

# STRENGTHENING OF POSITION IN THE BUSINESS ENVIRONMENT OF AN INFRASTRUCTURE CONSTRUCTION CORPORATION WITH THE HELP OF ALTERNATIVE METHODS

Ion Gr. Ionescu<sup>1</sup>

## Abstract

*The present paper intends to develop an analysis regarding the components of a marketing approach and, in particular, to become aware of its role in guiding the company's activity, in order to increase the chances of success. The market economy can ensure the necessary balance and adaptations, according to the requirements of the competition mechanism and its operating principles. Success in business depends, to a large extent, on how the business activity is optimized and programmed through a marketing vision. In the market economy, any organization, and in particular a non-profit organization, devises its own policy, by which it designates future directions of evolution, as well as the concrete ways of implementing it, a policy that must ensure its permanence on the market. market and especially the overall development. Thus, the company can correctly assess the parameters of the market and allocate the resources that it has according to the real demand, can detect the uncoated segments of the market and the comparative advantages compared to the competitors. The strategic axis of an enterprise can be modified, from one stage of evolution to another, but when the company acts in a turbulent environment, where unforeseen events can occur that do not fit into the usual risk calculation, the strategic alternation becomes a ordinary fact.*

**Key words:** business environment, corporation, marketing, infrastructure

**JEL Codes – D24**

## Introduction

Basically, "the notion of market can be seen as a mechanism that includes demand, supply, competition and prices, a mechanism that will determine the decisions and behavior of companies." (Balaure, 2002)

The essential content of the notion of market is represented by "the economic sphere in which production appears in the form of supply of goods, and consumption needs, in the form of demand for goods." (Denner, 1971) Viewed from such an angle, the market is "the sphere of confrontation of supply with demand for goods, their realization through acts of sale-purchase, and all the conditions under which such processes take place." (Dragan, 1998)

In the practical activity, depending on the complexity of the enterprise's activity, the number of competitors, the overlap of the product market of that enterprise, the following cases are encountered: (Bran, 1991)

- a) the market of the enterprise is identified with that of its product, when it has a monopoly on the production or sale of a certain product within the total market, the two markets have the same products.
- b) the market of the enterprise consists of markets of several products, when the enterprise has the monopoly of the production or sale of several products.
- c) the product market consists of markets of several enterprises.
- d) the markets of the enterprises interfere with the markets of the products.

"The marketing approach of the market allows the use of criteria and tools to establish its concrete content and dimensions. The correct evaluation of such dimensions - the structure of the market, the volume of transactions, their disposition in space and time, the market tendencies - offer the premises of an optimal orientation of the economic activity". (Hill, 1997)

For an increasing number of companies, "competition is no longer manifested locally, but globally. As long as national markets are open, there will be an influx of cheaper and better foreign products." (Gaf-Deac, 2008)

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<sup>1</sup> Associated Professor, Ph.D. Tomis University, City of Constanta iionescu\_levant@yahoo.ca

Therefore, "companies operating in a national market must do everything possible to achieve products competitive with those on the world market or above them." (Florescu, 1997) Most companies will apply "basic marketing, when they have a large market and when the profit margin per unit is low." (Jugănar, 2000) On the other hand, in the markets with few consumers and with a high profit margin, the companies will be oriented towards cooperation.

Today, company leaders believe that their main goal is to improve the quality of products and services. "Educated consumers no longer accept medium quality products. For a company that wants to stay on the market, the only solution is to adopt total quality management ". (Haedrich, 1996)

There is a close relationship between product quality and services, customer satisfaction and company profitability. A higher level of quality leads to a higher level of customer satisfaction, which means higher prices and sometimes lower costs. Therefore, "quality improvement programs usually contribute to increasing profitability". (Ionciă and all, 1997)

### 1. Conclusions of the SWOT Analysis

Following a SWOT analysis, the company in question came to the conclusion that starting from market elements, it is necessary to take specific marketing measures to strengthen its position in the business environment.

