

DEVELOPMENT OF PRODUCT STRATEGY

Argjina Karemani Zylbeari¹, Selvije Thaci¹, Arjeta Amzai², Shefki Latifaj³

¹Department of Marketing and Management, Faculty of Economics

²Department of Economics and Business, Faculty of Economics

³Manager at Dea Water Company

*Corresponding author: e-mail: argjina.karimani@unite.edu.mk

Abstract

One of the key functions within a company is the marketing field and as it is of the most importance to have an already established and well-functioning marketing department within the company that would execute properly, on time and one step ahead of strategies of competition marketing. The purpose of the research is to analyze the implementation of marketing strategies by Dea Water Company in Kosovo and to provide clear recommendations to companies that do not use marketing strategies. The population of this study is 32 employees of "Dea" Water Company. For finding the results we used the quantitative research method, while data collection was done through survey and questionnaire. The questionnaire is the main instrument, which contains 2s of emotions. In the first section, the questionnaire includes the demographic characteristics of the study participants. In the second section, the questionnaire included 12 questions, which identified the use of marketing strategies in the company as well as their impact on profit level and sales volume. The results showed that product strategy improves Water Company profitability "by $r = 0.309$; $t = 1.777$; $p < 0.086$).

Keywords: strategy, profit, product

1. Introduction

Profit maximization is the main concern of any business organization. Achieving this goal suits the marketing manager of every rational business organization, who should plan and implement policies that will maximize income per capital unit employed in the business. It is said that understanding the customer's needs and desires is important for successful marketing, just as the competition, which is important in influencing how successful a company's business venture can be. It is necessary to accentuate that it is not only a matter of producing a good product or service, to only fulfill customer needs and desires which ensures customer satisfaction, but also how well the product or service is presented to them. One way or another, some businesses and companies are able to do this, but some are more successful in the market than others (Kotler P. & Keller L., *Marketing Management*. new Jersey: 14th E., Prentice Hall, USA,2012).

One of the main functions within a company is the field of marketing and the development of its strategies, which could be implemented through the marketing department, a very important department that every company should have.

A good marketing department that operates with professional staff can potentially result in the better market positioning of the company, increasing the market share of the company, satisfying customer needs, and meeting their requirements (Elmazi L., *Strategjia Marketing*. Tiranë: Kumi, Albani, 2010).

Thus, developing and implementing a successful marketing strategy in business is very important, especially when dealing with a business that produces still or sparkling water.

A successful marketing strategy should show an organization where they want to be on a long-term basis, and this is why it is said that the marketing strategy is a continuous process. Marketing strategy is seen as the marketing logic by which the organization will aim to achieve its marketing objectives.

The recent global market has made companies view the internationalization of their activities and events to remain competitive in the market. Marketing strategy has become a relevant tool in the world for any organization to remain in the competitive market environment and become stronger (Dr. Cross Ogohi Daniel, (2018), Effects of marketing strategies on organizational performance, *International Journal of Business Marketing and Management*, Volume 3 Issue 9 September 2018, P.P. 01-09).

Marketing strategy can be defined as a plan by a company to differentiate the company to differentiate itself positively from its competitors, using its relative strength to better satisfy customer needs in each environment (Jain K. (2004) "SME Definition & Statistical Issues" *Journal of Enterprising Culture* 11(3): 173 –337).

Marketing strategies entail the entirety of actions designed to achieve competitive advantage and achieve better than average results by intelligent and fact-based selection among alternative leading to such advantage (Shane (2003): "A General Theory of Entrepreneurship" *Individual Opportunities*. Nexus/Scott Shane, *New Horizons in Entrepreneurship Series*, Edward Elgar Pub).

In present business activities, the success or failure of any business organization depends on how well the organization can meet the needs of its customers, and this act poses great tasks and responsibilities through marketing on any organization, which aims to shine in the satisfaction of their customers. The task involves identifying the needs of customers and making decisions about how to best get their products and services, to meet the desires of prospective buyers and sellers (Day & S., G. *Market driven strategy: processes for creating value*. New York London: Free Press; Collier Macmillan, 1990).

Subject of study

Water is an essential resource for human life and development. Nevertheless, with the current social development occurring in the world as well as in Kosovo, just as the environmental destruction, water pollution is becoming an increasingly serious phenomenon, and this is also affecting the increase of people's mistrust in tap water purity. Today, about 1.6 billion people, or almost one-quarter of the world's population, face economic water shortages (Water and UN 24/11/2014).

