

## Marketing - mix solutions for steel rebar product line of NATSTEELVINA CO., LTD (Vietnam)

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### **Abstract:**

**Background:** Rebar is one of the important raw materials for construction today. NatSteelVina Company Limited (NSV), as a rebar trading enterprise in both institutional and individual segments, has clearly realized establishing itself as a solid brand in the rebar market in Vietnam as a long-term ambition in its business strategy. Therefore, in order to enhance competitiveness and maximize the catering of customer needs, the company needs to develop a marketing-mix strategy suitable for each specific market segment towards an improvement in customer satisfaction and an increment in revenues yielded for the enterprise.

**Research Methodology:** The author uses qualitative methods to screen the variables included in the research model.

In addition, quantitative methods are employed through collecting 200 questionnaires from customers who are civil customers and institutional customers to evaluate their satisfaction with the marketing mix of the company, specifically about the product, pricing, distribution and marketing communications.

**Results:** In terms of institutional customers, NSV's rebar products have not yet met their expectations regarding the product quality. Also, the price policy has not been specifically applied to specific customer groups, the level of debt allowed for customers is not specific. Distribution and other promotion activities supported by NSV are still simple.

Concerning civil customers, they are not satisfied with NSV's shipping policy, but the quality of products, as well as the variety of the products satisfies them. 71% of customers are satisfied with the current price policy of NSV's rebar products. Distribution policies are highly appreciated by customers, but after-sale services are evaluated as not really effective. Promotion activities of the company are highly appreciated, but they mostly aimed at institutional customers.

**Conclusion:** The research has shown the satisfaction of each customer group for each element of the marketing mix and based on which, regarding steel rebar products, NSV needs to make more efforts to continue to promote its strengths with institutional customers and increase brand identity for individual customers.

**Key Word:** Steel rebar, institutional customers; individual customers; Marketing - mix

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### **I. Introduction**

Most of the construction steel companies currently operate only around 40-60% of their capacity on two main segments: the construction market segment and the individual market segment. To always ensure output quantities, building an effective business strategy for both above market segments is what steel manufacturers are aiming for.

As of May 2015, the demand for steel in Vietnam is about 13 million tons, in which the demand for long steel products (construction steel) is 39.4%. In that, it is worth mentioning the consumption demand for rebar which witnessed remarkable increases. This has prompted businesses themselves having to work out how to boost the sales of rebar in their own units.

NatSteelVina Company Limited (Viet-Sing Steel) is a joint venture between NatSteel Holdings and Vietnam Steel Corporation (VNSteel). With the company's business scale covering up to 20 provinces and cities nationwide and extending to Quang Binh, NatSteelVina Co., Ltd. faces the fierce competition from many other giants in the steel trading market, especially in the rebar market. Therefore, the urgent issue of NatSteelVina Co., Ltd. is to improve Marketing-mix activities for rebar products to increase product consumption in the coming years.

## **II. Theoretical basis**

According to Philip Kotler (2003), "Marketing is working with the market to conduct exchanges with the aim of satisfying people's needs and desires. In other words, marketing is a form of human activity to satisfy their needs and wants through exchange". [1]

Marketing-mix is a very popular concept in marketing and business, which is a set of visible marketing tools used by businesses. In other words, marketing - mix is also known as the set of controllable volatility factors of marketing used by the enterprise to try to generate desired response from the target market.

Marketing-mix in business includes controllable elements that the company incorporates into its marketing operations to meet the needs of the customer in the target market. These factors consist of product, price, distribution and marketing communications.

## **III. Data and Research methodology**

### **Data source**

As for primary data, it was collected by distributing questionnaires directly to individual consumers purchasing steel products from NatSteelVina Co., Ltd. and institutional customers who are retailer units and industrial merchandise distributors who have had previous experience with its products. For institutional customers who purchased steel products for other purposes such as buying as input materials for the products and using the products as an integral part constituting the end of consumer chains and government organizations, the data was collected using in-depth interviews.

Secondary data in this study was mainly gathered through a compilation and synthesis of information derived from reports on business results of NatSteelVina Co., Ltd., round-up reports of NatSteelVina Co., Ltd., and other reports from economic organizations, research institutions, scientific works, economic journals, specialized publications, and other relevant websites.