<p><b>Strong points</b></p> <ul style="list-style-type: none"> <li>• ranked 2nd in the top of construction companies;</li> <li>• availability to hire labor in the area;</li> <li>• well-qualified workforce;</li> <li>• products (asphalt mixtures and storable mixtures) of the latest generation good price / quality ratio.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• obsolete machinery fleet;</li> <li>• insufficient investments;</li> <li>• poor promotion policy.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• extension of works in the country;</li> <li>• EU integration;</li> <li>• relaunching state investments for highway construction, superstructure restoration and modernization of roads and bridges.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• market competition - S.C. STAR TD;</li> <li>• decrease in the purchasing power of individuals and legal entities;</li> <li>• financial blockages (late payments from town halls, county councils, etc.).</li> </ul>

### 2. Market analysis of Romanian producers of similar products and services

Due to the modernization of infrastructures and investments in the field, the production of asphalt mixtures is constantly growing, hence a very high competition.

SC Drumuri și Poduri S.A. tries to make good quality products at a lower price. The sales markets of these companies are the same and there may be fierce competition in the production of asphalt and concrete mixtures.

All competing companies started with concrete stations, sorting stations and expanded with asphalt mix preparation stations.

After 1998, due to the very large investments in infrastructure, from Prahova county, two companies were built, S.C. Roads and Bridges S.A. and S.C. STAR TD, in the top of the largest producers of asphalt and concrete mixtures.

SC Condori Sult, S.C. Fibec, S.C. Contrasimex, S.C. Cam S.R.L., S.C. Baumeister are other rival companies, but being located in very low places, they create problems for society.

The strongest competitor with S.C. Roads and Bridges, is S.C. STAR TD.

The advantages that S.C. Roads and Bridges to S.C. STAR TD are as follows:

- increased production of asphalt mixtures

- production of storable mixtures
- production of precast concrete
- low cost price of asphalt mixtures
- cheap transport of asphalt mixtures
- highly qualified staff
- low cost price of construction works (the operation of these machines is with an index of over 80%)
- supply of fuels directly from refineries
- the equipment is repaired under its own direction

The disadvantages are:

- due to the investments in the modernization of the facilities for preparing asphalt mixtures and storable mixtures, the fleet of equipment cars was neglected, it being aged.

### 3. Strengthening the market position of S.C DRUMURI ȘI PODURI S.A.

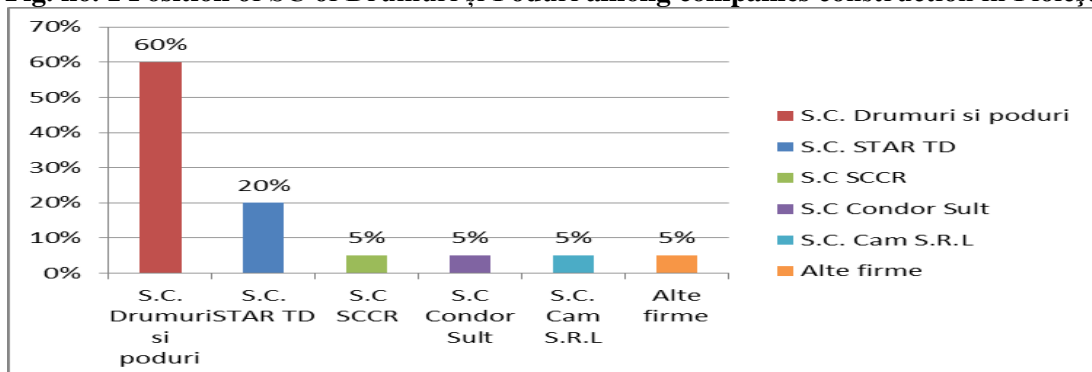
Measures in relation to the market The market in which S.C. Roads and Bridges S.A. is considered to be good (10-15 construction companies) finding customers for its products.

In order to strengthen its position on the market, the company must take into account the following factors:

- product quality
- product packaging
- aesthetics of equipment
- professional training

Market segmentation is done by volume of work, demand and supply.

**Fig. no. 1 Position of SC of Drumuri și Poduri among companies construction in Ploiești**



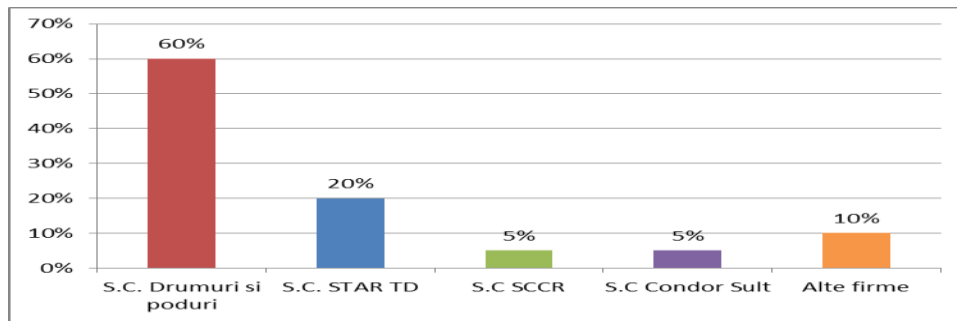
Sursa - S.C Drumuri și Poduri S.A

The company operates as a profile unit on a wide range of action in Ploiești and Prahova County.

