

2008

# DROGA KOLINSKA

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Marketinški fokus, september 2008

# AGENDA

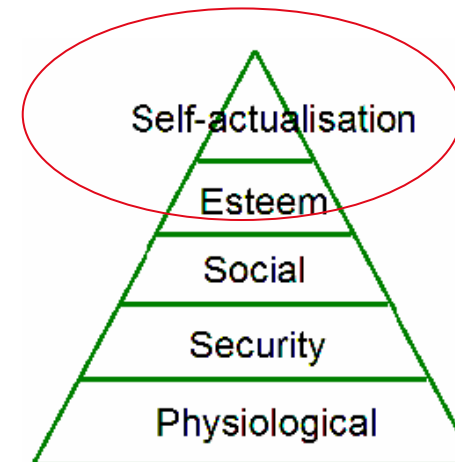
- **New dimensions in business space**
- **New role of marketing**
- **The concept of strategy**
- **DK group: Corporate strategy – business strategy – brand strategy**
- **Mindset transformation**

# 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

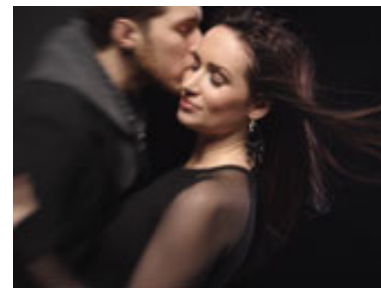
ROI

ROS

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# EMOTIONS



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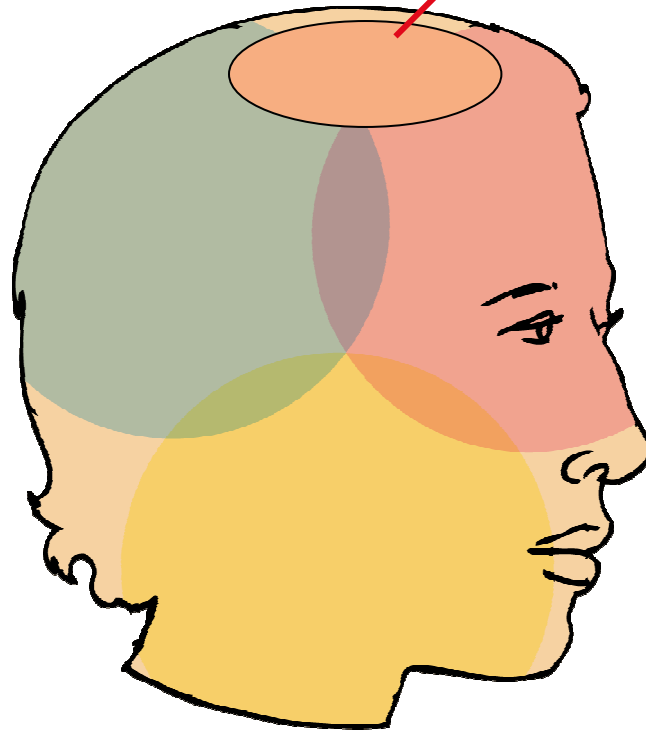
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# SHIFTS IN BUSINESS ENVIRONMENT

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

# FIND “THE BUY BUTTON”

“Shopping center?”



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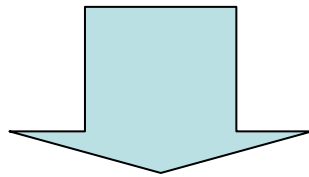
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# STRATEGY IS ABOUT CHOICE

