

Katharina Ortner

DEVELOPING A MARKETING PLAN FOR GERMANY

Case Galaxo Ltd.

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Katharina Ortner
Bachelor's thesis
Spring 2014
International Business
Oulu University of Applied Sciences

ABSTRACT

Oulu University of Applied Sciences
Degree Program in International Business, DIB2SN

Author: Katharina Ortner

Title of Bachelor's thesis: Developing a marketing plan for Germany – Case Galaxo Ltd.

Supervisor: Anna Alapeteri-Marin

Term and year of completion: Autumn 2014

Number of pages: 50 + 2 appendices

In the age of globalization and internationalization it becomes more and more important for companies to enter new markets. Therefore, Finnish company Galaxo Ltd. located in Oulu, Finland intends to enter the German market and distribute its energy management system there. The purpose of this thesis was to prepare a marketing plan in order to provide useful information about the German market for the case company. Furthermore, there was a need for recommendations as the Finnish firm was not familiar with foreign markets, yet. The idea of this thesis topic was developed by the author with the support of Galaxo Ltd.

Moreover, the first part of the marketing plan consists of analyses such as competitors' analysis, stakeholder analysis, PESTEL analysis and SWOT analysis. These chapters are followed by marketing strategy which includes segmentation, targeting, positioning, mission statement and competitive strategy. Moreover, the company's objectives were outlined and the marketing mix, consisting of the 4 Ps: product, place, price, place and promotion, was suggested.

The background knowledge for this thesis was provided by lectures of courses at Oulu University of Applied Sciences such as marketing, intercultural skills and international business strategy. Moreover, this basis was extended by books, articles and websites that offer in depth information regarding marketing issues as well as topics related to Germany. In addition, meetings with Hannes Huotari, CEO at Galaxo Ltd., and Anu Toljamo, sales manager at Galaxo Ltd., were organized. In addition, there was also e-mail contact with these representatives. Consequently, the case company was provided with the results of the marketing plan during the whole thesis process.

The next step for Galaxo Ltd. is to apply the given information and recommendations and enter the German market. Therefore, the target group needs to become aware of the case company and their product Infochannel, which could be reached by implementing presentations and questionnaires for the potential customers, universities in the southern part of Germany.

Keywords: Marketing, marketing plan, Germany, internationalization, market entry

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1 INTRODUCTION

The main purpose of the thesis is to develop a detailed marketing plan for Finnish company Galaxo Ltd. and the German market. By now, the case company operates only in Finland but the CEO, Hannes Huotari, intends to internationalize and therefore enter the German market. (Huotari 15.01.2014, meeting.) For this reason, the thesis evaluates the marketing environment, marketing strategy and objectives and the marketing mix in order to give guidance for the new target market and to raise awareness for Galaxo's product Infochannel.

1.1 Need for a marketing plan

Having a meaningful and informative marketing plan is especially essential for small business to business (B2B) companies such as Galaxo Ltd. In contrast to big enterprises, small companies often have limited resources, especially when it comes to finances. (3M Die Erfinder, date of retrieval 11.09.2014.) Consequently, expenses need to be well planned as every Cent counts. Here, a marketing plan supports planning process and is a important factor of sales promotion (Business Wissen, date of retrieval 11.09.2014).

Furthermore, the marketing plan for Galaxo Ltd. is based on a B2B perspective as the company offers products for other businesses (Huotari 15.01.2014, meeting). As a result, the differences between consumer and business markets should be kept in mind. According to Fill and Fill (2005, 18), the first noticeable variance is the customer itself which is an organization in B2B markets and a private person or household in consumer markets. As the orders in B2B businesses are usually larger, the results of losing purchases can have a significant negative impact on the company. Moreover, the decision making and buying process lasts often longer than in consumer markets as there are more responsible persons involved, who need more time to decide for instance about the contract conditions. Furthermore, the products or service might require adaptation to the client's needs and wants. As a result, information about the particular customer is needed. Considering these aspects, it is vital for B2B companies to know and reach the target market in order to succeed in business all the more if the firm enters a new and foreign market such as Galaxo Ltd. (Fill and Fill 2005, 18).