SC Roads and Bridges S.A. holds a percentage of the total construction companies operating in Ploiești, and 60% in the county, trying to maintain a better position among construction companies.

The quality of asphalt and concrete mixtures as well as transport and installation are elements that must be included in standardized parameters.

**Fig. no. 2 Position of SC Drumuri și Poduri SA relative to other asphalt mixers**



Sursa: S.C Drumuri și Poduri S.A

Asphalt type BAPC8, BAPC16, BA16, BAD25, BADP331 are the mandatory parameters in any work estimate and they must be strictly observed. The quality of these parameters are closely monitored by well-equipped laboratories organized next to each asphalt and concrete mixing station.

The automatic dosing of the component elements (bitumen, filler, mineral aggregates for asphalt mixtures and water, mineral aggregates for concrete stations) ensures the appropriate quality of the raw material for the construction of asphalt mixtures, concrete and mortar.

The offer of products and services that it sells and produces are the following:

- asphalt mixtures
- storable mixtures
- bituminous treatments
- ballasts
- concrete
- prefabricated concrete, such as: tiles, curbs
- spare parts for machines and cars
- engine repairs
- rental of construction equipment
- laboratory for physical-mechanical tests of samples of asphalt and concrete mixtures
- performs car transports on any distance.

Promoting one's own products The promotion of the company as well as of the products is done through mass media. Thus S.C. Roads and Bridges S.A. appeared, in time, in the Yellow Pages, in the Info CONSTRUCT Yearbook and effectively promotes its image, products and services through advertising.

The company has collaborated with advertising companies and printed advertising objects, such as: catalogs, diaries, stickers that are applied on the equipment and machines, pens, openers, lighters, logo ashtrays and the necessary information for identification.

### **Promotion**

At the heart of product promotion is how S.C. Roads and Bridges S.A. understands to organize its service activities, so that any disorder that appears in the relationship between supplier and beneficiary, to be resolved in the shortest possible time, so as to credibly grow the company towards the beneficiary.

The rental of machines and equipment on a contract basis or on a temporary order basis, requires a good organization of the service activity, fact for which S.C. Roads and Bridges S.A. is a good example of organization.

During the operation of construction machinery and equipment, various technical accidents occur or even the lack of temporary work, for which the management of the company shows a maximum requirement.

In its weekly analyzes, the Board of Directors of the company discusses any deviation from order and discipline and has taken the necessary measures to prevent them. Both for the operation of machines and equipment, as well as industrial products, such as asphalt mixtures, storable mixtures, concrete and construction mortar are made according to the standards in force and no deviations from the rules are allowed.

Promoting a product on the construction market means an act of great responsibility because these materials determine the safety of the constructions made.

"A product cannot be promoted if it lacks the quality elements and recommendations that different beneficiaries make." (Nenciu, 2010)

As a result of these experiences, of the promptness with which it honors its services, the company is known and appreciated on the market of profile products, either of services (car rental) or of products (asphalt mixtures, storable mixtures, concrete, mortar).

The financial-accounting analyzes showed that the promotion activities increased to a small extent the sales by about 3-5%, fact for which I consider that the promotion policy of S.C. Roads and Bridges S.A. she will have to be more aggressive. So I can act on several levers: (Kotler, 1998)

- bringing the services as close as possible to the client through communication and operative resolution of all complaints that arise

- attracting customers through promotional levers - media

- connecting to the internet and creating your own website

In connection with price promotion, they are part of the fight against competition. On the elements of competition, the company is concerned about the decrease on the one hand of the rental rates, and on the other hand of the cost price of the products.

It is important to note that the structure of rental rates includes several elements on which the company is permanently engaged.