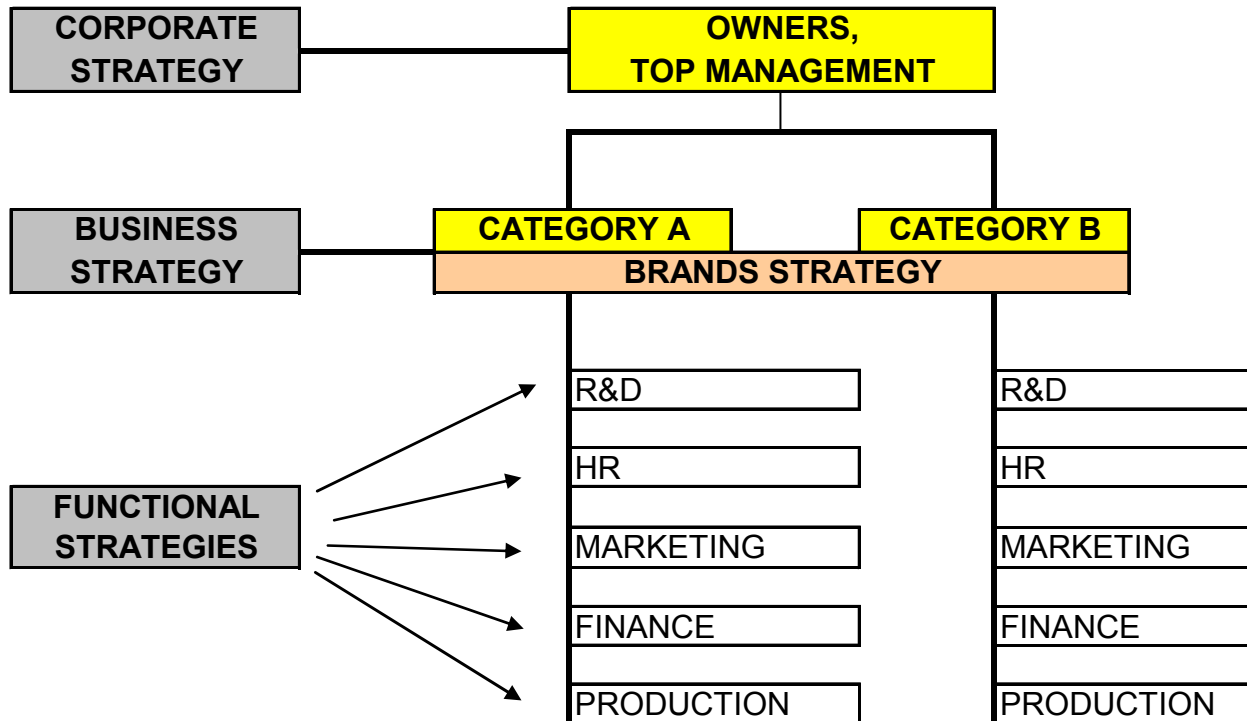
Where to compete?

How to compete?



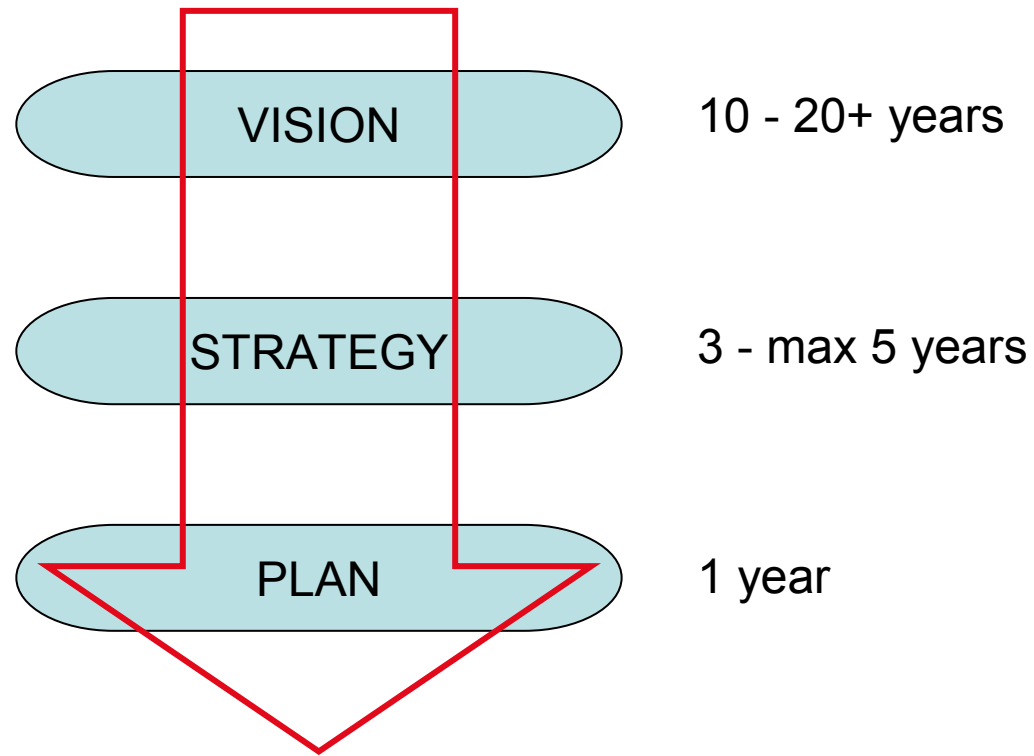
**Company earns return on its capital that exceeds the cost of its capital**