### **Research methodology**

Qualitative research method was employed in the preliminary research stage to screen the variables included in the research model by considering the scales used in previous documents and consulting the opinions from the leader board, staff of departments, sales teams and customers including both commercial middlemen and the end consumers about the research problem. This was done by the researcher with a view to adjusting and building the new scales suitable for the inquiry towards finalizing the official questionnaire instrument.

Quantitative research method was used in the official research stage for the sake of double-checking the scales in the research model. This phase of the study entails a detailed analysis of the data collected through surveys and questionnaires sent to customers to determine the logical correlation in between the factors, thereby demonstrating specific results that emerge out of the collected data.

## **IV. Findings and discussion**

### **Results from surveying institutional customer**

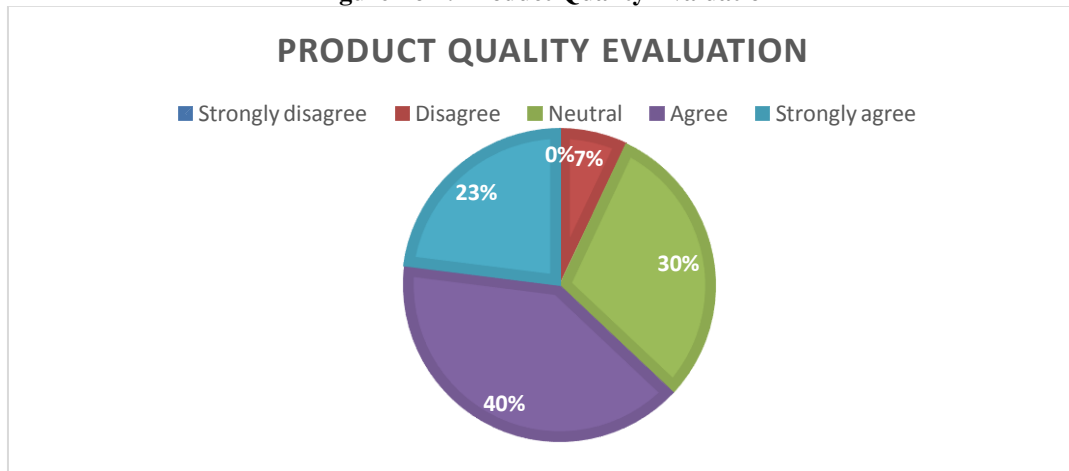
By the end of the investigation process, the total number of questionnaires distributed to the institutional customers of NatSteelVina Co., Ltd all over the country was 50, all of which were given back with complete and valid response. All surveyed subjects showed great cooperativeness and accountability when filling in the survey, so the results obtained were completely objective.

Due to some unique features of institutional customers, the author mainly focused on questions inquiring their opinions of product quality, product range, and product packaging.

**Product variable:** Product quality has only managed to meet the basic demands, but not yet cater to the very special needs of the customers. The supporting services have not really satisfied the customers. This was evidenced through the sale service which has failed to provide detailed instructions for usage and maintenance, the delivery service which has not had any form of support, and the waiting time for exchange and return remains quite long.

Based on the results of the survey conducted by the author with the customers, the following parameters can be seen as related to product variables.

Figure no 1: Product Quality Evaluation



Source: Results from the author's survey

Through the survey data, it is shown that 40% of the customers rated product quality at the highest degree, but the percentage of customers who did not have an opinion on product quality remained relatively high at 30%. This requires the company to come out with a solution to find out why the respondents did not have any opinion on the quality of the company's rebar products.

**Price variables:** The significance is manifested in such aspects as preparation of bidding documents, industrial negotiation procedure and discount policy. Specifically, the customer supposed that NSV's discount policy has not really targeted at any specific audience. Basically, NSV has met the contractor's requirements for preparing bidding documents and most of customers either agree or strongly agree that NSV's negotiation procedure takes place in a very professional tradition.