"The share of profit can and must be constantly declining for the product to be as competitive as possible." (McCarthy; Perreault, 2002)

Also the directing, section and enterprise quotas must be under control, because if a ratio between the number of TESA staff and directly productive employees is not maintained as efficiently as possible, the selling prices will be affected. Currently this ratio is 10%.

"The promotion of the entire staff is based on the results obtained in the work, these being a moral and material incentive for each employee." (Moldoveanu; Miron, 1995)

Periodically, the Board of Directors awards prizes to the staff.

#### **4. Strategic market alternatives of the company**

From his experience, S.C. Drumuri și Poduri S.A. considers that marketing strategies have a pronounced diversity and that. the application of a strategic variant or another variant, remains at the discretion of the managerial staff of the company. It is important, however, "to opt for the" recipe "corresponding to the company's possibilities and the right time, knowing that improper application of a strategy can destroy the entire scaffolding of the business built with hard work and sacrifice, sometimes for years." (Olteanu; Cetina, 1999)

To maintain the market as a first condition, but especially to strengthen its market position, S.C. Drumuri și Poduri S.A. has outlined some strategic options, as follows.

Compared to the criteria below, the following strategies were retained, following that S.C. Roads and Bridges S.A. to opt for those that benefit it.

**1. Depending on the position of the enterprise**, in relation to the market dynamics were retained: growth strategy - ie the development of market activity. "It is practiced by companies that, acting in dynamic markets, are already at high levels of acceptability." (Payne, 1993)

- **maintenance strategy** - applicable when the market is saturated, the potential of the company does not allow expansion.

- **restriction strategy - or “survival strategy”**. This type of strategy is rarely used, as the "flight" from the market in a way contradicts the marketing principles. But it still applies, especially when it comes to reorienting the company, or a market in decline as a result of scientific and technical progress.

2. **Depending on the position of the enterprise**, the following are delimited from the market structures:

- **undifferentiated strategy** - when the company addresses the market globally. That is, it does not take into account the existing segments within it, appropriate for companies that have a certain monopoly on the market, or when supply is slightly exceeded by demand (non-segmented marketing).

- **differentiated strategy** - when the company addresses each segment

Although it is part of marketing, its use is quite low, due to the division of the market into many layers. It is mainly used by companies that operate in relatively low segmented markets (segmented marketing).

- **concentrated strategy** - when the enterprise is limited to one segment or a small number of segments. It is the most "convenient" for the company and, consequently, the most frequently used strategy. The focus is only on those market areas where there are greater chances of fruitful potential (selective marketing).

3. **Depending on the position of the company in relation to market changes, we can talk about:** (Philips; Duncan, 1968)

- **active strategy** - specific to dynamic enterprises, open to renewal and improvement. These enterprises become active factors in market modeling, causing changes that correspond to their own interests.

- **adaptive strategy** - is specific to those enterprises able to adapt to changes and, implicitly, to new market requirements. Of course, not only the existence of adaptability is very important, but also the speed with which the company manages to meet the requirements imposed by the new configuration of its external environment.

- **passive strategy** - marks the state of expectation, being at the same time specific to enterprises with low potential. Unlike the adaptive strategy, which involves both the provision of changes and the immediate adaptation to them, when it comes to the passive strategy, it does not mean a delayed and very slow adaptation as a process in itself.

4. **Depending on the position of the enterprise in relation to the market requirements, the following are delimited:**

- **medium demand strategy** - is specific to enterprises with medium potential. They take into account the differences that exist between the segments of buyers, to which they respond differently, depending on the level of requirements of each.

- **low demand strategy** - usually involves a low quality standard, favored by poor competition from bidders. It can also be applied in cases of shortage.

5. **Depending on the position of the company in relation to the level of competition there are:**

- **offensive strategy** - is used especially by either well-positioned companies in the market, with a high rating and, implicitly, with notoriety, or by “newcomers” who can display certain definite advantages over their competitors. In either case, such a strategy can have a very high degree of aggression. (The aim is, in fact, to rapidly increase market share).

- **defensive strategy** - involves maintaining or restricting until withdrawal from the market and is specific to more modest companies with a higher rating.

6. **The positioning of the form in the context of the competitive environment generates three other times of strategies:** (Pistol, 2009)

- **market leader strategy** - aims to fight for market supremacy, for holding the highest share of value. The leader "sets the tone" in changing prices, introduces new products, with a wide coverage area on the market. As a rule, it has its own distribution network.