# LEVELS OF STRATEGY

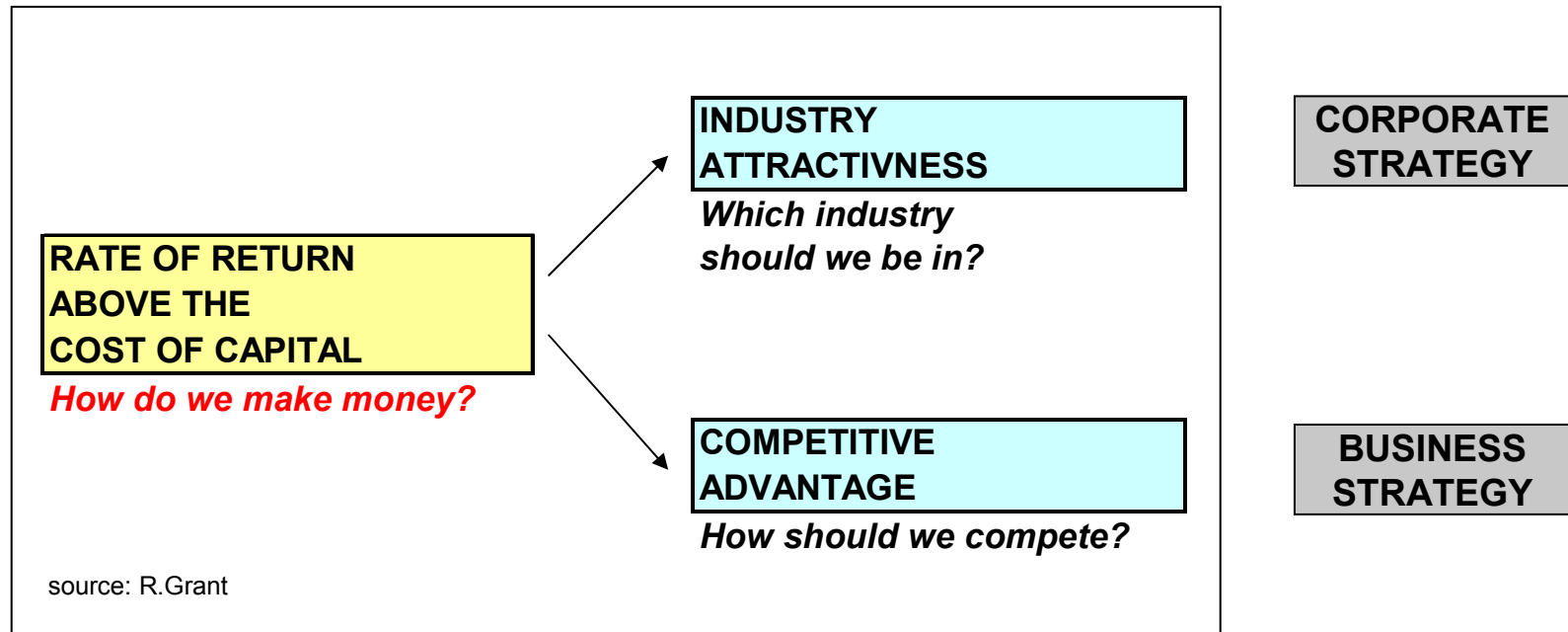


Source: Grant R., 2005

