRIVEN ORGANIZATIONAL CULTURE**
- **PROFIT IS EVERYBODY'S BUSINESS**
- **TIME**
- **CONSISTENCY, RIGOR and DISCIPLINE**