

## ***Market Analysis of the DEDEMAN Company***

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***Abstract:*** *Bricolage market, one of the most dynamic in the distribution of building materials, has expanded with a growth rate of 25-30% per year and the upward trend will continue for at least five years. Since this is a dynamic market, DEDEMAN company should adopt measures to reach market leadership applying the Romanian type strategy "do-it yourself", expanding thus into new areas and strengthening its existing positions.*

*Following the accession of Romania to the European Union, which led to the reduction of customs duties on most products imported from the EU, and thus of the final sell prices and the increasing of the purchasing power of Romanians, the company considers an upward evolution of the bricolage market and therefore it aims to expand its market share through a long-term strategy of development.*

***Keywords:*** *Market, opportunities, competition, strategy*

### **Introduction**

Market dynamics has attracted major international retailers specialized in selling construction materials and boosted local businesses vendor profile in a market that will reach this year about 4-4, 5 billiards Euros.

DEDEMAN Company studied the opportunities arisen and it has turned them into pluses, so at the moment it is on the first place in the market share for the distribution of building materials.

### **1. Market Structure at DEDEMAN Company**

Bricolage market, one of the most dynamic in the distribution of building materials, has expanded with a growth rate of 25-30% per year and the upward trend will continue for at least five years. Since this is a dynamic market, the company should adopt measures to reach market leadership on the Romanian market of the type "do-it yourself", to expand into new areas, to strengthen its existing positions.

The market of the DEDEMAN Company in BACAU is composed of individuals and businesses working in construction (industrial, domestic) of interior design, in furniture production and in households. Thus, in selling construction material the DEDEMAN Company can boast with the most extensive and vast variety of building materials for interior and exterior, for both individuals (who want to renovate their home or to build a house ) and legal entities, companies that build massive (apartment buildings, office buildings, etc.).

Modern societies act in a dynamic environment, with multiple changes to which they are obliged to adapt and to this end the firm must integrate all its activities in a direction with sustainable features , subordinated to long-term objectives, namely to develop a unitary coherent policy.

Each action of the DEDEMAN Company arises from meeting a consumer need, the products being competitive, practical in facing the supply and the demand. To achieve this it is very important to accomplish two very important things:

- to study and understand the market;
- adapt their work so they can best capitalize on market opportunities.

Knowing very well the current position of the company, its management must determine where it should lie in the future. The fundamental idea is to define a line of enterprise development based on

consideration of its history, its resources, capabilities and restrictions imposed by the external environment, such as in the long term to maximize the desired results economically and socially. [1, 41]

To achieve this, the DEDEMAN Company had to shape a strategic vision on its activity, a vision which is imposed more and more by the new situations in which it operates. It is both about the analysis of the evolution in space and time of the company's internal resources and the external ones as the market structure in which the company operates. Identifying and materializing the major objectives of the company, circumscribed to a strategic vision, and to a strengthening market position, the increasing of the turnover, improving performance efficiency etc., are objectives of the marketing policy of each business organization.

"The vision of an organization is an ideal state projected in future that configures a possible and desired development of the organization. It involves a dynamic thinking able to assess the long-term development opportunities of the organization". [2, 17]

The vision of this company is:

- **DILIGENCE:** No need to write a book about how many houses were built with materials purchased from DEDEMAN, enough to make a photo album of their products;
- **HONESTY:** Do not promise customers the moon, but promise that assisted, they will build a house here on the earth;
- **RELIABILITY:** Do not waste customers' time telling them about how good the products are, give them a chance to find out exactly what kind of products they need;
- **AMBITION:** We do not necessarily need to build a skyscraper, but our customers can do anything they want with the purchased materials;
- **PERSEVERANCE:** We do not insist on our qualities but we know that our future customers will buy materials from DEDEMAN.

DEDEMAN Company invests in further development and expansion across the territory of our country. First competition locations are searched in the same market share, where companies such as Praktiker, Bricostore, Ambient, BauMax are not present. In this way, DEDEMAN position as one of the leading company locally is very visible. Thus, new DEDEMAN stores were opened in 2014 in large cities such as Bistrita Nasaud, Slatina. For the future, DEDEMAN managing board plans to open other "Do-it yourself " stores located in the following cities: Oradea, Targu Mures, Miercurea Ciuc, Targu Jiu, Giurgiu and Slobozia, Craiova and Timisoara.

DEDEMAN Company's market structure is steadily growing due to the company's development, thereby customers, individuals or legal persons increase their intake and products purchased from this company because of its increased number of locations.