# TIMESCALES



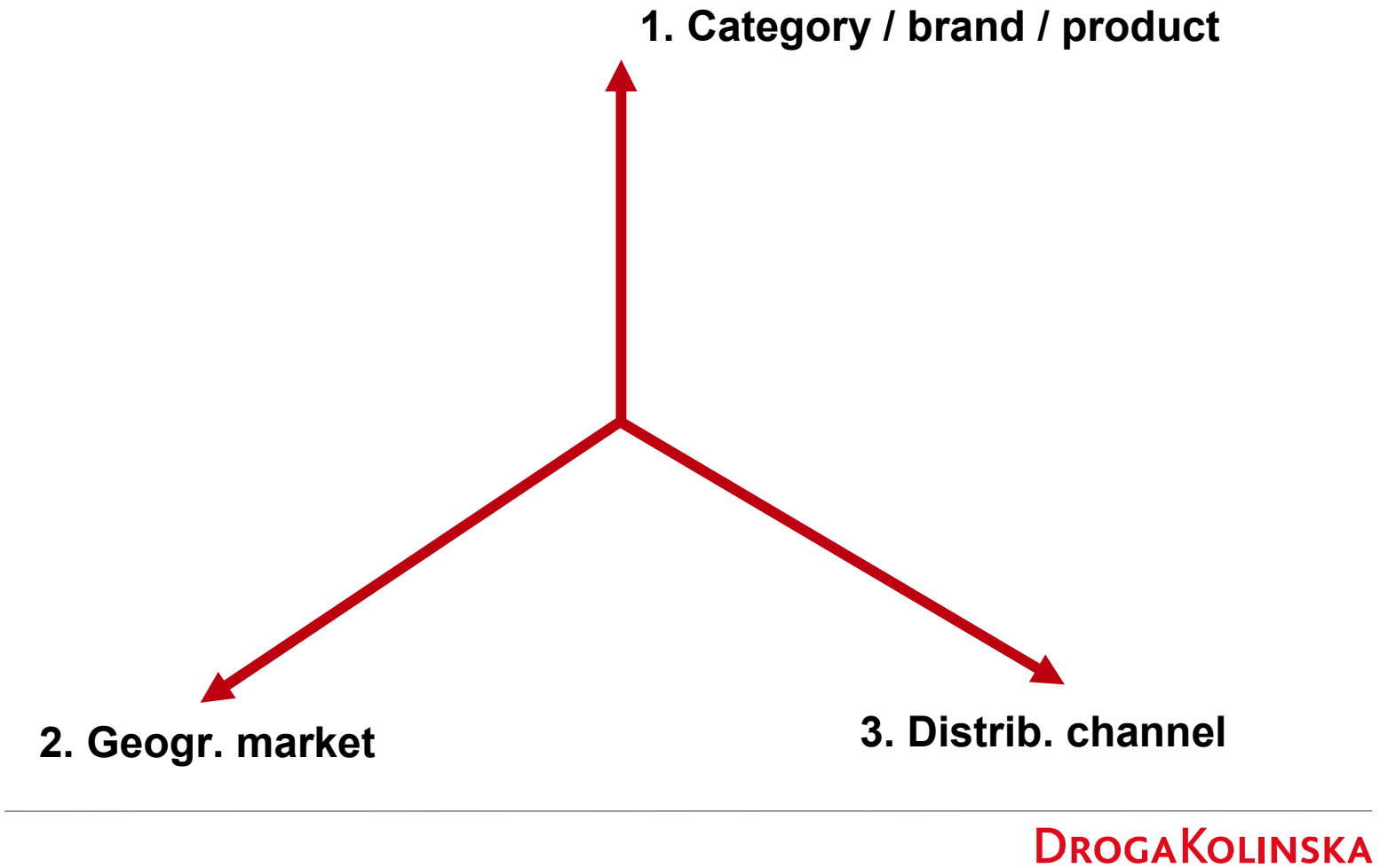
# HOW DO WE MAKE MONEY?