1.2 Research problem and research questions

The main purpose of the thesis is to give guidance for Galaxo's market entry concerning the given circumstances in the German market. It is essential for the company to be familiar with the German environment, the target group and the competitors in order to succeed in the new market. Consequently, there is a need for a marketing plan which answers the following questions in order to prepare the case company for the German market:

- What are the results of an analysis regarding Galaxo Ltd.?
- Which competitors have to be considered when entering the German market?
- Who are the key stakeholders in the German market and what role do they play for the case company?
- What is the macro environment in Germany like regarding political, economical, social, technological, environmental and legal issues?
- What strengths, weaknesses, opportunities and threats do Galaxo Ltd. has to face?
- How could future German customers be segmented and targeted?
- How should the company position itself in order to reach the German target group?
- Which objectives can be framed for the planned market entry?
- What ideas might be useful when creating a mission statement?
- How does the competitive strategy look like?
- What does the marketing mix look like?

All these questions will be answered according to the needs and wants of Galaxo Ltd. That is the reason why the discussed topics might differ from standard marketing plans as it is important to meet the company's individual needs. Moreover, the research concentrates on evaluating books, articles and interviews.

2 INTRODUCTION TO THE COMPANY AND THE GERMAN MARKET

Before starting with the actual marketing plan, this chapter gives background information about Galaxo Ltd., the German market, opportunities and threats of international marketing and small and medium sized companies in international markets. These subchapters render assistance for understanding the following chapter.

2.1 Company background

Galaxo Ltd. has been operating in Finland for 18 years now and it offers products related to electronic information such as digital signage. (Galaxo 2014, date of retrieval 20.02.2014.) The company is located in Oulu, Finland. Furthermore, the small business plans to enter the German market as Hannes Huotari, Managing Director, sees a high potential in this country. (Huotari 15.01.2014, meeting.)

Therefore, Galaxo focuses on its energy management system as this product might be successful in this market, in which energy saving plays such an important role. According to Mr. Huotari's explanations, the system consists of a TV screen on the one hand and appropriate software on the other hand. Together, these components are able to calculate the current energy consumption of the building and also to compare them to previous measurements implemented for example one year ago on the same date. The result of this comparison is a certain percentage which is either positive or negative. If there is higher energy consumption than in the compared year, the system is able to give advice on how to save energy for instance it is recommended to use the stairs instead of the elevator. Moreover, these systems could be found in lobbies of public buildings. According to previous research for Galaxo Ltd. there seems to be no competitor in the section of the energy management system (Appendix 1).

In addition, Galaxo Ltd. currently consists of eight employees with the positions CEO, graphic designer, development manager, software developer, software engineer, founder and president, sales manager and project manager. (Galaxo 2014, date of retrieval 20.02.2014.) Thereby, it is apparent that there is no marketing manager involved.

2.2 The German market

To start with, Germany is a popular target for foreign companies as it is situated centrally and offers an advantageous infrastructure. (German Center for Market Entry UG 2010-2012, date of retrieval 11.04.2014.) Furthermore, the country plays a significant role regarding economy and politics and has a high influence in Europe. These factors make Germany an attractive location for foreign firms such as Galaxo Ltd. not least because it is seen as an entrance for internationalization, which is the main motivation for the company to enter the German market (Huotari 15.01.2014, meeting).

The above mentioned arguments are supported by a report of an accountancy firm, which conducted a survey among 840 international decision makers (Ernst and Young, 2012, 30). According to the report investors especially value the German market, the political environment and stability as well as the local labor costs, qualified labor and the social climate in the country (ibid., 15). In addition, it is mentioned that Germany is seen as a favorite site because of its qualities in research and innovations (ibid., 22). Moreover, Ernst and Young sees a high potential in the branches information and communication technology, energy and utilities as well as environmental technology (ibid., 21). Obviously, these are exactly the branches which affect Galaxo Ltd. so that the German market seems to be a promising opportunity for the case company. (Ernst and Young, 2012, 21, 22.)

Currently German chancellor Angela Merkel and the federal Minister of Economy Sigmar Gabriel discuss the energy turnaround in Germany. In this context, it has to be known that German energy is composed of various energy sources, for example nuclear, wind and solar energy. According to the Bundesregierung (2014, date of retrieval 20.02.2014), the nuclear power plants should be shut down within the next eight years. Instead, the importance of renewable energy sources should dramatically increase. This recent discussion shows that energy is a significant topic in Germany and also the question how to save energy in order to save costs arises frequently. The company Galaxo Ltd. provides an answer to this question as it offers energy management systems which are able to calculate the energy consumption and to give advice on how to save energy (Huotari 15.01.2014, meeting).

