MARKETING AND MANAGEMENT IN CHEMICAL INDUSTRY

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**Abstract.** All big organization have marketing departments and running by modern management techniques but only a part of them have great results and deliver profit to their shareholders. The paper intends to present connection between marketing and management techniques in chemical industry and how can influence the profit. How their interaction and employees engagement make a difference in order to increase the profit will be present in the paper.

**Key words:** marketing mix, chemical industry, management  
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**INTRODUCTION**

“The history of the chemicals industry can be traced back to ancient times, when alkali and limestone were combined to make glass, and sulfur and saltpeter became an explosive that is similar to modern gunpowder. The chemicals industry can be divided into two sectors: commodity chemicals and specialty chemicals. Many different companies manufacture commodity chemicals and there is little variation between the end product from company to company. On the other hand, specialty chemicals are typically made to suit the needs of a specific customer, and are generally only available from a few suppliers. Patents often protect these chemicals. The chemicals industry is subject to various business drivers. Business drivers are influences, both internal and external, that significantly impact the direction of an industry. There are four key business drivers that impact the chemicals industry: the cost of raw materials, the emergence of developing countries, regulations, and research and development. The first key driver is the cost of raw materials. Chemical companies need raw materials to produce their products. Examples of raw materials used in the chemicals industry include oil, natural gas, coal, minerals, metals, salt, air, and water. The cost of raw materials typically makes up the largest portion of operating expenses for chemical companies.

This means the industry is vulnerable to changes in the price of raw materials. Through research and development, chemical companies can develop innovative new products and safer processes, and remain competitive. Spending on research and development is increasing in emerging economies and declining in mature markets. One reason for this is that many companies in mature markets are moving their research departments to emerging economies in an effort to reduce costs.[1]. Base on these international trends in chemical industry all organization has to adapt their policies; in this case, the management and marketing role are very important. The key challenges in chemical industry are: the price of raw materials; pressure to increase profits; sustainability issues. Dow Chemicals, a large, multinational chemical company, uses the equivalent of 850,000 barrels of oil every day, which is more than the energy consumption of Australia” [1]. In order to identify the proper channels to do something the “4 P”( Price, Promotion, Place, Product) from marketing mix has to be applied in chemical industry like...
“Putting the right product in the right place, at the right price, at the right time” is similar like “Identify the right people, at the right time, in the right bus” [2], has to be applied in chemical industry also and management have a major role in this. They have to be sure that their chemical organization has the capability to deliver profit at the end of the process. This means that management through marketing mix has to satisfy all three parts: clients, shareholders, employees.

![Fig.1. Triangle of successful organization](image)

In this case in chemical organization management through human resources and marketing tool has to increase the level of satisfaction for those three elements mention before: clients, employees and shareholders. There are four key strategies that companies can use to help overcome challenges in the chemicals industry:

1. Review existing processes identifying the ways to improve existing processes; the challenge for chemical companies for the next years will the pressure from shareholders to increase profits in a sustainability ways. Two methods that are being implemented by companies in the industry are advanced control and optimization and gas flaring reduction. Also in term of support processes the organization has to do something.

2. Improve supply chain management: proper supply chain management is crucial for companies in the chemicals industry. To effectively manage their supply chains, companies need to coordinate efforts with both suppliers and customers to streamline and improve processes.

3. Expand the specialty chemicals business. While the commodity chemicals sector is experiencing weak pricing and overcapacity, performance in the specialty chemicals sector is generally stronger. One method to extend the business in chemical sector are through the acquisition of companies in the specialty market. Finding synergies within their existing business and the companies they acquire can enable these companies to increase their profits. They must be careful to ensure to make the right acquisitions. That is, these acquisitions must enable them to improve operational efficiency and concentrate on the specialized products that are of the most value to customers. Also the management of organization has to be ready for change. Employee’s education through change management has to be the focus for organizations which will apply the acquisitions as a solution to extend their business. To accomplish this, companies also has to apply the proper marketing; they will need to focus on product differentiation and customer trends in product design, brands, values, and standards.

4. Focus on other alternatives for chemical industries like industrial biotechnology. Biochemical offer a number of benefits over petrochemicals. A key benefit is that biochemicals are made from renewable resources. By switching from petrochemicals to biochemicals, companies can reduce their reliance on limited oil and natural gas supplies. Biochemicals are also more environmentally friendly. The raw materials are biodegradable, which means less waste management issues than with
petrochemicals. The question is your organization is prepared to implement those alternatives? What organizations have to do with their employee’s to accept the change? A possible solution can be a mix between marketing and management to promote the change in organization. Changing the educational needs is a consequence of globalization. Therefore, offering alternatives to your own employees regarding their career development may influence their decision of leaving the organization. A study, recently realized by the American Society of Human Resources Management in 2003, on a group of 473 specialists in human resources, showed that 87% of the employees leave the organizations of their own initiative. Nowadays in chemical industry also, people wants more: they want recognition, appreciation for the work they did. Work itself has gained a new dimension in people’s life. Online connection and socialization has a big impact on employee’s life. It is the object of a trade: reward offered according to the work done; but it also has a social function: the working place offers opportunities to get to know new people, to make new friends, to get the feeling that they are part of something important. Work means a social status, offers distinction, integration in society. It has an intrinsic value for the individual. Work gives the individual self-respect and identity. The question is if organization management has the capability to create this attitude for their subordinates. Possible solutions for the organization are manager’s education to use marketing mix with their subordinates and build their capability to help their subordinate’s career anchors. If at the beginning of the century labor force was seen as a mass of physical energy that produced money for the owners, now it has been replaced by machines. Labor force is the one that makes the difference and is capable to bring prosperity to the organizations.

As a driver for innovation, management in chemical industry has to retain and attract the best employees from the international market and create a proper environment in their organizations.

REFERENCES

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