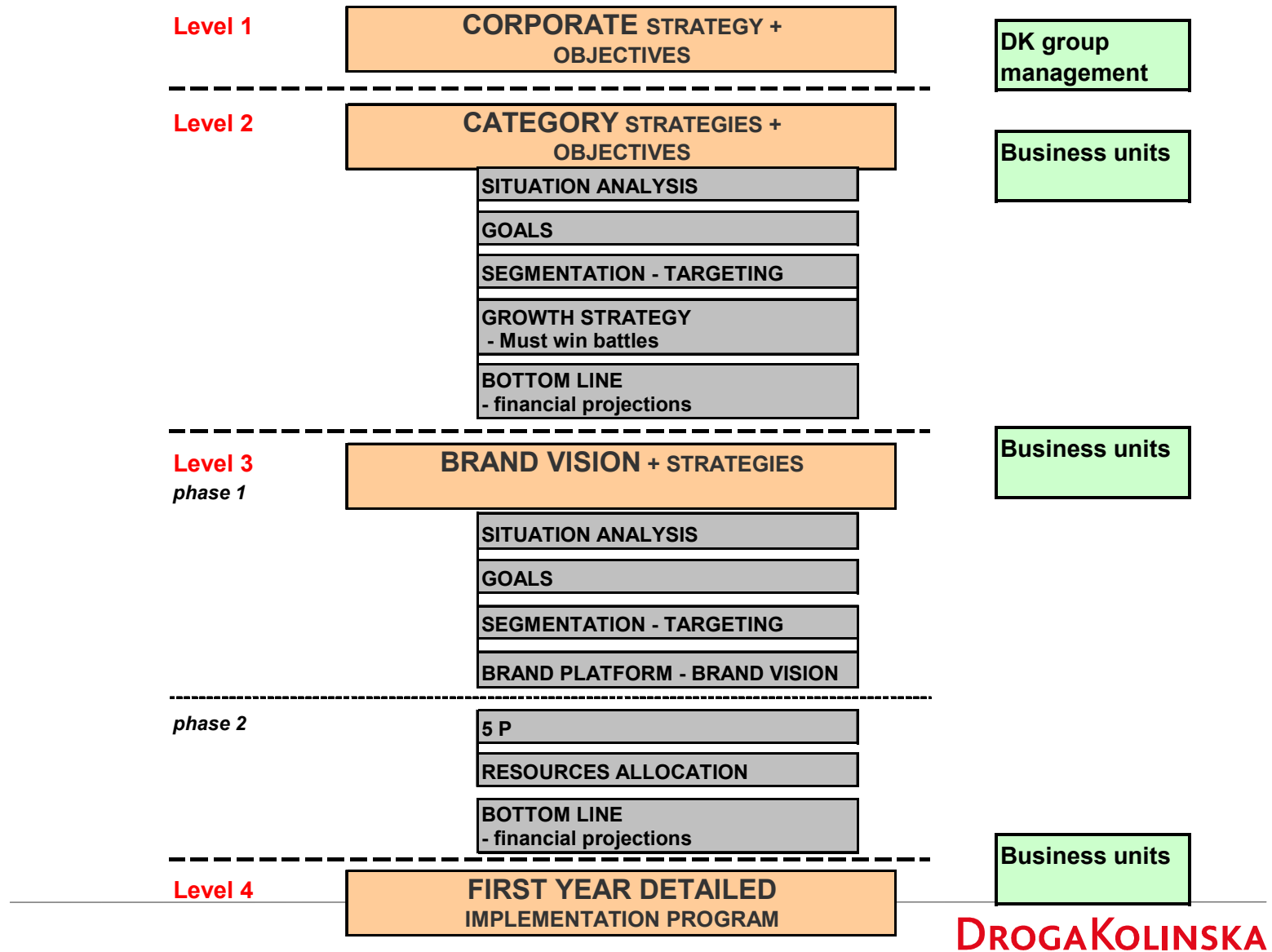
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# STRATEGY DIMENSIONS

