

Marketing in the 21st Century

**“Brands that Ignore Social Media...
will Die
it`s
that
Simple”**

-Jeff Ragovin

CASE CHAPTER 7

Mutiny in the Marketing of Avola

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Abstract

The case discusses an international company dealing in fresh organic products. The case highlights a potential marketing dilemma faced by the company named Avola in Kazakhstan. The case takes its readers to discuss and debate on an issue of contemporary nature underlining the need for business to shift conventional marketing channels to digital mediums for better customer attraction and competition in the 21st century.

Synopsis

Avola, an organic food business called meeting on the 3rd of January 2019 to discuss what the company did and how it performed in the last four quarters of 2018. The meeting in the central country office in Nur-Sultan discussed shocking declined sales figures, which pushed the entire company to realize the high time for responsive action. The members of the meeting recognized that the business has failed to attract new sales, which raised concerns on the effectiveness of the current marketing strategy and approach of Avola in Kazakhstan.

Avola

Avola is an organic food business operating in eleven countries, including Kazakhstan. The company is engaged in business activity in the country since 2006 when it established its first business unit in Nur-

Sultan, the capital of Kazakhstan. The company deals in organic food items, including fresh produce, spices, poultry, and meat. At present, the company is operating with three retail and wholesale branches in Kazakhstan in Nur-Sultan, Almaty, and Taraz. Alongside this, the company also distributes organic food to small retailers in many towns and cities across Kazakhstan.

Business Operations in Avola

Since the company operates in eleven countries across three continents, the business operations for each destination as decentralized whereby, the central office in each country is responsible for making major decisions with regards to business operations except pricing. Therein, the Kazakhstan branches follow the central office schedules deliveries, distribution, and marketing of company products.

Table 1. Avola Organic Product Range

Fruits	Vegetables	Meat	Herbs
Apples	Cabbage	Beef	Chillies
Oranges	Avocado	Mutton	Chilli Powder
Banana	Cabbage	Chicken	Mint
Grapes	Potatoes	Eggs	Mint Powder
Plums	Mushrooms		Parsley
Sweet Potato	Asparagus		Parsley Paste
Melons	Turnips		Ginger Paste
	Ginger		Garlic Paste
	Garlic		Curry Powders

Marketing at Avola

The central office of Avola is responsible for handling all marketing activities ranging from planning to execution. To date, the company has been using conventional methods for marketing such as print media advertisements, including newspapers, health & food-based magazines, and pamphlets. Avola has contract with four major newspapers where it

frequently advertised. Likewise, it also places advertisements in 3 health and food-based magazines (1 local and two international) followed by pamphlets distribution on a monthly basis.

The company uses social media platforms to showcase their brand and products, but it is not one of the major drivers for them. As per the founding office of Avola in Turkey, the company follows conventional marketing strategy as they see a majority of their potential customers are elderly citizens who are more inclined towards newspapers, magazines, and pamphlets rather than contemporary marketing channels. The business has a track record of sales generation. Through this medium, hence, all the countries where it operates are advised to follow the same marketing strategy.

Annual Sales Meeting

The company's central office in Nur-Sultan calls for an annual sales meeting for the last year on the 3rd of January every year. Likewise, the meeting was called on the same day of the year 2019 to discuss what the business has been doing and plan accordingly. Importantly, the meeting discussed financials of the past four quarters whereby, decline in the sales was recorded as detailed in the table below:

Table 2: Sales Report for 2018

Quartile	Total Sales (in Tenge)
Sales Q1	547,001
Sales Q2	508,935
Sales Q3	482,311
Sales Q4	475,722
Total Variation (Q1 to Q4)	71279
Variation %	13.03

The company's central office was surprised as to why there had been a serious decline in the sales quarter by quarter regardless of the same efforts and amount. Talking about the comparison of the sales report for 2018 with the past years (2017 & 16), the meeting underlined minor

fluctuations (refer exhibit 3); however, this year, the sales graph declined significantly. Since the company keeps a track record of new and existing sales and customers, the meeting also discussed that 88.3% of the sales came from the existing customers which mean the business only generated 11.7% new sales which alarmed everyone as to revisit the existing marketing strategy and money spent in this regard.

The meeting went further to discuss the situation and what could be done to counter tumbling sales figures. Talking about addressing the issue, suggestions were made on revising the marketing strategy and start focusing on the digital mediums: social media platforms to broaden their reach, increase their visibility and thus attract more customers. On the contrary, some attendees emphasized on revising pricing and extending the existing marketing strategy. Nothing went decided till the last moment; however, everyone noticed that the business needs to work on using different approaches to market its products and services.

Discussion Questions

Q1. How do you see the marketing strategy of Avola?

Q2. What are the strengths of marketing through print media, and how do you think it is better for Avola?

Q3. What seems to be not working for the company when it comes to marketing?

Q4. What seems to be not really working for Avola in connection to its marketing practices, and why justify?

Q5. If you become the country manager of Avola, how will you potentially strategize for the company to address the sales decline issue? Discuss in detail.

Q6. Keeping in view the nature of products Avola offers, which of the digital media platforms you think would be appropriate for Avola, and why?

Suggested Readings

Kartajaya, H., Kotler, P., & Hooi, D. H. (2019). Marketing 4.0: Moving From Traditional To Digital. *World Scientific Book Chapters*, 99-123.

Lieb, R. (2017). *Content-The Atomic Particle of Marketing: The Definitive Guide to Content Marketing Strategy*. Kogan Page Publishers.

Macarthy, A. (2018). *500 Social Media Marketing Tips: Essential Advice, Hints and Strategy for Business Facebook, Twitter, Pinterest, Google+, YouTube, Instagram, LinkedIn, and More!*. CreateSpace Independent Publishing Platform.

Exhibit 1: Country Information

Country Name	Kazakhstan
Capital	Nur-Sultan
Currency	Tenge
GDP Rank	70 th Globally (World Bank,)
Internet Users	17 million (Kazakh Trade, 2017)
Popular Social media platforms in Kazakhstan	Vkontakte – 43% Odnoklassniki – 34% Instagram – 31% My world – 21% Facebook – 19% Twitter – 6.73% Source: (Kazakh Global Act, 2017)

Exhibit 2: Annual Sales Report 2017 and 2016

Quartile	Total Sales (in Tenge) 2017	Total Sales (in Tenge) 2016
Sales Q1	559,626	542,869
Sales Q2	558,101	556,114
Sales Q3	541,936	549,881
Sales Q4	543,900	539,602
Total Variation (Q1 to Q4)	15726	3267
Variation	2.8 %	0.60

Exhibit 3: Map of Kazakhstan



Source: Britannica.com

References

- Kazakh Global Act. (2017) Social Media Stats. Retrieved from: <https://www.nordeatrade.com/en/explore-new-market/kazakhstan/e-commerce>
- Kazakh Trade. (2019) Internet Users in Kazakhstan Retrieved from: <https://gs.statcounter.com/social-media-stats/all/kazakhstan>
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