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THE STRATEGIC MARKETING DRAFT OF PURCHASES - A NEW UPSTREAM STRATEGIC TREND – CASE: CEVITAL GROUP (AGRO-INDUSTRY)

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Abstract:

This research paper is structured around a linear equation between strategic marketing and the organization of the purchasing process, in this equation this forms two main variables: presentation of the purchasing function and its strategic competitive levers extroverted symmetrically towards a trend strategically purchasing oriented towards supplier markets a new organizational outfit and mastering governing by a strategic option motivated by upstream competition (supplier market), as a positive result of this research in a strategic and competitive sphere of purchasing being an optic; structure, approach and strategy.

Keywords: Strategic marketing, Marketing and purchasing, Marketing purchasing structure.

JEL Classification Codes: M31, M310

Résumé :

Cet article de recherche s'articule autour d'une équation linéaire entre le marketing stratégique et l'organisation du processus d'achat. Dans cette équation, deux variables principales se dégagent : la présentation de la fonction d'achat et ses leviers stratégiques compétitifs, extravertis symétriquement vers une tendance stratégiquement orientée vers les marchés fournisseurs. Cela implique une nouvelle configuration organisationnelle et une maîtrise gouvernée par une option stratégique motivée par la concurrence en amont (marché fournisseur). Ce travail met en évidence, comme résultat positif, une

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vision stratégique et compétitive de l'achat en tant qu'optique : structure, approche et stratégie.
Mots-clés: Marketing stratégique, Marketing et achats, Structure de marketing des achats.
Codes de classification JEL: M31, M310

1- Introduction:

A new trend in marketing currently is more oriented towards a strategic marketing model, through a profound vision over more than forty years, showing several upstream marketing contributions focusing on supplier markets with different reflections on the customer, opportunities, competition, market share, and market attractiveness. The focus of companies in a competitive economy is to propose several formulas to identify these needs and desires (market study, segmentation, target market, market strategy, positioning). By situating strategic marketing as the helm of their strategic and competitive concerns and exporting it upstream, strategic marketing takes a considerable trend in supplier markets as the strategic procurement gladiator of inputs that will subsequently be transformed into outputs carried by distribution and promotion activities, satisfying the final customer.

Upstream strategic marketing positions the supplier as a subject of study and reflection among marketing ideologues who emphasize the strategic and competitive imperatives of new generations, focusing more on the marketing activities of industrial purchases by large companies on behalf of industrial buyers or end customers.

This somewhat original reflection will come to conquer the major ideas of modern marketing within its fundamental literature. A symmetrical marriage between purchasing activities and strategic marketing represents an interesting and fundamental model: these are the only two options for the company that are inherently outward-looking. Strategic marketing improvises, and purchasing marketing takes the lead in strategic and competitive choices situated upstream.

In this modest research paper, we will present some modern reflections on purchasing activities through a recipe diluted in a strategic purchasing marketing logic as a first theoretical draft presented by talents in modern marketing and its practical trial projection in companies within a competitive economy, particularly the draft of the CeVital group. For the entire research presentation, we opt for the following

thesis: **How can strategic marketing contribute to purchasing activities and the upstream competitive environment?**
Through this thesis, we have found it useful to present the following hypothesis:

- Strategic marketing contributes significantly to a competitive and conjunctural position to effectively capture upstream market opportunities and translate them into processes, structures, and strategies, thereby achieving a strong and controlled competitive position in the downstream market.

2- Purchasing Marketing – (Upstream) – A Genesis Around a Definition: (Between Strategy and Action)

The emergence of purchasing marketing is linked to a situation of vulnerability for the company concerning its upstream market. At its inception, the definitions of purchasing marketing were and are focused on a purchasing culture in very diverse upstream spaces and complex upstream competitors. To this effect, various definitions have been declared by several thinkers in marketing literature research.

According to Kotler (1973, p. 60), demonstrating a purchasing marketing mindset is: "meeting reluctant suppliers to encourage, persuade, or even educate them to take into account the expectations of the company."

Additionally, Sostenes (1994, p. 08) defines purchasing marketing as: "a process available to the buyer, allowing them to anticipate and actively intervene in the exchange relationship with the upstream market to adapt the company's needs to market possibilities or influence the supply to meet its needs in the interest of the company.

