

Analysis of Marketing Activities of a Trading Company – Nochem Sp. z o.o. Analiza działań marketingowych firmy handlowej – Nochem Sp. z o.o.

Streszczenie. Celem opracowania jest prezentacja profilu hurtowni produktów chemicznych i kosmetycznych „Hurtownia Nochem Sp. z o.o.”. Zaprezentowano zakres działania hurtowni, jej najważniejsze aktualne problemy, podejmowane działania marketingowe, a także wyniki sprzedażowe i finansowe osiągnięte przez hurtownię, które stanowią konsekwencję podejmowanych decyzji w zakresie zarządzania firmą w trzyletniej perspektywie czasowej. Analiza studium przypadku może motywować do poszukiwania odpowiedzi na pytania o możliwe kierunki rozwoju tej organizacji.

Słowa kluczowe: pozycja konkurencyjna, hurtownia, obroty, dochody, zatrudnienie, nakłady.

1. Introduction

Each enterprise before making marketing decisions (e.g. concerning its offer or its change, the choice of the place of sale or promotion tools) should analyse the collected information on the effects of its previous activities. It is connected with the application of marketing controlling and refers to the collected data on its environment (e.g. competitors, buyers, market situation) and, among others, on the sale of its products and its costs, inventory management, financial results

* Full professor, The University of Łódź, Faculty of Management.

and expenditures on promotional activities.¹ The development and analysis of the collected data will enable the evaluation of the implemented marketing strategy and preparation of possible changes in its content and marketing expenditures.²

2. Analysis of the activity of a wholesaler

Trading company – “Hurtownia Nochem Sp. z o.o.” deals with wholesale of chemical and cosmetic products. It is based in the south of the country, in Opole – a medium-sized city (approx. 130,000 inhabitants). It employs twelve people, seven of whom are sales representatives, two are warehouse workers, two are responsible for accounting in the warehouse and one person is a warehouse manager. Each of the sales representatives is to win orders from customers in the warehouse area. It is equipped with a car, a computer and communicates daily with its recipients. The warehouse has been operating for eighteen years and is located close to the city center. Next to it, there are large car parks with good access to other residential districts. The total area occupied by the company is 700 square meters, and the retail space covers over 600 square meters.

The range of products sold includes cosmetics and household chemicals and is divided into the following groups:

1. washing detergents, softeners;
2. washing and cleaning agents;
3. shampoos, soaps, bubble baths, fragrances etc.;
4. men's cosmetics;
5. women's cosmetics;
6. toiletries.

The company has eight passenger and delivery vehicles that are used by sales representatives. The wholesaler is also a representative of several manufacturers of well-known brands and if the orders are very large, the goods are delivered from the manufacturer directly to the retail network. The building and its equipment (shelves, pallets, transport carts, lifts, etc.) are owned by Hurtownia Nochem Sp. z o.o.

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- 1 J. Goliszewski, *Controlling – system koordynacji przedsiębiorstwa*, “Przegląd Organizacji” 1990, no. 8–9; M. Nowak, *Controlling działalności marketingowej*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2007; R. Kozielski (ed.), *Wskaźniki marketingowe*, Wolters Kluwer, Warszawa 2017; W. Dębski, *Prognozowanie sprzedaży*, Centrum Informacji Menedżera, Warszawa 1998.
 - 2 P. Dittmann, *Prognozowanie w przedsiębiorstwie: metody i ich zastosowanie*, Wolters Kluwer, Kraków 2008; J.D. Lenskold, *Pomiar rentowności inwestycji marketingowych*, Wolters Kluwer, Kraków 2004.

Labor productivity, measured by the turnover per one employee directly in the trade, is slightly higher in the wholesale than in other stores of the same industry. However, employees are under a heavy strain, especially during periods of seasonal sales. As a result, employment was systematically increasing year by year.

Customer service plays a significant role in the company's policy. According to the company's manager, its warehouse is distinguished by an exceptionally high level of service, consulting for customers and the use of usually delayed payment deliveries. Wholesale Nochem Sp. z o.o. decides to use a trade loan for regular customers, but it is still a credit with a promissory note and a 30-day maturity.

The company's activities use elements of sales promotion, such as seasonal sales campaigns, radio and press advertising, informing regular customers about the new offer. Every year, the list of regular customers is updated, and they are also offered sales at lower prices.

The wholesale market for cosmetic and chemical products is characterized by the lack of a clear market leader. There are several wholesalers with similar potential and turnover. In terms of turnover, Hurtownia Nochem Sp. z o.o. occupies a leading position among wholesalers on the local market with over 10% of the industry's turnover. According to estimated research carried out on behalf of the company, it has a particularly strong market position in the second assortment group (over 15%), the third (over 20%) and the fifth (approx. 15%), while it has a weaker position in the first group (approx. 10%), the fourth (approx. 10%) and the sixth (approx. 10%). However, it should be emphasized that the company's market share has not changed significantly over the past two years and has decreased by approximately three percentage points. The management of the company therefore decided to review and evaluate the product policy, price and promotion. For this purpose, information was collected on the sales of individual assortment groups, costs of sales, inventories and employment, as well as company balance sheets and accounts. The analysis is to be used for a possible change in the sales structure and changes in the company's marketing policy.