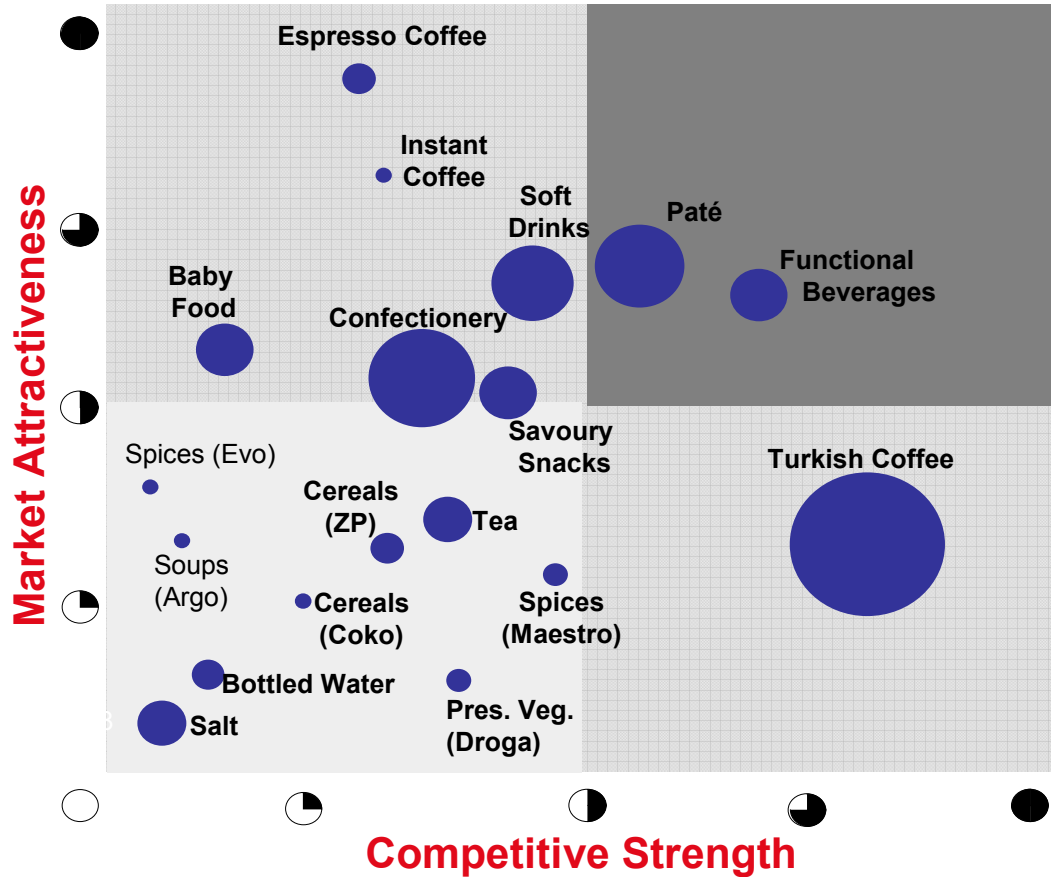


# DK group STRATEGY HIERARCHY



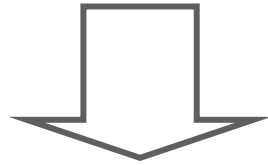
# CORPORATE DK portfolio – build the strategy on our strenghts

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. Implementation**

- 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?**

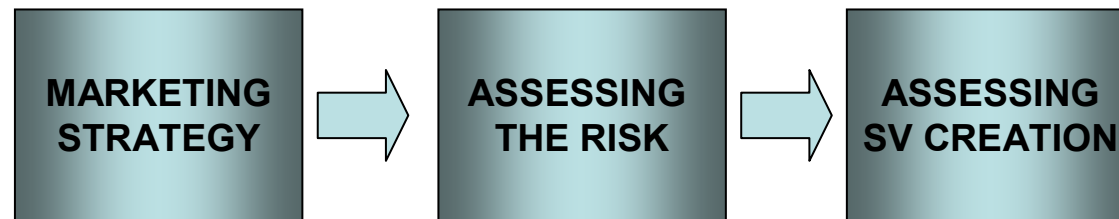
Risks company face at all stages of company development:

