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PORTFOLIO ANALYSIS AS A NEW INSTRUMENT OF RELATIONSHIP MARKETING

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Abstract

The article is devoted to the need for strategic management of the enterprise with the help of portfolio analysis, which has become an important tool of relationship marketing. The author offers his own version of a portfolio of partners for industrial companies. The proposed method of forming a portfolio of partners has been tested on the basis of industrial integrated structure - JSC «Group of companies «Titan». Portfolio analysis permits managers to look under consideration actual and potential partnerships more properly and make more qualitative managerial decisions.

Keywords: relationship marketing, marketing management, strategic marketing, industrial marketing, portfolio analysis

Introduction

Actively proceeding integration processes lead to the essential transformations of many industrial companies and their conditions of work in the world economy forcing the companies to improve constantly their marketing policy.

Firstly, there is a gradual agglomeration of business in the B2B market which takes place at the expense of the integration process of enterprises in the different groups which economic opportunities considerably exceed business possibilities of any participants entering into these groups [1].

Secondly, a great deal of the integrated industrial structures which are located in Russia and abroad can be described by the mixed (transitional) form of integration. This fact explains company's attempts to turn into the most perspective and optimum forms of intercompany interaction, such as clusters and business networks [2].

In such conditions of business when the success of an industrial company depends on the efficiency of its interaction with business partner in the market, application of traditional marketing is significantly limited. This

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fact determines the necessity of review of the current approaches to the marketing policy building of the industrial company and development of the new approaches focused on formation and maintenance of long-term relationship with partners. It can be realized by using Relationship Marketing concept in which the central element of management is relationship.

Materials and methods of study

The present study is based on an analysis of:

- methodology of portfolio analysis, which was developed in the theory and practice of relationship marketing;

- a survey of managers of the holding company JSC «Group of companies «Titan», which assisted to form a portfolio of partners and choose the strategy of working with them.

In the theory of Relationship Marketing there are portfolio and derivative approaches to the relationship management with business partners of the company.

The portfolio approach is a formation of relationship system of the company with partners on the basis of two-three criteria. It implies the development only those types of relationship which are capable to make profit for the company [3].

The portfolio approach allows industrial companies to estimate a portfolio of relationship with partners in the definite period of time.

Apart from allocation of the limited resources, the portfolio approach helps companies to analyze considerable volume of information about partners of the company according to the selected criteria that helps managers to make administrative decisions about existing relationship and potential partners for the company.

The portfolio of relationship is a complex of different formats of relationship (the single transaction, repeating transaction, long-term relationship; partnership, strategic alliances, networks and vertical integration) with different types of partners (consumers, suppliers, intermediaries, consultants, research organization, non-profit organizations, the state and public institutes) which are selected on the basis of developed system of criteria [4].

The company can form some portfolios of relationship. The company will have strategy, level of requirements and obligations within each portfolio. It must be noticed that the system of criteria for the formation of portfolios is selected by the organization independently and it can include both quantitative and qualitative indicators. Nowadays there are more than 30 various portfolios with different combinations of criteria.

The universal portfolio of relationship is given in fig. 1.

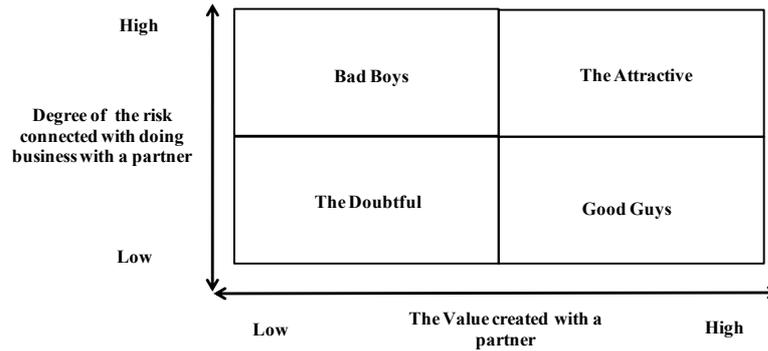


Figure 1. The portfolio of relationship with the partners of the company [5]

The analysis of existing and potential partners according to this portfolio (see fig. 1) will help managers to develop marketing policy which will include different strategies in each group of partners (Bad boys, The Attractive, The Doubtful and Good guys).

Bad boys: the number of these partners must be reduced to minimum (ideally the company shouldn't do business with such partners in general). The risk of business with such partners for the company is very high, and value for the company practically is absent or at a low level. There are two strategic alternatives which can be used by the company:

- disinvestment in relationship or its subsidence;
- active investment in relationship for the transfer of such partners to the category «The Attractive».