It emerges from these two definitions that the purchasing marketing approach is a symmetrical marketing concept to downstream marketing, wherein the buyer must undertake very aggressive upstream marketing commitments to effectively conquer markets and encourage them to consolidate in interaction with industrial companies.

On the other hand, the most recent definitions put the strategic and operational aspects of purchasing marketing at the forefront as imperative approaches in a market economy to position supplier offerings and develop purchasing strategies symmetrical to downstream market strategies, followed by the implementation of a purchasing mix,

justifying the variables likely to influence the most profitable purchasing offer.

According to Fenneteau (1984, p. 17), purchasing marketing can be defined in a new version as follows: 'The buyer must simultaneously develop dialogue and negotiation with other members of their company by practicing internal marketing and lead strategies and actions with suppliers by developing external marketing.' Purchasing marketing begins with the establishment of organizational and behavioral marketing to perceive symmetrical, effective, and profitable marketing internally and externally."

The interactional relationship between sales and purchasing makes marketing activity a strategic lever between upstream and downstream markets. For a serious simulation of purchasing marketing in industrial companies, the strategic goal is to guarantee quality outputs by significantly managing industrial inputs, driven by a purchasing marketing culture that places itself in a balanced context of company activities with a compatible profile both upstream and downstream.

3- Strategic Marketing: A Paradigm of Approach and Strategy

The emergence of strategic marketing was catalyzed by the seismic shifts in the environment and the ferocity of competition at the beginning of the last decade of the previous century, where marketing massively intervened in a strategic logic to disrupt competitors and capture potential market shares in the medium and long term.

The bridge between strategy and marketing (Chirouze, 2007, p. 286) is, moreover, often difficult to cross for simple terminological reasons. Strategists have borrowed from marketers not only their approach but also their vocabulary, assigning different meanings to words such as segmentation, positioning, targeting, and strategy to distinguish them.

The company must also reason in terms of strategic marketing sketching out its goals, activities, and strategies in the long term through symmetry of attractive and profitable market opportunities in a purely competitive environment (Martin & Védrine, 1996, p. 13).

Engaging in strategic marketing involves playing the role of a strategist vis-à-vis the strategic apex and helping the latter clarify the strategic slogan, "What can we do?" For the company, this "What do we

intend to do?" derives from the choice of vocation or business of the company, the choice of domains where it decides to confront competitors (competitiveness and competitive advantage); strategic perspectives of markets and competition (Lambin, 2000, p. 45).

On the other hand, Barreyre & P-Y (1976, pp. 61-76) identify a contribution primarily "upstream" of the strategic decision, whether it concerns the supply of products and services or the suppliers who play a strategic role in the company's development projects.

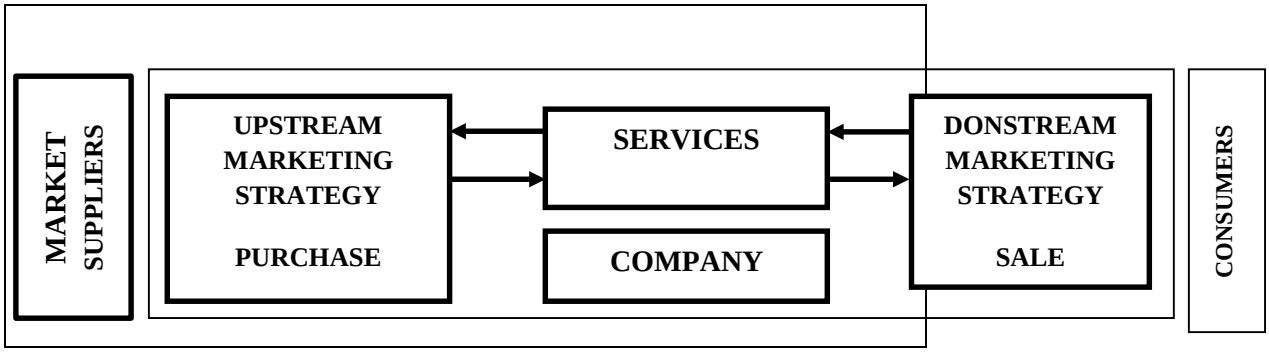
Strategic marketing is the pilot that directs the company's objectives towards competitive trajectories and emphasizes key success factors to gain significant market shares in attractive and profitable potential markets.

Strategic marketing facilitates the coalition between specialists (strategists and marketers) to better define the strategic approach as a need for information and the development of strategy to determine goals, mission, business, strategic analysis, and resource allocation for decision-making and implementation.

