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Imitation strategy as a key factor in mining company exports¹

Key words

Imitation, marketing strategy, promotion campaign

Abstract

Among the available marketing strategies in dealing with major competitors of a mining company on the given foreign market, the strategy of imitation may help to improve the company's exports. Its most common forms, the conditions for its successful employment and major advantages are discussed in the paper. The threats it involves are also given due consideration.

An explicit evaluation of the imitation strategy is not always possible, as some of its features may differ. Generally speaking, the strategy involves the imitation of competitors' activities though it is not restricted, as it is commonly assumed, to imitating the competitors' products, where the company's products have the same technical and functional parameters as those produced and sold by its major competitors on foreign market which a mining company wishes to enter. Imitation activities also cover changes in the pricing policy- depending on the operations of price leaders on the given market, using the same distribution channels, especially indirect ones and employing similar forms and arguments in promotion campaigns. Nevertheless, imitation of competitors' solutions in the area of production appears to be the most

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important aspect and hence all relevant discussions and analyses focus on that issue. In every case the main aim of this strategy is to ensure the company will be able to keep pace with its business rivals without the necessity of spending as much money on marketing research as market leaders (Sznajder 1992). Companies that imitate the activities of their competitors incorporating their solutions need not spend very much on marketing studies, on the other hand they make use of the achievements of others while thus saved resources can be allocated for different purposes. The best way to use the savings is to encourage sales increase.

Thus defined strategy of imitation may have various forms, mining companies mostly use the following (Sznajder 1986):

- 1) strategy of creative imitation,
- 2) strategy of early imitation,
- 3) work on the contract basis,
- 4) strategy of late imitation.

A strategy of creative imitation, also known as offensive imitation, implies that the company's products entering the given foreign market not only have the same technological and functional parameters as the products of their major competitors (i.e. imitation of export products parameters) but the company aims to further improve those parameters offering the importers more advanced products or highly processed minerals, or even prefabricated elements. The company thus improves the leaders' solutions, supplying highly-processed products and showing how to improve the marketing strategies. Thus pursued imitation strategy aims to ensure the strong position of a mining company on a foreign market, making use of the experience of innovators already active on that market and market demand they have created. Apparently this kind of marketing strategy making use of the experience of the leader- innovator already active on the given market and on the other hand aimed at improving the structure and technological and functional parameters of export products might be successfully employed by a strong mining company, i.e. well advanced technologically and having adequate financial resources. The fundamental conditions for successful application of such strategies are:

- 1) adequate technical and financial resources at the disposal of the mining company,
- 2) adequate human and financial resources as well as company's assets to enable quick imitation of products exported by major business rivals,
- 3) extra production capacities allowing for imitation of competitors' products and for their further improvement,
- 4) an access to the market the company wishes to enter through legal and institutional framework for export support,
- 5) extensive marketing research providing prompt and accurate market analysis to be able to predict the market trends and their changes within the specified time period.

The chief advantages of imitation strategies are:

- 1) rapid development in metals and minerals exports to the given foreign market,
- 2) elimination from the market of foreign rivals that are not able to respond with similar measures to the offensive imitation strategies because of their limited technical and financial resources,
- 3) increasing the market share of the company,
- 4) improving the company's image in the eyes of its business rivals that will now perceive it as an advanced, innovative company with growing production and export capacities.

The creative imitation strategy, however, also poses certain threats:

- 1) a new company employing still more offensive strategy may appear on the market; as a result the operations on the given foreign market might be in danger,
- 2) this situation may lead to very strong competition on the given foreign market which the mining company as a rule wished to avoid.

A company pursuing the strategy of early imitation aims to adopt the competitors' solutions as early as possible in order to incorporate them in their own production and export plans. The most widespread forms of this strategy are: early purchase of the required licences or know-how and production of the given mineral in the similar manner as competitors. The strategy of early imitation proves effective when, in the aspects of the product life cycle, the sales on the foreign market are at the stage when the customers' demand for the product being imitated is still increasing. As the market gets glutted, this marketing strategy will require greater financial resources while its effectiveness might deteriorate (Sznajder 1992). The conditions required for the early imitation are the same as in the case of creative imitation, still other aspects seem to grow in importance:

- 1) the necessity of providing huge financial resources for new solutions and technologies,
- 2) prompt and efficient commencement of production and export activities, ensuring sufficiently high export volumes,
- 3) extensive marketing research aimed to determine the position of the given product (in terms of its life cycle) on the foreign market.

Opportunities and threats involved in the early imitation strategy are similar to those encountered when the creative (or offensive) imitation is employed, though they seem to appear on a smaller scale while compared with the latter strategy.

Another option of imitation strategy available to the mining company is the work on the contract basis whereby the company works to the order of importers. This strategy involves co-operation between production, export and marketing on the given foreign market. Several options are available, the most widespread one consists in processing of minerals and pre-fabricated products supplied by other companies to meet the partner's specification. That involves the imitation of production and export of given minerals and metals to the order of other companies that no longer produce or and export them as they find this business unprofitable and have to meet importers' demands by way of contracting the services of other producers (Sznajder 1992).

The strategy of late imitation implies that technological and functional parameters of the exported products imitate the leaders' solutions when the product is already in its later stages of its life cycle on the given foreign market. In most cases this strategy is adopted by mining companies having limited technological and financial resources, especially those where innovations and research activities are scarce. This strategy is targeted at those importers that on one hand come to appreciate novel products with improved parameters pretty late, and on the other- are satisfied with traditional solutions because of financial considerations.

While analysing the imitation strategy, one more aspect comes into consideration- namely the imitation of the product itself or its trademark to mislead the buyers. Such activities are illegal and can be classified as piracy. Nevertheless, many companies, operating on the domestic and foreign markets, seem to employ this strategy. The reason for this state of affairs might lie in

inadequate trade mark protection. This type of activities is mostly restricted to consumption goods, the problem rarely arises in connection with metals and minerals, hence the issue is included here just for information.

All things considered, imitation strategies (like strategies involving the market niche) offer certain advantages and disadvantages which were considered in detail. Companies choose to employ these strategies when their resources for company development are inadequate and imitation of competitors' activities allows for overcoming this difficulty ensuring better utilisation of limited resources.

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STRATEGIA IMITACJI JAKO CZYNNIK ROZWOJU EKSPORTU PRZEDSIĘBIORSTWA PRZEMYSŁU WYDOBYWCZEGO

Słowa kluczowe

Imitacja, eksport, strategia marketingowa, działalność promocyjna

Streszczenie

Wśród wielu strategii marketingowych w stosunku do konkurentów na danym rynku zagranicznym przedsiębiorstwo przemysłu wydobywczego może — jako czynnik rozwoju eksportu wytwarzanych przez siebie surowców mineralnych — stosować strategię imitacji. Omówiono najczęściej stosowane formy tej strategii oraz warunki jej skutecznego stosowania, a także korzyści płynące z prowadzenia tej strategii marketingowej. Przedstawiono również zagrożenia, jakie powoduje jej stosowanie przez dane przedsiębiorstwo przemysłu wydobywczego.