2.3 Opportunities and threats of international marketing

As the thesis topic focuses on a marketing plan, it is necessary to understand the opportunities and threats companies might have to deal with when doing international marketing. Therefore, the first advantage is increasing profit by expanding the market and gaining additional customers. In times of online shops and social media target groups can be reached easily and buying processes are simplified. (Bradley 2014, date of retrieval 29.06.2014.)

Furthermore, internationally sold products seem to have a better image as customers perceive them as high quality, which has a positive effect on the brand. Another opportunity might be developing international relationships regarding both customers and new employees. Such connections could be extremely useful in the future, when companies decide to further expand. (Bradley 2014, date of retrieval 29.06.2014.)

Nevertheless, companies which consider going abroad such as Galaxo Ltd. should also regard the obstacles international marketing brings. Thereby, an important question is whether to use standardized or differentiated marketing. (Pötting 2013, date of retrieval 29.06.2014.) Consequently, it is essential to decide if there should be different marketing methods for each market or just one for all the markets. Also Galaxo Ltd. should keep this issue in mind as the markets Germany and Finland might differ.

Furthermore, such differences might also require adaptation as there might be for example cultural distinctions between the targeted countries (Business Case Studies, date of retrieval 05.07.2014). Consequently, Galaxo Ltd. might have to adapt its marketing strategies in order to reach the target group in the new country. In this context, the different languages, German and Finnish, should also be taken into consideration, especially when it comes to promotion.

2.4 Small and medium sized companies in international markets

The first question to clarify is how small and medium sized companies, so called SMEs are defined and how Galaxo Ltd. fits into the picture. According to the annual report of the European Commission in 2012 / 2013 (9), the EU developed the following table.

Company Category	Employees	Turnover	or	Balance sheet total
Micro	< 10	< €2 million		< €2 million
Small	< 50	< €10 million		< €10 million
Medium-sized	< 250	< €50 million		< €43 million

FIGURE 1. EU Definition of SMEs 2012 / 2013 (European Commission, 9)

Consequently, as Galaxo Ltd. has eight employees the company belongs to the first category (Galaxo 2014, date of retrieval 12.03.2013). As a result, Galaxo Ltd. is one of the almost 19 million micro economies in Europe, which together with small and medium sized companies play a significant role in the EU. (European Commission, 2012 / 2013, 10-11.) According to the report, two years ago over 99% of all companies in the European Union were SMEs which employed twice as many employees as large enterprises. Furthermore, SMEs contribute to macroeconomic growth as the value added at factor costs was 7% higher than the figure of large companies, which was approximately 40%. Consequently, SMEs have a significant impact on the economy and it is important to have appealing conditions for them. (European Commission, 2012 / 2013, 10-11.)

Nevertheless, there are also challenges small sized businesses have to face. The solutions playbook published by Entrepreneur and presented by FedEx listed 25 different problems and questions such companies might have to face and also gave recommendations on how to overcome them. Besides the challenges that occur before or while founding the company, there are also ones concerning marketing and branding. (FedEx.)

According to the report, possible problems might be that the target group does not understand the purpose of the product or service as it is not prepared or informed enough about the features and benefits and the offered product or service is too innovative. Furthermore, the author mentions that the right use of social media might also be challenging for companies as they have to compete with others and to attract customers. Therefore, the appropriate content has to be found. Moreover, businesses should decide whether they can afford to advertise and market their product, service or company via mobile phones. But the resulting difficulties are that this measurement is expensive and consequently, not often reasonable for small companies. Another challenge is to find out how effective the advertising methods of the business are and if they are

worth their money. Also the question what is the right channel to reach the target group, cannot be answered easily as it depends on the circumstances such as the financial situation, the industry and the position of the company. These issues have to be decided for each particular case individually. (FedEx, 10-14.)

In addition, the journalist points out that it might be difficult for small companies to get loans as many banks have demanding requirements. Besides, if the business is able to find investors it might also be challenging to fulfill their expectations. Another method of financing is to contract debts which might be risky as there usually are securities such as personal properties involved, which can be lost. Consequently, crowdfunding would be a safer method as the company gets money fast and without any risks. At the same time, it might be challenging to use this money effectively and for the right purposes. The last discussed point concerning financing deals with fundraising and finding the appropriate time for its beginning and ending. (FedEx, 15-20.)

Besides, the article describes also management problems that might occur such as the complexity of the patent process, handling legal documents and outsourcing departments such as IT and establishing the product. These tasks can be time and cost consuming. As a consequence, the company should consider its actions carefully. Moreover, it is essential to choose the right, qualified and skilled staff for the business, to pay an appropriate salary, to be an attractive employer and to think about telecommuting. Basically, all of these points intend to create an appealing working environment and to attract qualified personnel in order to succeed in business. (FedEx, 21-25.)