- ✓ **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

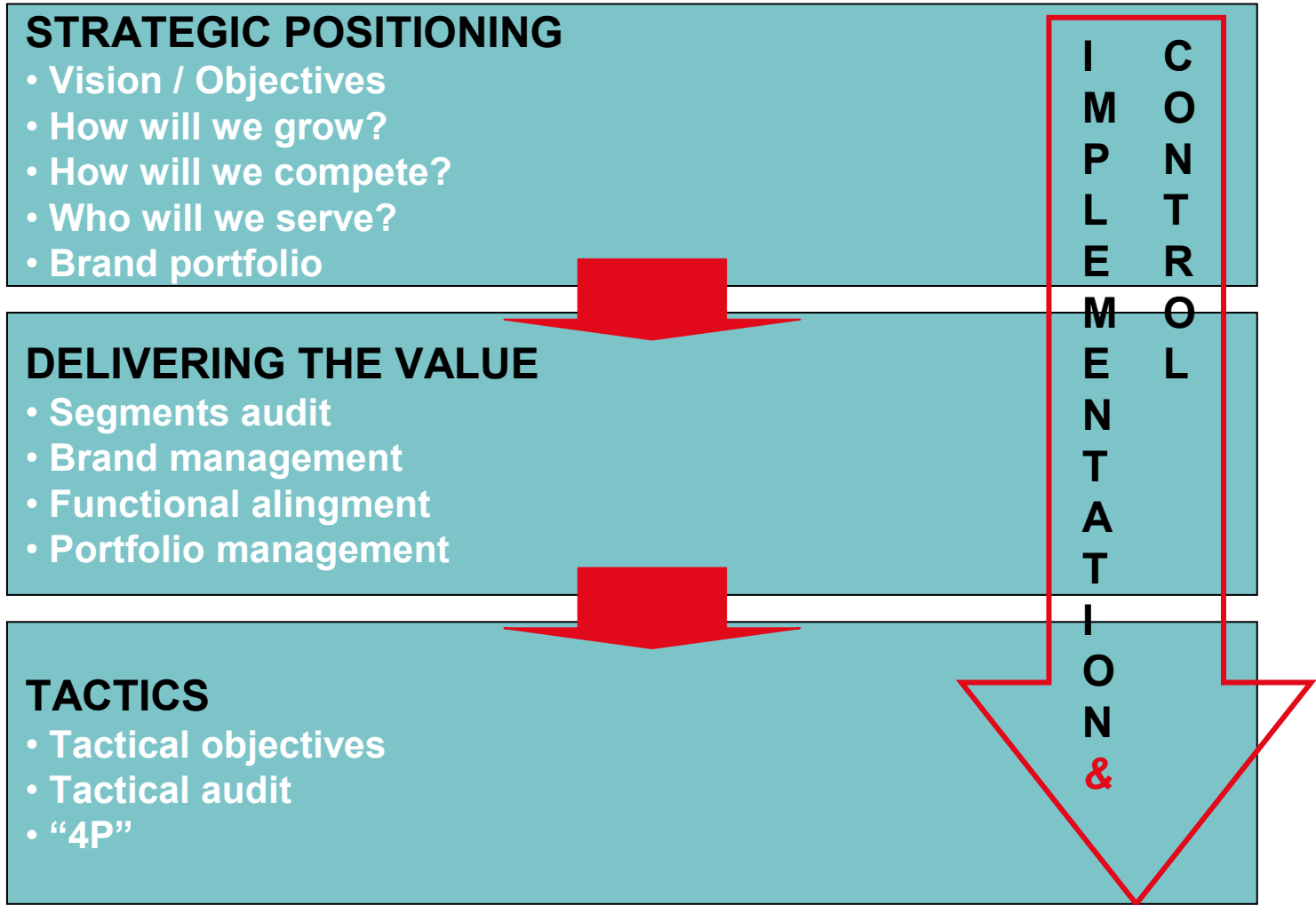
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# CHANGE IS POSSIBLE TO MANAGE

- ✓ 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**