Table no 1: Evaluation of customer satisfaction through marketing variables of pricing

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Steel Product Price	2 %	15%	28%	38%	17%
Discount Policy	2 %	17%	35%	37%	9%
Support services	1%	9%	21%	36%	14%
Bidding documents	1%	10%	36%	44%	9%
Negotiation Procedure	1%	6%	34%	33%	26%

Source: compiled by the author

**Place (Distribution channel) variables:** The focus is laid on assessing problems related to delivery, debt rating, and issues related to corporate invoices. The results show that information on the delivery note is not detailed enough, which can easily cause confusion. Debt rating is not specific to each customer, and the inbound and outbound sending of invoice is quite time consuming.

Table no 2: Evaluation of customer satisfaction through marketing variables of distribution channels

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Information on delivery note	1%	6%	34%	33%	26%
Debt rating	6%	8%	37%	30%	19%
Invoice	7%	3%	37%	20%	27%

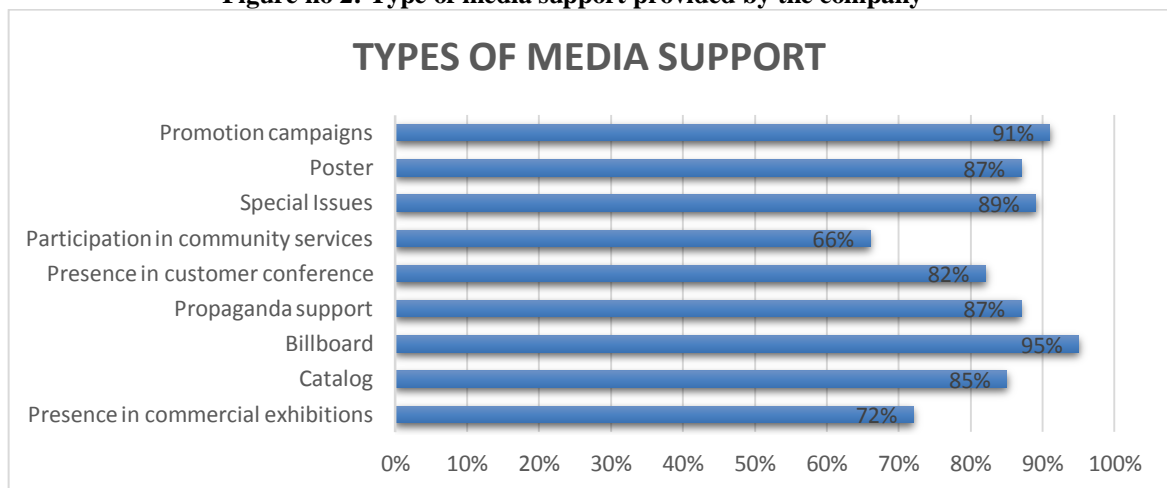
Source: compiled by the author

As for the company's delivery activities of rebar products, most of the data showed that 41%, 39% and 41% of customers agreed that the delivery was completed on time, and products were always attached with clear and handy labels upon delivery to guarantee the proper handling of the parcel. This shows that this company service has basically met the needs of the customer in terms of delivery services, one of the most critical activities of distribution channel variables for industrial goods. However, the data also indicated up to 60% of customers without any opinion and 9% disapproving that information on the delivery note was accurately written and easily understood. This is an issue that the company should readdress to get greater appreciation from customers.

As for commercial transactions in construction industry which typically deal with large volumes of products and big order values (especially for transactions of steel products), the big value of orders renders immediate payments of such relative amounts of money quite difficult. On the other hand, to set the level of debt at a permissible level is also a way of creating favorable conditions for business partners to rotate their capitals and allowing the formation of business relationships with suppliers. 50% of customers rated the highest and second highest score when it matters with the company maintaining debt levels tailored to the needs of the project. However, there were considerably 38% of customers who do not have any opinion on this issue. This is also the issue that the company should reconsider for their rebar products which are the key products used for construction projects.

**Promotion Variables:** The focus was on evaluating the level of support provided by the company for communication activities in retailer units as well as the level of interaction between commercial intermediaries and the company. NatSteelVina Co., Ltd. has organized a number of effective communication activities ranging from customer conferences, gift-giving festivals, and competitions with prizes etc. In addition, communicational support offered to customers has also been praised as flexible with the company regularly sending staff to visit customers for communication training.