As a product, water resources are special since they also possess social welfare features. This also stipulates that the water supply industry is distinct.

Bottled water production in Kosovo became very popular after 1999 after internationals came to Kosovo and brought new habits on drinking water. Before that, only an insignificant percentage of people used to drink bottled water. At that time, it was mainly a habit to pay for sparkling water or getting water for drinking purposes from the main supply from city companies producing drinking water.

Since there was no still water production tradition in Kosovo, it was imported from abroad, and after 1999 this was considered a good opportunity by local companies to start producing still water and supply the market, where the demand was ever-increasing. Thus, large amounts of imports

were substituted and a part of the market share that was dominated by international companies was created very fast (Fejza.E, ” Strategjitë e marketingut të ndërmarrjeve në sektorin ushqimor në Kosovë”. Tiranë 2013).

Having a picture of the water supply market in Kosovo, the industry continues to intensify the competition, and on the other hand consumer demand for water is changing. Thus, the development of marketing strategies becomes a significant issue in the water industry, an issue which is addressed by gathering information from the Water Company “Dea”, which is also the research object. Through horizontal and vertical comparative analysis of marketing management advantages and disadvantages, some improvements or recommendations of water business marketing management will be provided.

Currently, there are some small and medium companies in Kosovo that produce goods, substituting imports, but only a few of them export to regional markets (mainly Albania and Macedonia) and the Western European market. In present business activities, the success or failure of any business organization depends on how well the organization can meet the needs of its customers, and this act poses great tasks and responsibilities through marketing on any organization, which aims to shine in the satisfaction of their customers’ demands. The task involves identifying the exact needs of customers and making decisions about how to best get their products and services, to meet the desires of prospective buyers and sellers (as represented by clients).

The goal of the study

The main goal of the study is to scrutinize the effects of marketing strategies development on the organizational performance of the water company “Dea”.

This study aims to answer some research questions related to marketing strategies that are implemented today in Kosovo by the water company “Dea”. The study analyzes the existing state of knowledge and implementation in practice of marketing strategies by the water company “Dea”.

Other specific objectives of the study are:

- I. To examine the extent to which the product strategy improves the profit level of the water company “Dea”.
- II. To determine the extent to which the promotional strategy affects the sales volume of the water company “Dea”.

Hypothesis

Based on the proposed research problem, the research question, and the research objectives above, we have the following hypothesis:

H1: The product strategy positively affects the profit level of the water company Dea.

Methodology

To conduct this study, the literature of numerous international and Albanian authors regarding marketing strategies has been reviewed and based on that, an analysis of the strategies implemented by the company, which is part of this study, was conducted. Special attention is paid to the good formulation of the strategy, since: “A well-formulated competitive strategy, regardless

of its type, is a strategy which seeks to build a distinctive competence in some key activities and then using the same, to create a competitive advantage in the market over other enterprises". This best shows how significant it is to formulate a good strategy and then develop detailed plans for its best and easiest implementation.

Primary and secondary data collection sources were used for the purposes of this paper. The survey method was used for the primary data collection, using the questionnaires as a research instrument. For secondary data sources, various literature is used, such as: local and foreign authors' books and scientific articles, as well as other sources.

The data obtained through the questionnaire were analyzed using the SPSS 22.0, while regarding the descriptive data, frequencies will be used to describe the overall result of marketing strategy development. To assess the validity of the internal consistency of the questionnaire we will use Cronbach's alpha of correlation and regression, to examine the correlation between variables.

The interpretation and commentary of the research finding are presented in tables and graphs deriving from the survey data, always based on the research objective, and testing of research hypotheses, which will be carried out through SPSS, descriptive analysis, frequencies, variances of standard deviations. The research was conducted in February and March of this year, when the employees who have a direct relation to the field of marketing and sales in the water company "Dea" were surveyed, to obtain the most accurate data related to the research objective.

The significance of the study

This research paper will present the significance of creating a marketing department and engaging professional staff in creating and developing marketing strategies in a company. This research will contribute to Kosovo's companies' awareness about the drafting and development of marketing strategies within their companies. Since marketing strategy research in this sector is very scarce, this research will provide a good basis to continue advancing in terms of making companies pay attention to the development of marketing strategies.