Nevertheless, customers also play a significant role. Therefore, it is essential to find the right time and the right way to raise prices so that the clients understand and tolerate the measurements. In addition, clients should also get a picture of the company and its representatives through face-to-face meetings. Although there are plenty of obstacles to overcome, the amount of small businesses in Europe proves that it is manageable to lead a successful company.

Another highly discussed topic is the role of internationalization of companies. There are several reasons for doing business globally. According to Hill (2011, 12) the tariff rates steadily decreased over the last decades, which enables companies to save money when going abroad. Furthermore, the author points out that the conditions for direct investments improved as the trend shows an increasing amount of international businesses. Moreover, it is possible to

outsource departments such as production to other countries in order to save costs. Another reason for internationalization of SMEs in particular is the current development which shows the growth of so called mini-multinationals, SMEs becoming global. (ibid., 21.) Therefore, the internet enables to global trade. Consequently, companies should decide carefully if it is profitable for them to follow the trend in order to stay competitive.

3 MARKETING PLAN

In these chapters, the target market will be analyzed carefully through a marketing plan. Therefore, the macro-environment will be illustrated on the basis of PESTEL, which is the abbreviation for political, economical, social, technological, environmental and legal factors. Furthermore, the microenvironment including competitors' and stakeholders' analysis, opportunities in the German market, mission statement, segmentation, targeting, positioning, Galaxo's objectives and the marketing mix will be explained.

A marketing plan can be described as "- - an arranged structure to guide the process of determining the target market for your product or service, detailing the target market's needs and wants, and then fulfilling these needs and wants better than the competition" (Hiebing & Cooper 1997, xxvi.). Consequently, the focus of developing a marketing plan is based on an organized approach in order to gain information about the target market, in Germany. Besides understanding the German market, it is also vital to find out a method to reach the target group and at the same time to compete successfully.

3.1 Marketing environment

The following chapters deal with four types of analyses to give an impression of the German market and its surroundings. Therefore, a competitors and a stakeholders analysis are implemented. Furthermore, political, economic, social, technological, environmental and legal issues are presented through a PESTEL analysis. Then, the SWOT analysis including the strengths and weaknesses of the company as well as opportunities and threats is pointed out.

3.1.1 Company analysis

At this point, the company analysis should be implemented. Unfortunately, there is no information about Galaxo's values, strategy, goals and character available and all known details are mentioned in chapter 2.1 Company background.

3.1.2 Competitors analysis

To start with, Hannes Huotari, CEO at Galaxo Ltd., emphasized that there are no considerable competitors regarding the energy management system in Germany (08.04.2014, meeting). Independently, previous research in this field supports his statement, so that this research was based on digital signage, which is another specification of the company (Galaxo 2014, date of retrieval 11.04.2014; Appendix 2).

Previous research on competitors in this field outlined customers, short company descriptions and the customer segments of companies which offer digital signage products. Thereby, it turned out that all of these firms provided hardware and software elements for clients such as banks, supermarkets, insurance companies, public transport and industrial companies. Nevertheless, Galaxo's main focus is situated on the energy management system as already mentioned. Consequently, this monopoly position might be advantageous as competitors have not been established, yet. At the same time, it might be difficult to convince customers of the need for the product as it is not popular in Germany yet. (Appendix 2).

3.1.3 Stakeholders analysis

According to the business dictionary, a stakeholder is "a person, group or organization that has interest or concern in an organization" and therefore examples such as "creditors, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions and the community from which the business draws its resources" are listed as key stakeholders (WebFinance, Inc. 2014, date of retrieval 19.04.2014). This subchapter analyzes briefly a selection of stakeholder groups in Germany related to the energy management system, which probably have the most influence on the business. Therefore, stakeholder mapping is used to identify the position of these groups.

To begin with, Galaxo Ltd. has Finnish customers, owners and creditors, partners, personnel and the city of Oulu, Finland as its stakeholders. In addition, the potential German customers are also important to consider as the company intends to enter the German market (Huotari 15.01.2014, meeting). Previous reports for Galaxo Ltd. already mentioned potential target groups which operate in related branches of the Finnish customers (Appendix 1; Appendix 2). These also have a significant impact and power as it is essential for Galaxo Ltd. to convince them of the energy

management system in order to succeed in the German market. Furthermore, they have a high level of interest as the energy management system enables them to save energy and costs.