Figure no 2: Type of media support provided by the company



Source: Results from the author's survey

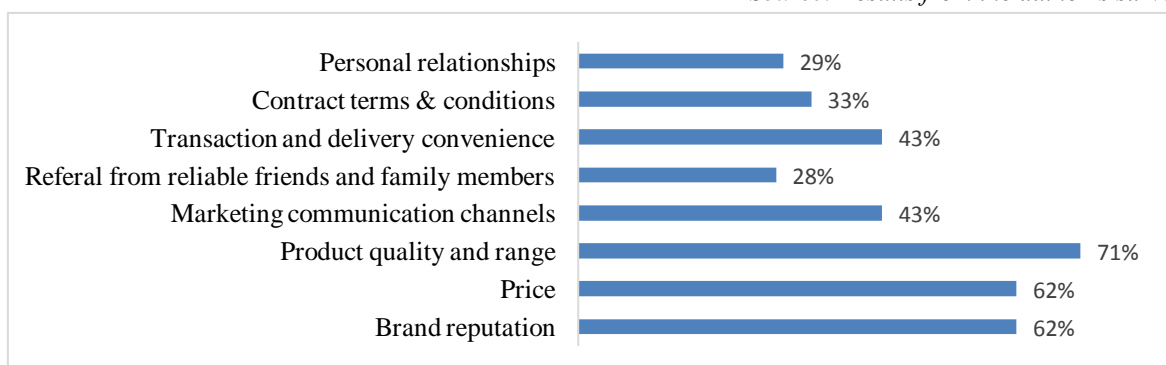
Most customers know about the company's products through the media platforms that the company often uses. However, billboards, promotions and special issues including calendars and quotes become quite dominant in conveying the image of steel products and the company's brand to customers.

**Results from surveys with individual customers**

About 100 individual customers were randomly selected for the survey and all of the answer sheets given back featured valid response. The generated statistics show that the factors influencing individual customers' buying behaviors are quality, product variety, price, brand reputation, media, and transaction & delivery convenience. However, each factor has a different degree of influence.

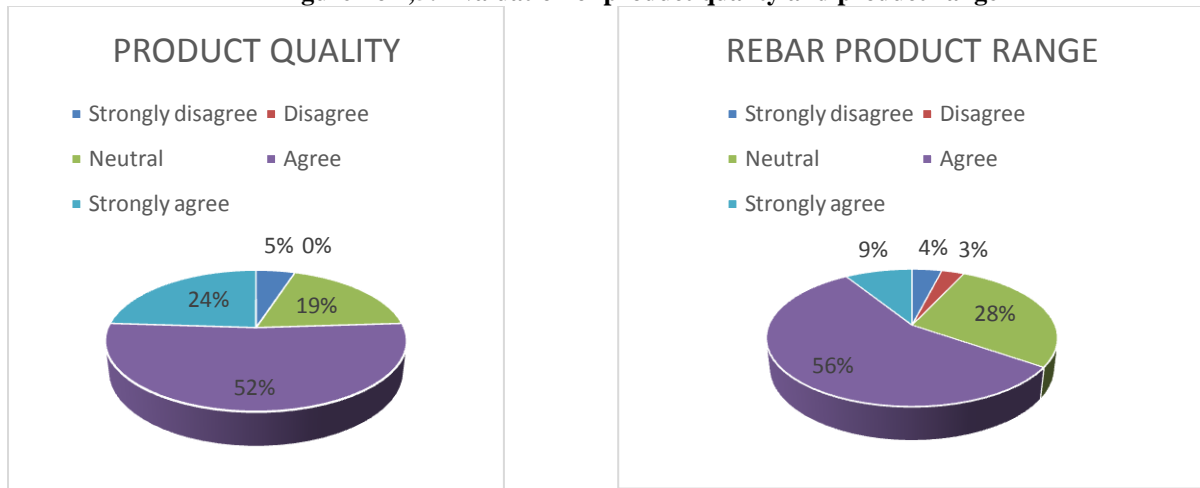
Figure no 3: Factors influencing an individual's decision to buy rebar

Source: Results from the author's survey



**Product variables:** These mainly concern evaluation of product quality, product range, support services including after-sales services, shipping services, exchange & return services. The results show that the customers have a high level of approval for the following contents: product's ability to meet quality requirements, product variety and services to support buyers such as shipping services, exchange and return services, after-sales services etc. Only the shipping service has not really satisfied customers because most of the customers still have to dispatch their orders themselves without any support from company. On the other hand, the ambiguity of invoices has caused the to easily get confused and considered by them as an inconvenience in transactions.