## 2. Market Dimension

The market size of this company is not constant, but rather increasing. Every newly opened store increases the company's market share. The managers of this company, the Paval family are going to expand nationally to create a Romania market. One of DEDEMAN's strategic objectives is to develop a network of at least five stores by the year 2017. In 2016, DEDEMAN founders have proposed to open another three stores and maintain leadership in the retail of building materials and interior design. DEDEMAN has proposed to increase every year both in terms of market share, as of profits. In this context, DEDEMAN Company supports the development of its employees, offering them opportunities for long-term career, encouraging their contribution to the development of the company and recognizing individual performance.

To increase client profitability, a company must focus on objectives to be met. An important objective is to maintain the customer. To achieve this, DEDEMAN should introduce the concept of quality management services, to make maximum use of sales opportunities and significantly improve the relationship seller - client. One of the objectives of the interaction processing effort is to increase

customer loyalty thereof. A gain from a client requests a loyalty extra resource consumption and contributes to increase the organization's reputation. Related to the organizational culture of the company DEDEMAN which includes the most important chapters there is proposed to promote the sustainable development of society through continuous improvement of quality of life. In this regard the company will seek to provide the best products in terms of cost-effectiveness, continuous improvement of services and cultivate a good relationship with society and the environment. Lastly, the constant concern for people who come into contact occurs by mutual respect that promotes both within the company and among its members and clients.

As noted DEDEMAN Company, has been very concerned to restructure the company, to aspire to a very good coverage of the market, be they professional companies, and customers such as small craftsmen and paid a special attention to creating a positive image among consumers, increasing sales volumes by implementing promotional policies. Maintaining the company's profitability and ensuring strong growth are even more important for the management of the company view to the intensified competition manifested locally from the part of multinational companies and of its plans to expand its business activities at national level.

### **3. Market Growth Rate**

- **Year 2008** - a total number of 12 stores like hypermarket, a turnover that had a 15% increase compared to 2007, approximately 250 million, employees around 2610;
- **Year 2009** - a total of 16 hypermarkets, a turnover of approximately equal in 2008 as nationally and internationally recession intervened and employs around 3400;
- **Year 2010** - a total of 21 hypermarkets, a turnover of about 360 million and employ around 3752;
- **Year 2011** - a total number of 26 hypermarkets, around 5,000 employees and a turnover of approximately 500 million euro;
- **Year 2012** - a total number of 29 stores and continues expansion into the cities of Slatina and Bistrita Nasaud;
- **Year 2014** a number of 34 stores and continues expansion in towns Suceava and Craiova;
- **Year 2015** a number of 42 stores and it continues expansion in Timisoara.

The unit number 42 of the national network has been working in Timisoara since October 23. The store operates in retail construction materials and interior design, with 100% Romanian capital, at the address 102, Sagului Avenue, just 10 minutes' drive from the city centre.

The official opening ceremony of the new unit was held on Thursday evening in a very good company of some famous local personalities in the field of gymnastics – Simona Amânar, athletics – Violeta Beclea, and other local administration officials. Being a bricolage store, the inaugural ribbon was replaced by a “ribbon” of wood and scissors, of sawmill operated by the official guests. With an area of 16,000 square meters and 360 parking spaces, the investment, which has created 200 jobs, has amounted to 17 million euros. The structure and intuitive arrangement of districts for easier orientation, the range of over 45,000 products, ambiance and modern lighting and environmental emissions of over 2,000 square meters climate controlled, which presents dozens of species of plants and a district dedicated to decorations are some of the novelties prepared for customers in Timisoara.

### **4. The main Market Shares**

DEDEMAN company tends to be a national leader in building materials division retailers type “Do-it yourself”. Thus, in the marketing department of the company, specialized staff is conducting investigations on the structure of supply and demand in the market, studies are done on the prospects for the company's products on the market, and researches are being conducted on the evolution of prices of products traded on the market and not least, a catalogue is drawn up with the company's products. DEDEMAN Ltd. can boast a wide range of products, construction materials for interior and exterior covering multiple market segments, as follows:

- *for construction:* roofs (anti – humidity sheets, corrugated boards, shingles, polycarbonate, drain systems, concrete tiles and ceramics, metal roofing tiles), fittings, metal systems, bricks, cement, plaster, plasters, coatings, protective equipment, windows, wood materials for