The Doubtful: this group of partners is characterized by low risk of doing business, however the value created by joint efforts is low, so the game is not worth the candle. This partnership can be profitable, but economic effect created by partners is small.

There are two strategic alternatives which can be used by the company:

- reduce expenses in relationship;
- active investment in relationship for the transfer of the companies of this group to the category «Good Guys».

The Attractive: the company can get considerable benefits with this group of partners from doing business together but risks are very high. As a rule, the company has some partners of such a kind, but their quantity is limited.

Priority strategy for the company – is concentration on relationship (transfer part of the companies from this group in «Good Guys» group).

Good guys: this is the most attractive group of partners for the company. The cooperation with these partners isn't connected with high risks,

but the created value is rather high. The company must aspire to increase the number of these partners.

Priority strategy for the company – is diversification of relationship (development of new values of economic, strategic and social character).

Findings and results

The proposed method was tested on the basis of large-scale industrial enterprise in the city of Omsk - JSC «Group of companies «Titan». The survey of the heads of departments and directors of the company assisted to form its portfolio of partners (see Figure 2.).

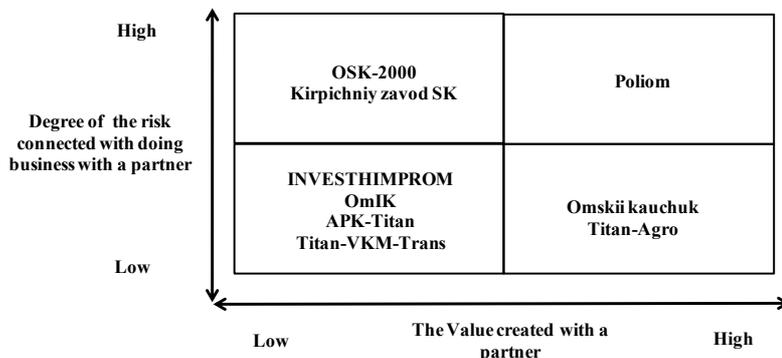


Figure 2. The portfolio of relationship with the partners of JSC «Group of companies «Titan»

Holding Companies were allocated in the above matrix by the managers of JSC «Group of companies «Titan», who took under consideration the value - as the resulting return on investment (economic value). The risk was determined by its components (financial liabilities, the contribution to the achievement of corporate objectives, the complexity of the supply, the organizational impact, legal requirements).

Construction of a matrix enabled the managers of the company to make strategic decisions in the management of the holding company and its subsidiaries. For example, JSC «Group of companies «Titan» chose the strategy for its subsidiary Poliom that implies the company's concentration on building strong relationships with Poliom.

In conclusion, it should be noted that the portfolio analysis must be added to the existing types of the strategic analysis (PEST analysis, SWOT analysis and etc.). The portfolio analysis can bring the following benefits when managers build marketing policy:

- it allows to look under consideration problems and opportunities which can be found in SWOT analysis;

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- the portfolio analysis allows to build more precisely substantial part of marketing policy of the company;
- the portfolio approach allows decreasing expenses and avoiding excessive bureaucracy in interaction;
- the portfolio approach allows to mark out benefits of partnership for all its participants: this advantage can help to prepare investment offers and presentations which will contain the benefits for all participants in detail;
- the portfolio analysis allows to consider work of all participants of relationship in a complex way.

It must be noticed that the portfolio approach by virtue of its strategic character can't be implemented at once for the short period of time, and especially it shouldn't be carried out by Marketing department of the industrial company alone.

Successfully introduced portfolio approach will allow the modern industrial company to form, develop and realize marketing policy at more qualitative level.

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MARKETING

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IMAGE AS A CATEGORY OF MARKETING: MAIN APPROACHES

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Abstract

The article describes and analyzes the approaches to the definition of "image", of its essence, which are described in the scientific literature. The aim of the work is to identify the stages of genesis and development of the "image" of the phenomenon, analysis of approaches to the definition of the image. Thus, on the basis of the analysis and generalization of theoretical approaches and points of view of the author's proposed definition of 'image' as category marketing. The proposed definition allows us to interpret the concept of image as a system of relations that arise in the process of image communication between two or more objects. At the same time, image communication is considered the process of transferring from one to another aspect of the experience, ideas, emotions, values. This active process of forming the image as a separate individual and the society organization.

Keywords: image, image communication, lifestyle, opinion, attitude, reputation, brand, digital image.