From a purchasing marketing perspective, the buyer adopts a purely outward-looking purchasing marketing behavior and an offensive approach focused on supplier markets.

The diagram is illustrated in the figure below, depicting strategic purchasing marketing and the company.(Fenneteau, 1992)

Figure N° 1: Strategic Marketing Between Purchasing and Sales in the Company



Source: (elaborated by the researcher).

This modest figure represents a symmetrical concept for a pragmatic and organizational interpretation of the purchasing

marketing mindset within the company and its interactions with suppliers upstream and consumers downstream. It illustrates a mutual attitude between the two poles of strategic purchasing marketing upstream and strategic sales and distribution marketing downstream.

This shows that such an approach requires a strategy to conquer purchasing activities from an upstream marketing perspective.

4- The Strategic Imperative of Purchasing Marketing - Trends and Perspectives

Traditionally, (Gauchet, 1996, p. 29) purchasing activities played no strategic role; they were primarily focused on minimal procurement to meet needs for which they had neither the means nor the capabilities to determine. Purchasing marketing has allowed for a break from these passive behaviors and contributed to adopting effective options for company performance and competitiveness.

The real contribution of purchasing activities, framed by an upstream marketing perspective for company performance, depends on the alignment between the company's overall strategy and the purchasing marketing strategy. This framework references the purchasing activity. We observe that purchasing marketing integrates into the company's overall strategy through:

4-1. Influencing the Company's Strategic Choices: The strategic choices of management strengthen purchasing behaviors to achieve better company competitiveness.

4-2. The Behavior of the Strategist in Purchasing Activity: The buyer can also be a collaborator in designing the company's overall strategy and may even assume a strategic role. This strategic role is articulated within a strategic context that justifies their attitude, actions, instincts, and vision.

4-3. The Influence of Purchasing Markets on Strategic Apex: The strategic buyer contributes to the company's strategic decision-making and the launch of purchasing strategies. They analyze the upstream environment and invest their talents, intelligence, and skills for the success of the strategy in both

areas (global - purchasing). The quality of the strategic buyer can also influence strategic and competitive behavior and open access to new markets targeted by marketers.

4-4. The Strategic Buyer's Reflection and Integration into the Value Chain: Value is built within an integrated chain where upstream and downstream activities are perceived, creating synergy, particularly in comparison to other suppliers. Many thinkers in this context (Perrotin, 2000, p. 28) have justified, and continue to justify, the evolution of the purchasing function from a simple administrative procurement role to a strategic function within the company, due to the creation of value through mastery of strategic purchasing contracts and the value chain of suppliers, as well as competition in upstream markets, which are strategic aspects of the strategic buyer's reflection (Chouraqi, 2015, p. 68; Bruel & O, 2007, p. 128).;

5- The Strategic Behavior of Purchasing Activity - The Levers of Strategic Sourcing:

The strategy related to purchasing activity represents a strategic lever for a competitive company operating in a sector highly sensitive to inputs and upstream markets, influencing its competitiveness in downstream markets.

According to Hesping and Schiele (as cited in Chouraqi, 2015, p. 72), it is difficult to develop a single purchasing strategy that encompasses everything. Instead, a hierarchy of steps emerges when the overall strategy is broken down into executable and manageable activities or strategies.

Strategic purchasing involves competitive actions in the long term; addressing a multitude of purchasing markets; implementing sourcing levers, and developing strategies for each supplier segment and each competitive upstream market.

6- The Role of Strategic Purchasing Activity Organization in the Company

Purchasing occupies various positions (Perrotin, 2000, p. 30) within the organization of the company, either attached or not to general management (the executive committee). In some

companies, the purchasing department is linked to the supply management division. This depends on the importance given to purchasing activities by the company and the contextual observations of its competitive position, markets, technology, products, costs, quality, etc.

There are different conceptions of the structure of purchasing within the company's organizational chart, justifying its strategic, functional, and decision-making position concerning upstream markets and supplier behavior.

6-1. New Versions of Purchasing Marketing Activities (Business Marketing - Sector Marketing): To situate these activities within their professional contexts, it is desirable to explain the realization of the two versions of purchasing marketing:

6-1-1. In a Business Marketing Context: Business marketing is more oriented towards strategic activities related to handling industrial markets, techno-economic studies, cooperative contract studies as potential sources, upstream market analysis, and strategic purchasing partnerships.