Empirical study

Sample

The water company Dea was chosen as part of this study. The establishment of the ADEA Group is closely linked to the overall development of Kosovar society to strengthen and develop the country's private economy. Adea Group was established in 1990 by Shala brothers. Since then Adea Group became one of the main bearers of the economic development in the region of Gjilan and wider. DEA started its production in 2004. In the first two years, the company entered the market successfully, with rapid growth. This was due to the good quality of the product as well as the adequate promotion of the goal. During this period, the company expanded the range of products aiming at its continuous expansion, based on customer requirements.

DEA bottled water meets all world standards for bottled water. In 2006 DEA was ISO 22000 and HACCP certified, which indicates the safety in production and continuous quality enhancement. The quality of the natural mineral water DEA has also been certified by KFOR since it is the main supplier of KFOR, NATO bases, International Embassies, as well as many foreign and local institutions.

The company’s mission is “to always offer value to the consumer through consuming of our products, and at the same time perfecting our services to customers, by providing quality and healthy products.”

The company objectives are:

1. Preserving well-being and health in every family by providing quality products
2. Providing fast services to customers
3. Meeting the requirements and achieving client satisfaction

Today, this company counts more than 100 employees, of whom 32 were surveyed, including marketing staff members, sales agents, and other employees of the company. The sample selection was random, surveying the employees who were at their working place, but to be more accurate in concluding the study, the sales staff, marketing managers of the company, etc., were surveyed. As seen from the data obtained, it results that the value of Cronbach’s alpha coefficient is 0.84, which indicates a good consistency of the questionnaire used in this study. Therefore, the instrument is reliable.

Questionnaire	Cronbach's Alpha	Items
Strategy development	0.84	12

In the framework of descriptive, statistics we will analyze the correlation coefficient (correlation matrix). The correlation coefficient expresses the linear relationship between the variables included in the data. This coefficient can take values from -1 to +1. The value -1 expresses a strong negative correlation between the included variables, the value +1 of the correlation coefficient expresses the perfect positive relationship between the included variables, while the value 0 of the correlation coefficient indicates that there is no linear correlation, even positive or negative between the variables included.

Correlation

		Product strategy	Profit level
Product Strategy	Pearson Correlation	1	.309
	Sig. (2-tailed)		.086
	N	32	32
Profit Level	Pearson Correlation	.309	1
	Sig. (2-tailed)	.086	
	N	32	32

*. Correlation is significant at the 0.05 level (2-tailed).

According to the above calculations, it is noticed that the amount of correlation coefficient between the product strategy and the profit level of the water company "Dea" is equal to 30.9% and taking into account the P-value which is .086 then we can say that there is a positive relationship between the product strategy and the profit level of the water company "Dea".

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.429	.114		.566	.000
Product Strategy	.286	.161	.309	1.777	.086

a. Dependent Variable: Profit level

From the table of the above coefficients, the P-value was taken at 0.086 which is greater than 0.00 and indicates that there is a positive correlation between the variables. Therefore, H1: The product strategy positively affects the profit level of the water company Dea. It will be accepted and can be concluded that there is an important relationship between the product strategy and the level of sales profit in the water company "Dea". In summary, based on what was said above, we see that there is a significant relationship between product strategy and profit level. The product strategy had a positive correlation with the level of profit in the water company "Dea".

Conclusions

Based on the conclusions we would propose these recommendations for the water company “Dea” in Kosovo:

- Water company “Dea” in Kosovo needs to improve its strategy if it aims to survive in a highly competitive environment. This is a very competitive market since the easy market entry makes it as such. A company that wants to establish a business in the industry can do this effortlessly, needing a huge financial capital to start.
- Apart from the product strategy, the company “Dea” must have good marketing strategies, to expand the business in the existing and new markets, introducing innovative or modified products, as well as responding quickly to market demands and consumer taste variations.
- Establishment of the marketing department and recruitment of professional staff.
- The company ought to base its marketing strategy on a medium- and long-term strategic plan and not rely on imitating market leaders and competition within the competitiveness between them, since it may be too late to gain the benefits of first moving advantages and gain a competitive advantage.
- The company should put efforts in identifying the needs and desires of the market and put efforts to meet them;
- The company should continuously conduct market analysis to identify the main competition in the market and know what they offer to customers;
- The company must constantly modify their products according to market needs by adding flavor to the water as required by customers;

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