- construction, material for waterproofing, thermal insulation materials, sandwich panels, pavers, decorative stone, gypsum boards, profiles and mounting accessories etc.
- *for interior*: adhesives, polyurethane foams, timber, carpets and layouts, floor, lacquers, stains, wall panels, window sills, wood materials for construction, laminate flooring, parquet and layered, plastic home appliances, wallpaper, interior doors, exterior doors, door accessories (handles, escutcheons, hubs), garage doors, tools, paint, washable paints, paint for metal, wood, masonry etc.
  - *heating*: heating appliances, convectors, heaters, air conditioners and accessories, fittings for gas installations, sewer articles, boiling installations, hot water instant boilers and thermal equipment, wall thermal, filter, meters, fittings, brushes and accessories chimneys, water pumps, water pumps, heaters, valves, pipe insulation and pipe, complete systems for ventilation, stoves, fireplaces, pipes and fittings for sewerage outer pipe and fittings for sewer inner pipe and pexal fittings, pipe and fittings, copper pipes and fittings etc.
  - *electrical*: electrical accessories, pests appliances, home automation, cables and copper conductor, lighting, industrial lighting, extension cords, outlets and switches, lightning protection systems, power and lighting accessories, paintings and fuses for flats, protective tubes, doses and so on.
  - *garden*: pots and trays for plants, plastic packaging, beach items, swimming pools, seasonal articles, plants care, camping, food for pets, gardening appliances, garden furnishings and decorations, ground for plants, plants, gardening hand tools, hoses for watering, lawn sprinkler systems etc.
  - *furniture*: bookcases, kitchen furniture, youth room furniture, sofas and chairs, bedroom furniture, bathroom furniture, office furniture, mattresses, chairs etc.
  - *tools*: compressors, equipment for mechanization in construction, equipment and accessories for cleaning, welding equipment and consumables for domestic and industrial, generators, hand tools hobby, professional power tools, power tool hobby, etc.
  - *ceramic and tiles*: adhesives, sealants joints, belts and curbs, glass bricks, ceramic tiles, porcelain tiles, aluminium profiles, tools and installation accessories etc.
  - *bathrooms*: stainless steel sinks, bathroom accessories, plumbing fittings, household items, shower cabins, sauna cabins, bath tubs, whirlpool tubs, granite sinks, bathroom furniture, sanitary ware, shower panels etc.
  - *appliances*: appliances for kitchen (robot, mixing devices, microwave oven, electric oven, electric hob, dishwasher) vacuum cleaners, freezers, small household (cameras, devices coated irons), personal care, car washing machines, audio systems, televisions, DVD players etc.
  - *decoration*: kitchen accessories, decorative items, children's toys, bed linen, oilcloth and tablecloths, blankets and bed spreads, curtains and accessories, pillows, towels, sleeping sets, paintings etc.
  - *accessories*: accessories for interior and exterior, tires and rims, electrical accessories (CD players, mm3 / mp4 players, consoles, vacuum cleaners, compressors), radar detectors, motor oils etc.

With such a complete offer of products, DEDEMAN Company tends to maintain as a national leader in this market share. In addition to this complete range of products, the DEDEMAN Company has met customers with a full range of services:

- doorstep delivery of goods (the value of goods purchased to be more than 500 lei, delivery in the proximity being free);
- designing kitchens and bathrooms (specializing in soft sandstone and tile harmonization, assisted by a specialist from the company);
- free advice (DEDEMAN staff is prepared and trained to respond promptly to customer inquiries);
- financing solutions (solutions for optimal buying today and pay rates starting the next-day – the offices located inside the stores DEDEMAN);
- special orders (company's staff is trying to put into practice any customer's desire);
- mixing paints (for special tastes and desires, producing the desired shades in minutes);

- heating devices service (a team of specialists will travel in time to fix problems at plants purchased from DEDEMAN both warranty and post warranty as well);
- rental tools (for customers who can, but do not have the means, **DEDEMAN** company came to support them and opened a department to hire professional tools);
- heavy machinery delivery (using cranes, DEDEMAN is transporting and loading heavy materials);
- power tools service: water pumps, pumps (issues related to product functionality will be handled by specialists DEDEMAN right inside the store - service is provided both warranty and post warranty as);
- return product (customer who has bought too much, or simply wants something else, may return the product as per invoice);
- making curtains;
- over 200 parking spaces.

## **5. Identifying Opportunities and Risks for the Company**

### **Opportunities:**

- investments for business development;
- the financial crisis;
- investments in land, bought at better prices due to financial crisis;
- growing demand for products and services;
- the company has a good image among customers and business partners;
- the Romanian customer's demands and consumer habits are changing, bringing benefits to stores that are practicing a civilized commerce, in a pleasant environment;
- recognized brand;
- diversity of related services given to the customer (transport, credit);
- modern commercial aspect, pleasant, civilized trade;
- attracting target audience through constant intake of new cargo;
- promotional schemes available;
- publicity concentrated at stores;
- strong, stable suppliers ;
- lower purchase prices, allowing an advantageous marketing margin;
- the existence of a functional management software that keeps track of inputs and outputs, as well as all existing stocks of the shops;
- quarterly rotation of goods;
- Baudeman own range of products;
- large number of stores;
- customer loyalty system;
- increasing the range of services to customers;
- advantage for the first coming in developing commercial areas.