6-1-2. In a Sector Marketing Context: All operations (Calvi et al., 2010, p. 122) and activities involved in the articulation and synergy of upstream and downstream industrial activities (Supply Chain) that materialize the value chain to reduce excess costs and maximize investments. An auditing system for purchasing is established through the creation of a strategic purchasing dashboard to identify effectiveness and vulnerabilities.

6-2. Purchasing Marketing Audit and Performance Quality: Analyzing the results of a performing company requires a rigorous audit to adjust the strengths and weaknesses of these activities and to address the vulnerabilities that threaten them. The head of the purchasing marketing structure is continuously responsible for a set of indicators (sales revenue, purchasing budget system, etc.) that provide information on the department's situation and constitute their own dashboard.

7- The Outline of Strategic Purchasing Marketing Behavior within the Ce Vital Group:

The CeVital Group, founded by Mr. Isaad Rabrab, is a family-owned group built on a history, journey, and values that have contributed to its success and reputation.

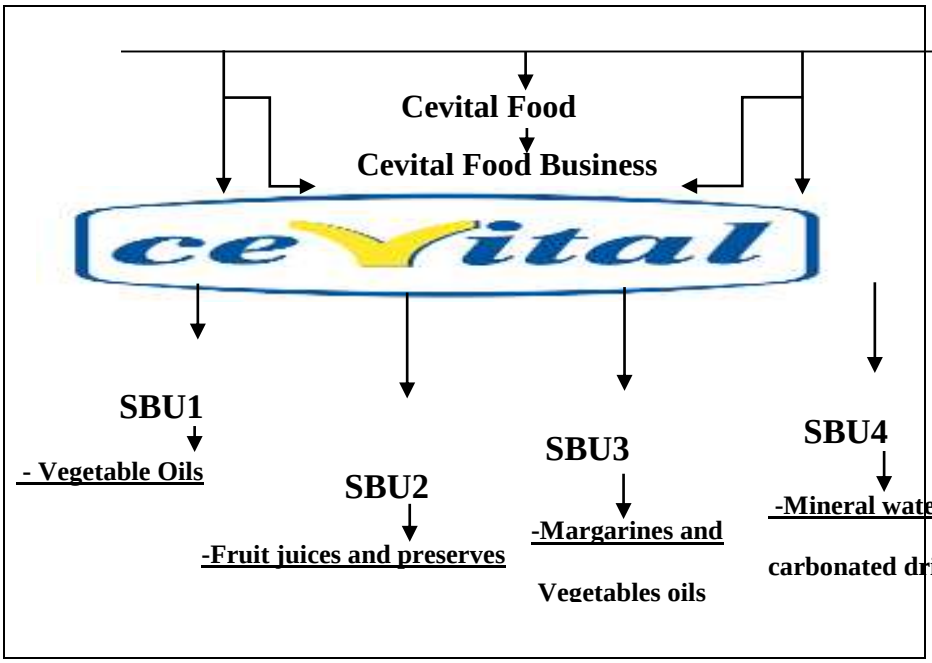
The group's success is attributed to seven key strengths:

- Systematic reinvestment of profits into high-value-added sectors.
- Research and implementation of the most advanced technological know-how.
- Entrepreneurial spirit.
- A sense of innovation.
- Pursuit of excellence.
- Pride in serving the national economy with passion.
- Attention to employee selection, training, and skills transfer.

In collaboration with production, marketing, sales, finance, and other departments, the R&D department is tasked with a strategic mission for the industrial company, including the development and improvement of existing products, new innovations, market data analysis, and organizing market surveillance to detect current and future trends. It also focuses on enhancing industrial processes, strengthening partnerships with clients and suppliers, etc.

Ce Vital Agro-Industrie offers high-quality products at competitive prices, thanks to its expertise, ultra-modern production units, strict quality control, and distribution network. It meets national needs and has enabled Algeria to transition from being an importer to an exporter of oils, margarines, and sugar.