- **the sailor's strategy** - marks a second position in relation to the leader. It is a "stealth" pursuit strategy, the company striving for leadership

- **niche strategy** - aims to occupy the most appropriate niche market. The strategic axis of an enterprise can change from one stage of evolution to another. But when the company operates in a turbulent environment, where unforeseen events may occur that are not part of the usual risk calculation, strategic alternation becomes a common occurrence.

“The strategic axis of an enterprise can change, from one stage of evolution to another. But when the company operates in a turbulent environment, where unforeseen events may occur that are not part of the usual risk calculation, strategic alternation becomes a common occurrence. (Ion-Bocănețe, 2016)

The following strategies were retained, compatible with the objectives and specifics SC Roads and Bridges S.A.

- **maintenance and growth strategy;**
- **concentrated strategy;**
- **adaptive and active strategy;**
- **medium demand strategy;**
- **offensive strategy;**
- **the sailor's strategy.**

### 5 Feedback on the application of measures to strengthen the market position of the company and the application of business strategies in terms of the financial-accounting situation

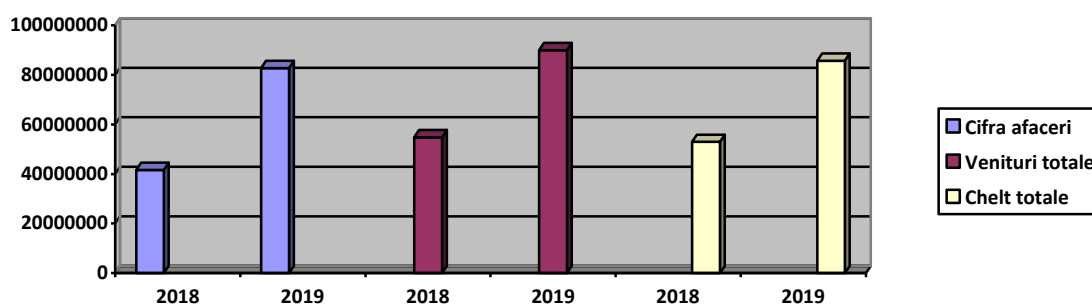
The balance sheet prepared for the financial year 2018 was audited. The company's audit in 2018 was provided by KPMG Audit SRL.

**Table no. 1 Turnover, total revenues, total expenses**

Nr crt	Indicator Names	U/M	Year 2017 Archieved	Year 2018 Archieved
1	Fiscal value	RON	41.685.614	82.793.896
2	Total income	RON	54.839.926	90.007.242
3	Total expenses	RON	52.942.016	85.724.807
4	Gross profit	RON	1.897.910	4.282.435
5	Tax profit	RON	296.039	652.625
6	Net profit to be distributed	RON	1.601.871	3.629.810

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**Fig. no. 3 Turnover, total revenues, total expenses**

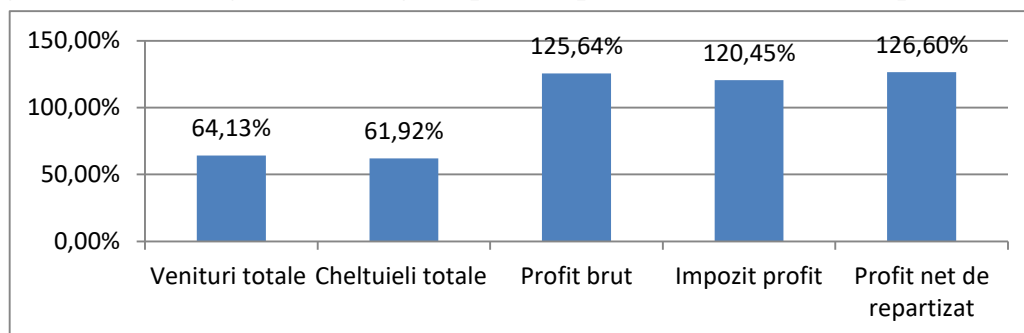


Sursa: S.C Drumuri și Poduri S.A

Analyzing the evolution of economic and financial indicators as of December 31, 2018, there is an improvement in the values recorded by the indicators: “Revenues”, “Expenses”, Profit.

Compared to the similar period of 2017, total revenues increased by 64.13%, and total expenditures also increased by 61.91%, while turnover increased by 98.61%.