**Figure no 4,5: Evaluation of product quality and product range**



Source: Results from the author's survey

52% of individual customers rated product quality at a rather high level and 24% of them rated the highest scale for rebar product quality that fully met the standards as required by their project. Correspondingly, up to 87% of the respondents rated stability of product quality with the second highest or the highest score. This is a proof that quality of rebar products has managed to cater to individual customers' needs for their projects.

In addition to stable product quality, product ranges of rebar was quite well-received with 56% of respondents agreeing on their diversity and 9% of them even rating at the highest scale for this statement. This once again affirms that NSV's rebar products meet the demands for quality as well as diversity for each different individual project.

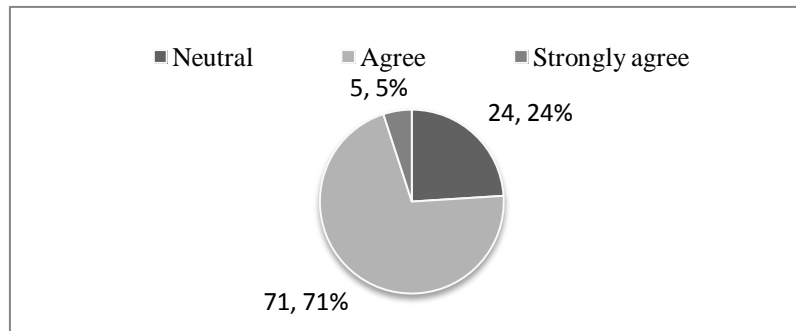
**Table no 3: Evaluation of individual customer satisfaction based on marketing variables of the product**

	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
<b>Quality stability</b>	4%	5%	4%	77%	10%
<b>After-sale service</b>	9%	2%	23%	47%	19%
<b>Delivery service</b>	9%	10%	29%	38%	14%
<b>Exchange &amp; Return Service</b>	14%	1%	29%	33%	23%

Source: Results from the author's survey

**Price variables:** The focus is on evaluating reasonableness of prices, discount policy, price reduction for inventories, installment sale policy, and comparing the sale prices of products. The survey results show that 71% of customers believe that the sale price of rebar product compared to other products in the company is quite reasonable, which is a positive sign for the pricing policy of this product line.

**Figure no 6: Competitiveness of rebar prices compared to other NatSteelVina products**



Source: Results from the author's survey

**Place (Distribution channel) variables:** The focus was put on customers' convenience when buying rebar steel products, professionalism of sale staff, delivery time, convenience of payment, time taken for correction of errors, credit support from distributors. The survey results show that customers' ratings of the sale team's professionalism, trading skills as well as knowledge of products and services were not very high. Specifically, their competence remains quite basic and has yet qualified them for the role of a consultant for customers. In addition, that it takes a long time to rectify order issues and delays in delivery schedule are the reasons why they were not really satisfied with *the company*.

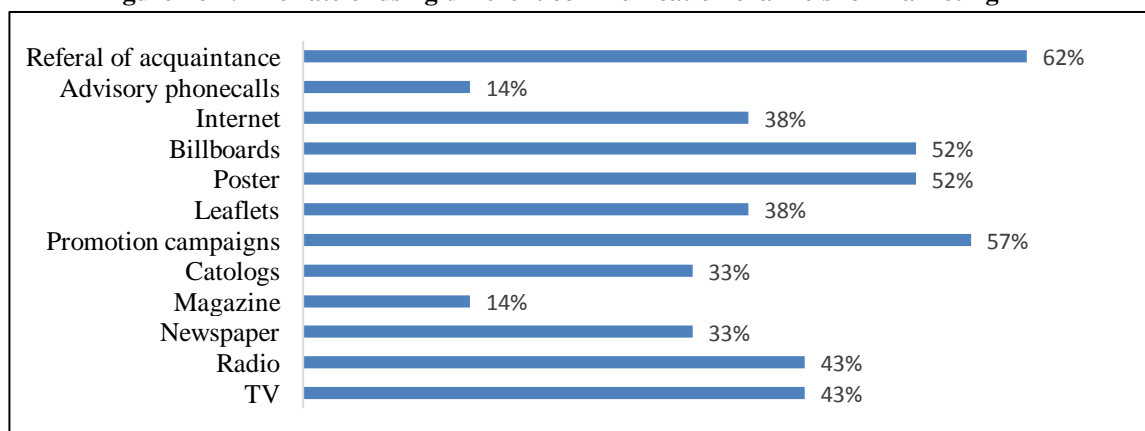
**Table no 4: Evaluation of individual customer satisfaction based on marketing variables of distribution channels**