Figure N° 2: Strategic Decomposition of the Cevital Food Business



Source : (cevital, 2021)

A Leading Company in the Vegetable Oil Agro-Food Industry:

- Vegetable Oils: 570,000 tonnes/year, covering 140% of national needs.
- Target for 2025: 3.7 million tonnes/year.
- Margarines and Vegetable Fats: 180,000 tonnes/year, covering 120% of national needs, across various product lines.
- Exports: To Europe, the Maghreb, and the Middle East.
- Mineral Water and Carbonated Drinks: 3 million bottles/day.
- Fruit Juices and Preserves: (juices, sodas, jams, canned tomatoes, etc.).
- Logistics: Port silos and an unloading terminal with a capacity of 2,000 tonnes/hour.
- Upcoming Project: Oilseed crushing unit with a capacity of 3 million tonnes/year.

For CeVital Agro-Industrie to maintain its position as a leading African agro-food company and seize international expansion opportunities, it emphasizes its brands and product

lines by effectively managing its logistical activities, particularly its supply chain, which is a crucial support activity within its value chain.

8- The Reality of Purchasing Activity within the CeVital Group – Agro-Industry Division: (Cevital, 2021)

The purchasing activity encompasses all the upstream logistics functions within the agro-food sector. The CeVital Group envisions a strategy of upstream integration, particularly to benefit from synergies in raw material procurement within the logistics organization, as well as to leverage scale advantages such as economies of scale. However, the traditional approach to purchasing and procurement activities remains somewhat conventional, summarized by the following prerogatives: (Cevital, 2021)

- Establish and implement the purchasing strategy, procurement, stock management, and upstream logistics for the company.
- Coordinate with the company's top management to align purchasing objectives with overall strategic goals.
- Collect and analyze the needs of various business departments concerning purchasing, procurement, and stock management issues.
- Keep track of market developments and competitors' purchasing strategies.
- Consider restructuring purchasing activities with a marketing-oriented organizational structure, optimizing the organization based on business objectives.
- Supervise and lead the purchasing teams.
- Negotiate strategic dossiers and directly with key service providers.
- Ensure effective communication and coordination with all business departments.
- Monitor suppliers and the company's purchasing performance.

- Establish performance indicators, both quantitative and qualitative.
- Oversee the proper integration of service providers and suppliers in the company's production processes.
- Ensure the fulfillment of negotiated contractual conditions and resolve any disputes.
- Continuously track purchasing costs and budget.
- Provide regular reports to general management and business departments.
- Develop and implement new value chain processes for CeVital.

Appendix No. 01: The organizational chart of the Ce Vital Group illustrates how the purchasing and procurement functions are structured, which currently does not align with the strategic requirements of the group. The new purchasing strategy is also not fully aligned with its content and execution, as seen in Appendix No. 2.

The strategic leverage of this function has led us to consider a reconfiguration of modern activities that align with strategic and competitive purchasing practices in upstream markets. This aims for synergy and an effective shift between core activities and support activities within the logistics chain. Appendix No. 3 represents the new structure of the purchasing and logistics management by specialized and coordinated services.

In our conclusion, we will propose various approaches to configure a flexible and manageable purchasing structure. Additionally, we will address what individuals in this structure need to understand about the new strategic marketing of purchasing.

9- Conclusion:

In this modest research paper, we have contributed to a somewhat critical reflection on the subject of strategic marketing in purchasing within a market economy and its competitive environment, particularly the upstream environment.

Several areas of reflection have been effectively placed within different marketing currents, especially strategic

purchasing marketing, which has faced considerable criticism from renowned specialists. These critiques have contributed to the development of a new approach for corporate purchasing activities, focusing on its process and structure, and managing it as a strategic initiative.

Indeed, strategic marketing in purchasing is becoming a structural organization that gains significance within the company's structure, given its strategic and functional position. An effective approach to upstream markets requires an imperative marketing strategy.

Many marketing practitioners seem concerned about the emerging strategic marketing of purchasing and its practical trends, especially in terms of achieving a better strategic and organizational equation. This will lead us to validate our research hypothesis, as the modest proposals presented in our paper will strategically and structurally realign CeVital Group's intentions according to the environmental and competitive market requirements.

Some Proposals for Implementing Strategic Marketing in Purchasing within the CeVital Group – An Initial Draft:

A new reconfiguration of purchasing activities is triggered by an outward marketing orientation towards upstream processes as an initial draft, which will catalyze the operation and integration of a strategic marketing approach to purchasing. As CeVital Group advances in development and modernization, the preliminary conditions for implementing a strategic marketing perspective in purchasing are:

- **Analysis of the Current State and Reality of Purchasing (Between Status Quo and Perspective):** In a strategic perspective of upstream markets and their competitive environment, it will become increasingly crucial in the coming years to better understand upstream competitive forces.
- **Initiating a Change in Mindset and Structure of Purchasing:** A reconfiguration of horizontal structures between marketing and purchasing is imperative to integrate purchasing activities with marketing activities.