**Fig. no. 4 Percentage of income, gross profit expenses and net of tax compared to 2017**



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The gross profit registered by the company on 31.12.2018 is of 4,289,001 lei, increasing by 125.99%, compared to the profit registered on 31.12.2017.

The total debts (current and medium term) registered by the company on December 31, 2018, in total amount of RON 22,685,615 have the following structure:

- The advance received on account of orders 639,820 RON
- Commercial debts - suppliers 16,192,692 RON
- Other debts, including fiscal debts 5,853,103 RON  
and social security debts

**Table no. 2 Profit and loss account (31.12.2019)**

Name of indicators	2018	2019
1. Net turnover	41.685.614	82.793.896
Production sold	41.366.258	80.287.222
Income from sale of goods	924.763	3.076.361
Commercial discounts granted	605.407	569.687
2. Production made by the entity for its own purposes and capitalized	95.135	0
3. Other operating income Total	54.837.320	90.002.655
4. Expenditure on raw materials and consumables	22.248.617	23.677.788
Other material expenses	228.705	406.083
Other external expenses	480.877	549.446
Expenditure on goods	814.573	2.992.953
Trade discounts received	382.837	97.689
5. Staff costs	8.693.167	11.897.210
6. Value adjustments regarding tangible and intangible assets	1.437.875	751.708
7. Other operating expenses	19.372.980	44.577.832
8.1. Expenditures on external services	17.977.354	43.931.481
8.2 Expenses with other taxes, fees and similar charges	373.465	460.824
8.3 Other expenses	1.022.161	185.527
Operating expenses - Total	52.856.441	85.674.346



<b>Name of indicators</b>	<b>2018</b>	<b>2019</b>
Operating profit or loss:		
-Advantage	1.980.879	4.328.309
-Loss		
9. Interest income	2.702	2.645
other incomes	-96	1.942
Financial income - Total	2.606	4.587
10. Interest charges	85.213	44.625
Other financial expenses	362	5.836
Financial expenses - Total	85.575	50.461
- Financial profit or loss:		
-Profit	0	0
-Pierderi	82.969	45.874
11. Profitul sau pierderea curentă:		
-Advantage	1.897.910	4.282.435
-Loss	0	0
Total income	<b>54.839.926</b>	<b>90.007.242</b>
Totale loss	<b>52.942.016</b>	<b>85.724.807</b>
Gross profit or loss		
-Advantage	<b>1.897.910</b>	<b>4.282.435</b>

### **Conclusions**

A first conclusion is that the reliability, quality and professionalism of the works performed by S.C. Roads and Bridges S.A. made it known in the country, on markets such as: Ploiești, Bucharest, Cluj, Deva.

One proposal in this regard is to expand the promotion of services provided by S.C. Roads and Bridges S.A. and other markets in the country.

The state's relaunch for road and highway construction is an opportunity for S.C. Roads and Bridges S.A. and for this I propose:

- analysis, research and production of suitable construction materials from a qualitative point of view but at prices that are below those practiced by the competition
- negotiating with the banks for taking over and building objectives of civil, agricultural and industrial interest, for granting loans to the beneficiaries of such constructions
- negotiation with the town halls for the modernization of the communal roads infrastructure.

The production capacity of the company is insufficient (the volume of stocks operates in proportion of 70-75% of the total production capacity) compared to the market level.

For this, the following must be taken into account:

1. Renewal of the construction machinery fleet, as follows:

- the inactivity of exploitation to restructure, to give up those systems of obsolete machines and equipment, which no longer correspond to the requirements of the market current and volume of works
- high-capacity excavators to be replaced by multifunctional and low-capacity excavators with screed, loading and crane equipment with which they can easily enter narrow places and which replace manual labor
- self-loaders must have a wider range of utilities and be used in material depots and at every work object, also replacing manual labor
- an investment is needed in the modernization of asphalt stations and the purchase of a mobile asphalt preparation station.

The company needs to profile its new machinery and equipment structures to market requirements, given that most construction companies provide their own equipment for a wider range of construction machinery and equipment.

2. In the field of repairs of construction machinery and equipment, the company must develop its production capacity at the level of the spaces it has and can become a center of attraction for repairs and other companies possessing the same means of mechanization.

Thus, for example, it can be profiled on concrete pumps and self-pumps, on concrete stations.

We consider that the product policy and the price policy are quite well developed, but the promotion and distribution policy are deficient, in some places and here the attention should be focused. Any success in business is achieved by combining the four marketing policies.

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