	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly agree</i>
<b>Salesman's professionalism</b>	4%	1%	19%	57%	19%
<b>Salesman's competence</b>	10%	0%	24%	52%	14%
<b>Pace of dealing with incidents in product delivery and payment</b>	9%	0%	19%	67%	5%
<b>Exactness of delivery time</b>	0%	5%	33%	48%	14%

Source: Results from the author's survey

**Promotion variables:** Customers know the product through a variety of flexible channels such as referrals from acquaintances, promotions, billboards, posters etc. However, the main shortcoming of the company is that most promotion programs and activities of rebar products only focus on institutional customers, while neglecting individual customers.

**Figure no 7: The rate of using different communication channels for marketing**



Source: Results from the author's survey

## V. Conclusion and solutions

### Conclusions

Marketing-mix should be the mutual efforts put in by the whole of any enterprise, which is not only developed for a number of service products, but also implemented for tangible products such as rebar. Elements of marketing-mix play a very important role in map-routing a company's business activities, thereby improving its competitiveness in the market.

With the researched theories on marketing activities of businesses and collected data on the performance of different variables including products, prices, distribution and marketing communications of NatSteelVina Company Limited, this paper titled "Marketing-mix solution for rebar product lines of NatSteelVina Co., Ltd (Vietnam)" has somewhat addressed the urgency of finding the right marketing solutions to boost the consumption rates of rebar products by NatSteelVina Company Limited. This research may pave the way for other research into the application of marketing-mix solutions to boost sales of other types of constructional products or in other settings such as in other companies or may even cater to a broader setting which includes small and medium sized companies like NatSteelVina Company Limited.

## **Solutions**

### **For institutional customers**

The primary focus of the company should be laid on *providing complete support service and after-sale service*. The maintenance consultation policy needs to be made more meticulous through such measures as adding detailed manuals and building an organized set of written instructions to be sent to the customers to help them operate and maintain the products by themselves at ease.

*Improvement on transportation services* is another way through which the ultimate goal can be achieved. Steel rebar is a product coming in large volumes and bulky sizes, so the transportation of these products is made relatively difficult, especially in areas with treacherous geographical conditions. To overcome this, the company needs to build single warehouses in big cities to facilitate product transportation when the need arises.

*Renovation of pricing policy* is also needed to boost the purchase rates of the products. The company should offer a fixed price range for each member in their channels, so that the corresponding customers in each channel are better informed of the price.

Finally, much attention should be paid towards *strengthening marketing communications*. This can be done by the company offering an award scheme to show appreciation for customers with high purchasing power and encourage their loyalty to the company.

### **For individual customers**

When it comes to *solutions for pricing policy*, an increase in the installment rates should be allowed for long-time customers. It is highly advisable that the company also prolong the duration to pay interests or installments for customers at financial advantages, while still encouraging them to pay ahead of the deadline.

Regarding *solutions for distribution channels*, the most potential one can be the organization of sale figure marathons to enhance the competitiveness among salesmen as well as their expertise in sales profession. Deserving awards should be given without any hesitation to those with the most outstanding performances.

### **Other solutions**

There should more customer-supporting policies and flexible conditions regarding pricing issues which can be adjusted at any time in response to status of the target market. Pricing guarantee policies should also be reinforced, so that customers are free from any concern when purchasing through agents. Flexible payment methods should also come in play, enabling parties to save their resources while avoiding unwanted risks.

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