In addition, Galaxo Ltd. might establish partnerships in Germany for instance with energy providers or property owners. As a result, these partners might have an interest in the company as they might value a smooth cooperation. Furthermore, such contacts might be useful for attracting new clients or significant orders. These partners could recommend Galaxo Ltd. to potential customers so that the company soon gets new clients in Germany. Consequently, the power of such partners can be tremendously.

Another stakeholder group in the future could be German employees. When operating in Germany, it might be useful for Galaxo Ltd. to hire German speaking staff which might be located near by the customer. Then, this new personnel has a high interest in the business as they get salaries and wages. At the same time, they have a high impact on the performance of the firm in Germany as they are close to the clients and represent the company in the new target market. Thus, the German employees also belong to the key players.

As soon as Galaxo Ltd. enters the new market, German governmental institutions and offices might become one of the key stakeholders as well. Examples might be the particular state, administrative district or city where Galaxo Ltd. will operate, tax offices and other agencies. These might have a relatively high interest in the company as it needs to obey to the rules and laws and to pay taxes. In addition, the power of these institutions might influence Galaxo's performance regarding the height of the taxes or potential regulations.

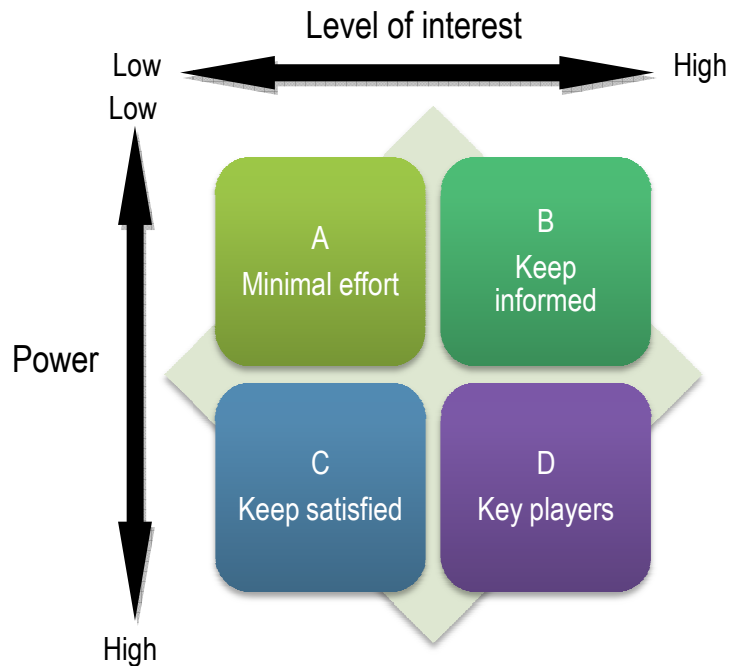


FIGURE 2. Stakeholder mapping: the power/interest matrix (Johnson, Scholes & Whittington 2012, 91)

According to the previous stakeholder analysis, German customers, Galaxo's partners and the German institutions future German employees currently belong to section D. Consequently, these are the key players for the German market. As mentioned above, these stakeholders have a high impact on the company's performance and are able to influence the success of the planned market entry. Consequently, Galaxo Ltd. should be aware of their interests and try to satisfy them.

3.1.4 PESTEL analysis

The whole business environment can be divided into five different layers. Thereby, the organization forms the center which is the first layer. It is surrounded by competitors and markets, followed by the next stage, the industry. Last but not least, the macro-environment is the overall layer which contains all the other layers. In order to analyze the last-mentioned stage, the PESTEL analysis is a helpful tool as it points out which issues might influence the company in the future. (Johnson, Whittington, Scholes 2012, 20.)