Both functions are outward-focused, and this requires significant strategic investment.

An Organizational Architecture with Various Possibilities for Integrating Marketing Purchasing Activities with the Purchasing Department – A Modern and Effective Adaptation for Successful Organizational Integration: (See Appendix 03)

- Strategic Conviction of Marketing Purchasing at the Top (Approval by the Board of Directors): The strategic dimension of purchasing activities currently depends on the general management (the strategic summit). The highest position should fundamentally address purchasing as an activity that generates substantial gains. This position will give strategic consideration to purchasing; it allows purchasing managers to be present at the highest level of the hierarchy (Board of Directors) to address strategies and concerns of upstream markets in the medium and long term and to weigh in on arbitrations involving different operational directions.

- Envisioning Marketing Purchasing Strategies to Conquer Upstream Markets: (Cevital, 2021) Purchasing strategies in a competitive context are translated into delicate criteria (supplier selection, purchase volumes, tenders, supplier market segmentation criteria, drafting specifications, delivery times, etc.), which have become fundamental sourcing criteria. For the controlled growth of Cevital Group and its competitive position, its partnership strategy, and subcontracting strategy, we will propose several research perspectives that will serve as strategic projects for Cevital in the strategic purchasing dossier, which are as follows:

- **The Imperative of Strategic Supply Chain for Better Competitiveness in the Upstream Market;**
- **Digitalization of Strategic Purchasing Operations through Blockchain Systems.**