The owner of the warehouse also decided that there is a sufficient number of wholesalers on the local market and the competition between them is intensifying. This is evidenced by the slightly decreasing market share of Hurtownia Nochem Sp. z o.o. on the local market. Therefore, a decision was made to expand and set up a warehouse in another city and province. For this purpose, it was decided to collect information describing cities in individual voivodships from the point of view of their economic situation, unemployment rate, population, average earnings, structure and changes in expenditure etc. The results of this assessment should determine the location of a new warehouse and expansion of operations. According to preliminary estimates, the cost of purchasing a warehouse with an area of approximately 600 square meters with its equipment will amount to approximately PLN 2 million. The company can finance the purchase partially from

its own resources, take advantage of a bank loan or leasing. The annual interest rate on the loan (including all bank charges) is 12%, and installments are payable monthly. The grace period is six months and the repayment period is four years.

The terms of the financial lease are as follows: useful life – four years, the interest rate in the period between subsequent payments is 14%, and installments are paid quarterly.

Table 1. Sales area, turnover and purchase costs of groups – assortment

Assortment group	Turnover in PLN thousand			Selling costs in PLN thousand		
	1st year	2nd year	3rd year	1st year	2nd year	3rd year
1	700	800	900	560	700	800
2	1700	2000	2400	1460	1700	1800
3	1700	2000	2400	1460	1650	1810
4	500	600	800	400	500	650
5	800	1060	1300	700	900	960
6	600	940	1200	500	750	980
Total	6000	7400	9000	5080	6200	7000

Source: Own calculations based on data obtained from the company.

Table 2. Employment and inventories in individual assortment groups

Assortment group	Employment in persons			Inventories in PLN thousand		
	1st year	2nd year	3rd year	1st year	2nd year	3rd year
1	1	1	1	40	50	70
2	2	2	2	120	150	180
3	2	2	2	60	80	100
4	1	2	1	25	35	50
5	1	1	2	55	75	80
6	1	1	2	70	70	90
Total	8	9	10	370	460	570

Source: Own calculations based on data obtained from the company.

The tables presented above show that over the three years, sales grew faster (50%) than cost of sales (37.8%). Therefore, this is a positive tendency. At the same time, however, inventories grew slightly faster than sales – by over 54% and their turnover ratio.

Table 3. Profit statement for three years of operation

Outlays in PLN thousand			
	1st year	2nd year	3rd year
1. Costs of purchasing goods	1700	2200	2550
2. Personnel costs	980	1200	1200
3. Financial costs	500	540	500
4. Building maintenance costs	300	360	410
5. Purchase of new equipment	700	800	940
6. Advertising costs	300	400	500
7. Transport costs	500	600	700
8. Depreciation	100	100	200
Total costs	5080	6200	7000
Gross profit	920	1200	2000
Income tax	175	230	400
Net profit	745	970	1600
Income in PLN thousand			
	1st year	2nd year	3rd year
Sale	6000	7400	9000
Other income	0	0	0
Total income	6000	7400	9000

Source: Own calculations based on data obtained from the company.

Table 4. Balance sheets for three years of operation

	1st year	2nd year	3rd year
	1	2	3
ASSETS (in PLN thousand)			
1. Funds in the bank	450	390	400
2. Cash on hand	50	100	100
3. Receivables from recipients	530	770	650
4. Stocks of goods	370	460	460
5. Means of transport	900	1100	1540
6. Warehouse equipment	1100	1700	2200
7. Buildings	2600	2500	2300
Copies	-	-100	-200
Total	6000	6920	7450

Table 4 (cont.)

	1	2	3
LIABILITIES (in PLN thousand)			
1. Equity	3500	4170	4250
2. Obligations towards suppliers	580	500	400
3. Short-term liabilities towards banks	500	600	450
4. Long-term liabilities to banks	500	450	350
5. Taxes	175	230	400
6. Net profit	745	970	1600
Total	6000	6920	7450

Source: Own calculations based on data obtained from the company.

The above tables show that during the three years the net profit increased strongly (by about 115%). This was the result of a stronger increase in sales (by 50%) than in costs (about 37.8%). There were also changes in the cost structure – during three years the share of personnel costs decreased from 19.3% to 17.1%, but the share of costs of goods purchase increased from 33.4% to 36.4%. During the three years, expenditures on promotional activities increased by over 66%, and their share in total costs increased from 6% to over 7.1%. During the same period, the company's assets increased by about 24.2% and its equity by more than 21.4%. These changes can be considered positive.

The company should make strategic decisions relating especially to changes in the sources of purchase of goods and reducing the level of inventory and its rotation. It is also necessary to decide on possible changes in the offer (extension or resignation from selected groups of products) and the choice of an additional retail outlet. These decisions require more detailed controlling analyses of sales, sales costs of particular product groups and assessment of potential new locations of retail outlets.

3. Conclusion

Marketing decisions of companies should be preceded by thorough controlling analyses referring to the effects of its previous activities. Such analyses should include not only the information about the effects of sales, costs and inventory management, but also information about the company's environment and financial

information. They can be taken, among others, from the balance sheet, income statement and cash flow statement of the company. They enable to assess the effectiveness of decisions made, prepare new marketing activities and establish the marketing budget of the company.

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