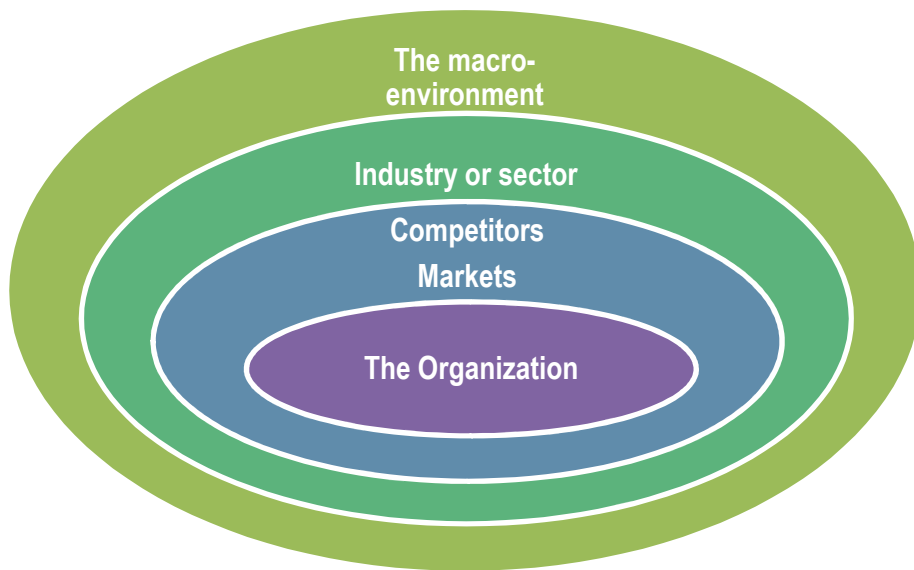


FIGURE 3. Layers of the business environment (Johnson, Scholes & Whittington 2012, 20)

Political situation in Germany

To start with, the German government is based on democracy and consists of Bundesrat and Bundestag, which fulfill legislative tasks, the Federal Constitutional Court, the Federal President and the Federal Cabinet. This cabinet composed of ministers is elected by the Chancellor, which currently is Angela Merkel. (The Federal Government 2014, date of retrieval 21.03.2014.) As already mentioned in the introduction, she is one of the responsible politicians who discuss the current energy turnaround plans and its conditions (Bundesregierung 2014, date of retrieval 20.02.2014). This issue could have an indirect impact on Galaxo's performance in Germany as the financial consequences are ambiguous. According to a recent article of Die Bundesregierung (2014, date of retrieval 22.03.2014), the development of the electricity price is uncertain and depends on several factors such as transport costs and procurement costs. As a result, it might be the case that the price for energy rises so that the question, how to save energy, becomes more and more important. This progress might have a positive impact on Galaxo Ltd. as the demand for its energy saving system might increase. This is one reason for following the developments carefully.

Another popular topic when thinking of Germany is bureaucracy. The magazine "Focus" (2014, date of retrieval 22.03.2014) points out that the costs related to bureaucracy increased by one

and a half billion Euro. Consequently, companies started complaining about these additional costs which are mainly caused by guidelines concerning energy saving. Furthermore, some of these guidelines are seen as absurd and destructive for the economy. This information might also be useful for Galaxo Ltd. for two reasons. On the one hand, the obviously high amounts of bureaucracy should be taken into account when planning to enter the German market both financially and from the scheduling point of view. On the other hand, the disaffection of the companies could be an opportunity for Galaxo Ltd. and its product as firms could meet the guidelines related to energy saving easier by buying the energy management system. Although they have to afford the acquisition costs, it might be possible to save money over the long term as there might be less bureaucracy when meeting the guidelines easily.

Furthermore, salaries and wages are another discussed issue in Germany. One of these topics is related to minimum wages, which are planned to be 8.50 Euro per hour and will be required by law. The only exception mentioned by the grand coalition will be for underage people, voluntary workers and the long-term unemployed. (Rehder 2014, date of retrieval 22.03.2014.) Nevertheless, these minimum wages are criticized according to another article in "Focus" (2014, date of retrieval 22.03.2014). It is claimed that 8.50 Euro per hour are not enough as hundreds of thousands employers are dependent on the unemployment benefit Hartz IV. The reason for that are the enormous housing costs, especially in the Western part of Germany. As a result, critics claim ten Euro per hour plus a yearly adaption to the development of wages. The further developments might be interesting for Galaxo Ltd. in so far that the company has to take the minimum wage into account when paying employees in Germany in the future.

Besides, the topic equal payment for women and men arouses interest in Germany. The equal-pay-day was introduced to aware people of the fact that women earn less money for a comparable job than men. According to Rößing (2014, date of retrieval 22.03.2014) and his article, women theoretically work for free until the 21st of March each year as they gain 22% of their salary less than men. As a result, they work 80 days without any payment. Dambeck (2013, date of retrieval 22.03.2014) even accused the initiative equal-pay-day of miscalculation and pointed out that the actual date has to be the 12th or 13th of April, which is supported by the Federal Office of Statistics. In addition to that, the low proportion of females in leading positions is criticized by Manuela Schwesig, member of the German party SPD. She sees a need for a statutory female quota of 30% in supervisory boards of German listed companies as the current quota amounts only 17%. Furthermore, this goal should be achieved until 2016 and the

supporting law should be passed in spring this year. Nevertheless, she also earns criticism. On the one hand, companies should not be forced to invent such a female quota and on the other hand, there might be too less qualified women for such positions. Moreover, some critics mention that achieving a quota of 30% in this period of time is unrealistic. In addition to that, the bureaucracy might increase as the companies would have to report about their developments regularly. By now, there is a high amount of open questions. Nevertheless, it is important to discuss this issue, according to Plewnia (2014, date of retrieval 22.03.2014).