### **Risks and Threats:**

- the financial crisis;
- the high level of unemployment rate;
- reducing purchasing power and living standards;
- strong growth of the future reference coins (euro), influencing the financial expenditures and imports of goods, materials and equipment;
- legislative changes, bureaucracy, corruption;
- increasing customs duties for imported products from the foreign suppliers;
- perception of the state of higher taxes;
- fierce competition in the branch, launch of new competitors;
- bankruptcy of some contracted suppliers;
- extension of financial crisis;
- the launch of new brands (Leroy Merlin, Hornbach);
- unstable economy;
- personnel employed by commercial worker has no qualifications in sales;

- Changing consumption behaviour of customers;
- weight obtaining permits for construction of new stores;
- higher taxes payment to the state;
- backlogs of companies to DEDEMAN;
- the increasing price of advertising spots;
- inability of many suppliers to maintain permanent stocks to all DEDEMAN network;
- the increasing price of fuel which is directly reflected in the price of the products displayed on shelf.

#### **6. The Way in which the Identified Factors will Influence the Company**

All the factors identified above will have an influence on the company. These factors make the competitive market being a dynamic one, where the involved pawns will act according to the interests of those who are leaders. Thus, even if we are still in an economic crisis, where some countries are about to go bankrupt, hit by strikes, the government's inability to manage budgets, the DEDEMAN model is one to be taken into account. This company, even if the risks are much more than opportunities, decided expansion, the expansion of the national market in the near future thus all cities become the DEDEMAN Company's market.

DEDEMAN competitive environment is at a high level on a national market being represented by much older companies and tend toward the same market share. DEDEMAN Company's main competitors in the local market of construction materials, valued in 2016 at 5-5.5 billion euros, of which about half are registered by the bricolage market are: Praktiker, the market leader, Bricostore, Baumax Hornbach, Bricolage, OBI and local networks Arabesque and Ambient.

Other competitors in the same market share did not register the same determination:

- For comparison, Arabesque, the former market leader, managed in 2014 to increase sales three times slower than DEDEMAN, by 14.5% to 354.5 million euros (1.49 billion lei);
- The French and German network Bricostore and Praktiker, which opened almost ten years ago with the first large stores with items for construction and bricolage, have reached a cumulative market share of 34.4% in 2015, compared 62.7% in 2014;
- At the end of 2015, the main competitors' turnover was 160 million euros for the company Bricostore, 152 million for the company Praktiker and 140 million for company Baumax. In calculating those turnovers we can notice that the DEDEMAN Company sold as the three other competitors combined. DEDEMAN company studied the opportunities arose and it has turned into pluses, so at the moment it is situated first in the market share for the distribution of building materials.

Nowadays companies are increasingly forced to radically restructure goals and market strategies. It should be borne in mind that today's buyers are faced with a huge range of products of all kinds. Thus, DEDEMAN Company's objectives on medium and long term are:

- increasing turnover;
- increasing the volume of sales by entering into areas less representative;
- finding more industrial consumers;
- strengthening the position on existing markets;
- make communication between all departments and employees of the company;
- efficient use of labour force;
- developing the brand image and loyalty towards the company;
- expanding the company nationally and internationally;
- training and building a positive image of the company around all market operators with which it has a contract;
- awareness of the company's reputation on the national and international level;
- assuring long term consumer satisfaction;
- pursuit of providing quality products, appreciated by customers;
- investing in training, education and specialization of staff, customers, and its employees;

- to become a trusted partner for leading international companies in tackling large projects both in Romania and abroad;
- to acquire and maintain a dominant market position;
- identify permanent needs, wishes and dreams and to offer customers global solutions, impeccable service and value products in terms of profitability;
- distribute the products of leading domestic manufacturers of building materials, interior and exterior workings.

With the slogan "**Dedicated to your plans**", the company is dedicated to customer satisfaction and is expressing its desire to continuously improve their products and services.

### **Conclusions**

Each action of DEDEMAN Company is arising from the encounter between some consumer needs and the awareness to meet them at a competitive level, and also practical, in the direct confrontation between supply and demand. To achieve this it is very important for the company to accomplish two very important things:

- to study and understand the market in which it acts;
- adapt their work so they can best capitalize the market opportunities.

The conclusion is that the market has been and will remain the main catalyst in the economy of a state. DEDEMAN Company tends to maintain as a national leader in this market share. In addition to this comprehensive range of products, the company DEDEMAN catered for the needs of their customers with a full range of services.

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