Case insight 4.1: P. Rigas Packaging Material SA

Achilleas Rigas, CEO

Hi, my name’s Paul Baines, I'm Professor of Political Marketing at the University of Leicester, I'm co-author of the Fifth Edition of Marketing, by Oxford University Press.

In this next clip, we talk to Achilleas Rigas of P Rigas Packaging SA, in Greece. Achilleas talks about how the company manages and scans its external environment, in order to mitigate some of the difficult economic circumstances that are currently operating in Greece today.

Rigas Packaging SA is a wholesale company, we import our products from many countries across Europe, Africa and Asia and we, we sell to the agricultural, livestock and construction sectors and also in the industrial sector and our customers are intermediate sized companies, local wholesalers. Our customers are not the end users of our products.

When scanning the marketing environment, the biggest fact is using basically the word, the mouth to mouth information that’s passed down from our customers to our sales team and from our sales team comes back to our headquarters.

Another aspect that we use a lot is the social media from the internet like Facebook etc., as well as the more specialised press that refers to our industry. Lastly, we use a lot of information from the international firms that would participate as visitors and the national firms that would participate as exhibitors, what is our opportunity to meet our end users of our products and the, the actual consumers of our products.

The aspect of the marketing environment that have impacted on the packaging business are from the, basically the economic crisis that hit all Greek market, it’s a, it affects everything from the relationships between the suppliers and the customers, the suppliers, for example, have decreased the credit time or the credit limits, then it’s economical issues like increased taxation and the capital controls that were enforced in 2015.

Socially, the customers have become increasingly unpredictable and the economic crisis is impacting on their psychology so we cannot expect what they will think, and also we have a lot of technological and legal barriers and extra processes like the GDPR legislation and environmentally, and the environmental issues such as the reduced plastic usage that’s being enforced.

When they take scenario planning on a yearly basis, to cope with the uncertainty of, of the situation because of the environmental issues that we discussed, we regularly update it, we do a mid-year review of the scenario, we don’t stick to it unless anything is going well, we adopt also a worst case scenario in our scenario planning.

For example, we had a three years ago, the capital controls issue, which was and still is that we cannot send any money through the banks abroad to our suppliers, for example, unless we get special permit from the banks and the state, so that was part of our worst case scenario planning back in 2015 and we actually predicted that and we were prepared when it happened.

So we, we think that it’s very important to do scenario planning, otherwise you are unprepared for the bad, especially.

So the problem that we faced as as a result of the economic crisis in Greece, when we put it into context, where we wanted to increase our sales and profits and also reduce our bank loans, is that we had to face increased taxation, we had to face a lot of problems with the banks due to banks merging, loans companies freezing and huge uncertainty because of the Grexit scenarios and the capital controls in 2007, 2015 I'm sorry.

Also the political insecurity with the constant changes in the political landscape and all this led to an, a bad psychology from the people and the people are our customers, so bad psychology in the customer, in the customers is always bad for, for business.

Also lastly but not least is the many opportunists that came out and tried, tried to, to distort the market as competition was concerned. But with our strategies and scenario planning, we managed to overcome those problems and achieve our goals.

Given the, those problems that we discussed, what we have done to improve our company’s performance is that we developed first of all market segmentation techniques. We, we defined the market and we started trying to serve the different segments of the market, differently. We started giving different, the same product but in different approach, quality wise or price wise or with different elements in the product like maybe different colours for the same product, for example, safe net that it’s a net to protect from the sun, it used to be only green, now it’s many more colours and just such an easy technique, it’s helped us surprisingly to increasing our sales. So that was one thing that we did and it mana- when we managed to achieve increased sales.

The other thing that we did is that we separated some product families into premium and average products, so we could basically sell to the segments of the market that were accepting good quality and high price, the premium product and to the other segments of the market, lower … quality products or sometimes we were selling more or less the same product to, with a different approach and only that was enough to, to increase our sales.

And another thing that we did is that we, we tried price differentiation strategy and we found out that through negotiation with our customers because as we said before, we do not sell to the end user but to other wholesalers, we managed to sell the same product at different prices to different customers and thus, that helped us increase our profitability levels per customer.

And last but not least is what we did by scanning better the marketing environment and by doing the segmentation, we realised that our competitors were not doing that and whereas our competitors, what were they doing is focus only on the price, trying to sell cheaper and sometimes also decreasing the quality of the products to achieve cheaper sales.

So we, we did it differently, we did our scenario planning and that helped us a lot and to put all these things in, in context, in context, it helped us increase our sales and to have better performance throughout the past few years.

What I'm looking into for marketing personnel is people who think out of the box but in the same time, they keep in their mind that they are constrained, that they have to abide otherwise it’s impossible to work in the real business and also what I look for is people who are adaptive and who are prone to change, if you don’t change, you die, you decline as a business so if as a person you don’t embrace change then it’s for me not possible to work into the marketing environment.