Economic situation in Germany

The expectations for the German economy in 2014 are optimistic. According to Schieritz and his article in Zeit online (2013, date of retrieval 26.03.2014), this year is going to be a good year as there are numerous investors from several countries, which intend to invest their savings in this safe country. Furthermore, these transactions benefit German economy since investments could be financed cheaply. Moreover, German companies are able to sell their goods and services cheaper as the exchange rate for the Euro decreases because of the difficulties of the weaker states in the South. Schieritz further assumes that the economy will grow in 2014, the salaries and wages will increase, the fiscal revenue will rise and the debt-to-GDP ratio will decrease.

Besides this optimistic forecast, the current situation in Germany seems to be tense. Spiegel online (2014, date of retrieval 26.03.2014) reports that the German companies are afraid of the consequences of the Krim crisis. Thus, firms fear a spiral of sanctions which might have a negative impact on the European economy. As a result, German investors deduct capital in huge numbers out of Russia. Consequently, it might be the case that the Russian economy increasingly turns its attention to Asia, which will have consequences for the European economy. Hence, the barometer of the business climate decreased.

Another current issue deals with the retirement age in Germany. According to Focus money (2014, date of retrieval 26.03.2014), Andrea Nahles from the German party SPD planned to enable employees to retire by the age of 63 if they fulfilled their year of contribution. Besides the positive effects on the employees, companies complain that they will lose qualified and skilled personnel which fulfill these criteria. Instead, they suggest the retirement age of 70 as the demographic change in Germany leads to an overageing population. This statement is supported by a current article in the online version of the magazine "Wirtschaftswoche" (Haerder &

Schumacher 2014, date of retrieval 26.03.2014). Furthermore, the authors add that there will be increasing costs for the retired and the employees for the short and middle term. The reason for that is the resulting increase of the pension contribution and the decreasing pension payments. Nevertheless, there are also companies which profit from this new measurement as they are able to decrease costs by downsizing. Therefore, the firms Deutsche Telekom, RWE, E.On, Hochtief and Bilfinger will benefit from this development.

Another highly discussed topic is the increasing revenues of municipalities, which achieved a surplus of billions. (Spiegel online 2014, date of retrieval 26.03.2014.) Despite the fact that the cities, municipalities and administrative districts in Germany are doing well, they should not be too complacent as they still have to face a high amount of debts. Galaxo Ltd. should be aware of this issue as municipalities could also belong to its target group and the financial situation of these might influence further investments (Ortner, 2014, 2). Nevertheless, Galaxo's energy management system offers savings in energy consumption, which might be beneficial for the municipalities, cities and administrative districts.

In addition, the German working morale developed during the last 20 years. (Stern 2014, date of retrieval 26.03.2014.) Accordingly, the amount of working hours increased, which might be a result of the record-breaking employment rate in Germany. In 2013, there were as many jobs as never before since the companies expect a growing economy. This might be a promising sign for Galaxo Ltd.

Furthermore, less Germans prefer home offices. (Stern 2014, date of retrieval 26.03.2014.) Current studies show that they break the recent European trend, which is ongoing in Scandinavia, Great Britain, France and Switzerland. Thus, only eight percent of German employees have their home office, mostly academics. The reason for this phenomenon is unclear, but experts assume that it might depend on the different working conditions or a higher acceptance in other countries. It might be the case that Galaxo Ltd. intends to offer working in home offices to the employees in the early stage when entering the German market. Therefore, it might be useful to keep this study in mind when looking for potential German employees.

Social situation in Germany

Germany is often seen as a leader country in the European Union, but there is one considerable exception: demography (Heidenreich 2013. Date of retrieval 26.03.2014). According to an article published on the website Süddeutsche.de, Germany has the oldest population in the entire EU, which is also influenced by the higher standard of living and thus, an increased expectation of life. While the average age of Europe is 41.5 years, Germany's inhabitants' age is 45 years. Thereby, it stands out that the East, the former DDR, is on average ten years older than the West, which is caused by migration, the demographic change and also the economic situation in the East. Furthermore, there is a difference between men, which are 42.6 years old, and women, 45.3 years. Moreover, the German women are less willing to get babies, statistically only 1.39. The official demography report published by the Bundesregierung (2014, 3-4) supports this statement.