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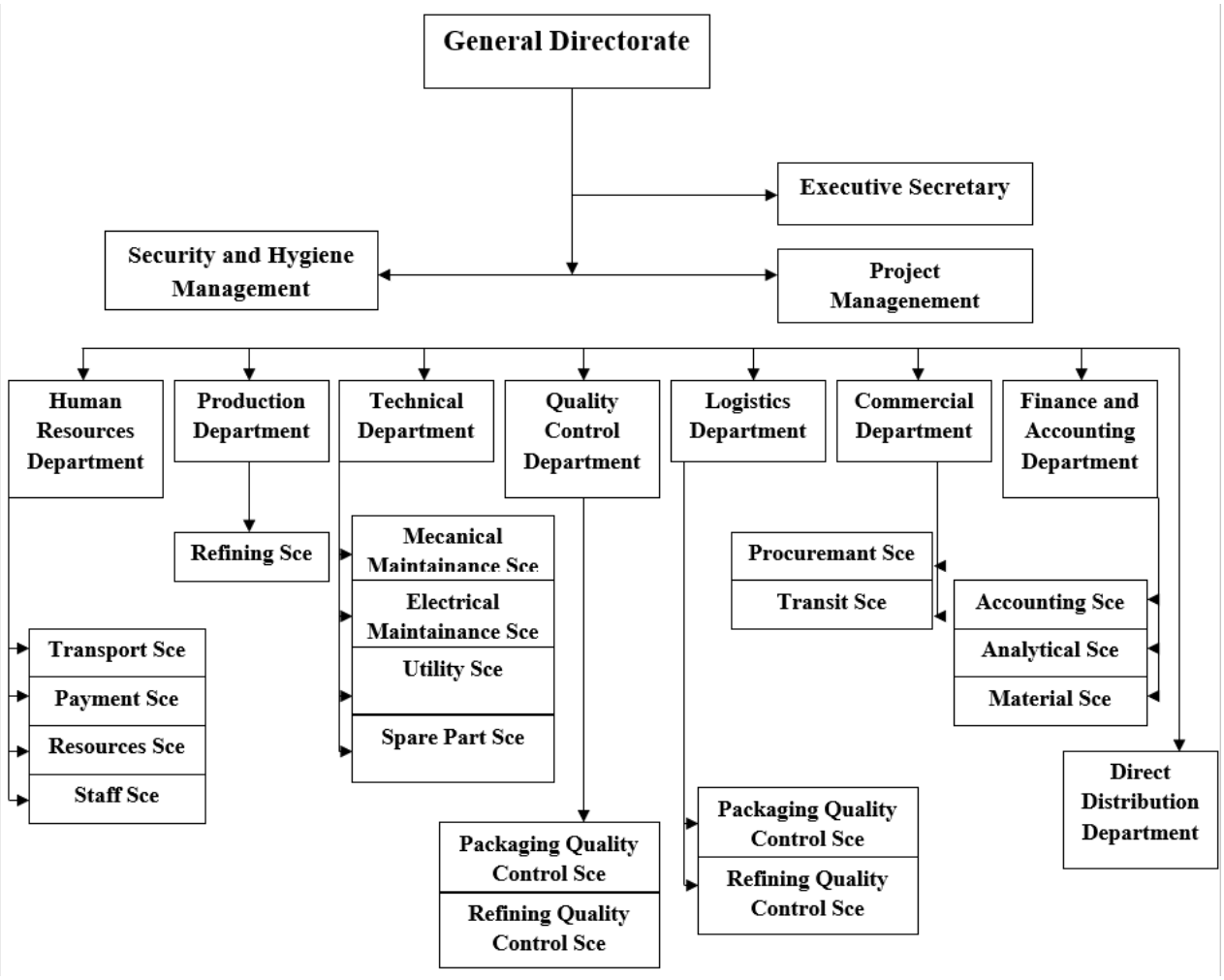
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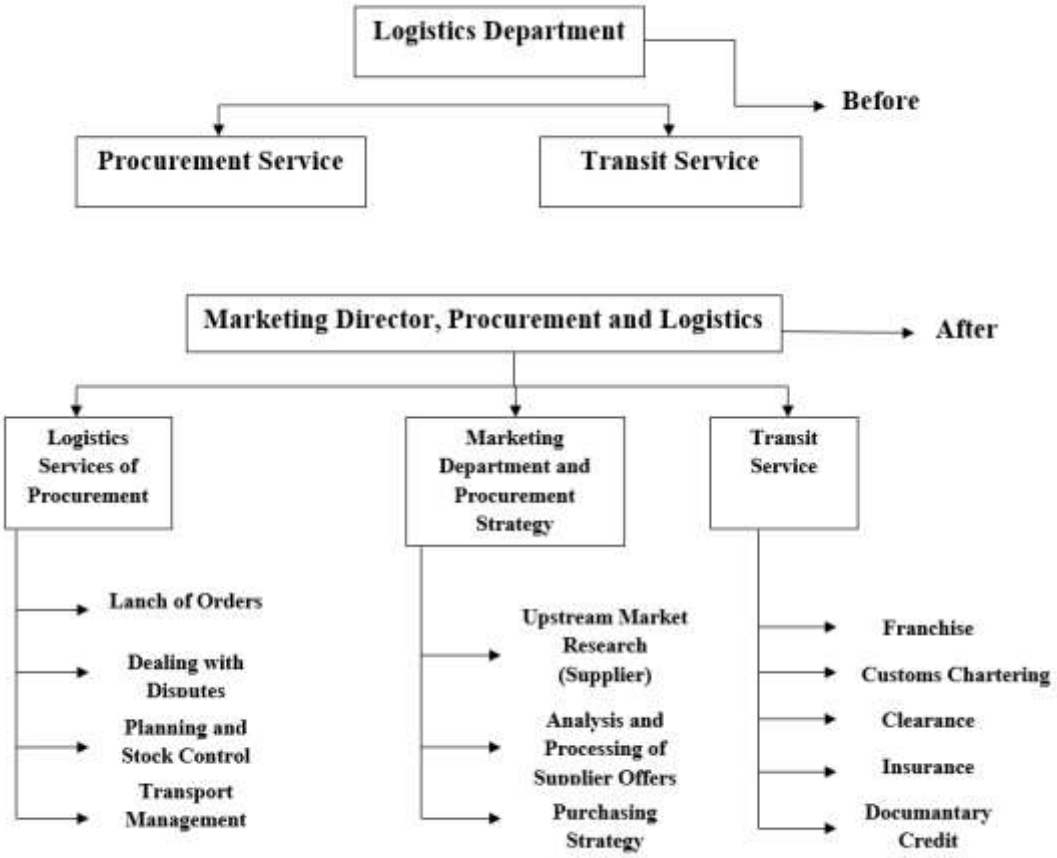
Appendices:

Appendix N°1: CEVITAL Organizational Chart



Source : (cevital, 2021)

Appendix N°2: Procurement and Purchasing Structure - CeVital



Source : (cevital, 2021).