In addition, it points out that highly skilled female employees often do not appreciate having a baby and pregnant woman are getting older. (ibid.) Therefore, the government mentions that families face difficulties in combining family and career. As a consequence, it is necessary to support families by providing services such as day care after school. This is especially important as Germany is confronted with a shortage of skilled labor and besides enhanced employment of disabled and older workers, women are essential to counteract this development (ibid., 7). As a result, Galaxo Ltd. should be aware of a family-friendly human resource policy in order to support the country and its families.

Another discussed issue is the role of immigrants in Germany. (ibid., 5.) According to the report, it is essential to increase the amount of skilled labor from foreign countries by facilitating migration conditions. As a consequence, this future progress might be advantageous for Galaxo Ltd. as it enables the company to send Finnish employees to the German market with less effort. This might be useful if Galaxo intends to redeploy Finnish labor to the new market.

Due to the demographic change, products and services have to be adapted as well. (ibid., 10.) Consequently, an older population requires an increased health care service, which also means appropriate health insurances and products needed for everyday life. Besides, it might be necessary for companies to adapt their marketing methods and promotion channels in order to reach older generations.

Additionally, the pension and health care system in Germany has to be improved as the related costs will increase due to the demographic development. In the future, there will be less young people which are able to finance pensions and health care for older generations. (ibid., 8-11.) By now, these expenses were covered by insurances, which invested the deposits of the working population in pensions for the retirees. Consequently, this system will no longer function, especially, when the so-called baby boom generation reaches the age of retirement and the amount of retirees will dramatically increase. Furthermore, there will be a rising need for caregivers and doctors to ensure the well-being of this generation. In addition, it is also essential to consider the infrastructure in terms of transport and living as these have to be adapted to the needs and wants of the elderly.

As a result, Germany has to face a decreasing and ageing population, which has a significant impact on the state, its citizens and also companies which intent to do business in the country (ibid., 12-13). These consequences should be considered carefully in order to succeed in the changing market.

In this context, it might also be valuable to discuss cultural facts related to business. By comparing Mole's findings for Germany and Finland, certain similarities can be recognized. First of all, both peoples seem to prefer certainty instead of improvisation and ambiguity when it comes to planning and organization. (Mole 1998, 34-35, 123-124.) Furthermore, agendas in meetings are highly appreciated and it is only polite to remain silent if someone speaks (ibid., 36-37, 124). Moreover, Finns and Germans value privacy, which is one of the reasons why Finns might leave out small talk in the beginning of a meeting (ibid., 38-39, 125-126). Nevertheless, there are also some noticeable differences. For instance, German business men are dressed formal while Finns seem to be more casual (ibid., 40, 125-126). In addition, addressing German colleagues and clients by title such as professor or doctor, Mr. or Mrs. and the surname is a strict rule regarding politeness whereas Finns often use first names (ibid., 40, 126). Another sensitive topic is humor, which is seldom found in German business surroundings, but more common in Finland, where good humor is appreciated (ibid., 42, 125). Consequently, both cultures are similar so that it might be uncomplicated for Galaxo Ltd. to build relationships in the new market.

Technological situation in Germany

Germany is an innovative country with numerous ideas to improve the standard of living and an environmentally friendly everyday life. Thereby, the country is a global player and holds a leading position in technological progress. These might be the conclusions after reading the publication innovation made in Germany. (Bundesministerium für Verkehr, Bau und Stadtentwicklung, 2014.) The report mentions the skilled German engineers, who come up with numerous inventions succeeding in the global market place (ibid., 4-5).

One outstanding example is the development regarding electric mobility, where hydrogen or electric power is used instead of fuel. (ibid., 7-9.) As a consequence, the pollutants decrease, which contributes to a better environment. In this context, Germany is connected with a leading position. Another innovation related to the automobile industry is the new sim^{TD} network, which is used to prevent accidents. Therefore, cars are connected and so to say inform each other about the situation on the roads. (ibid., 31-33.) But technology concerning traffic goes even further as the applied toll system in Germany shows. Nowadays, a significant amount of trucks use an integrated minicomputer which sends GPS signals to a satellite. (ibid., 11-13.) Consequently, Toll Collect is able to determine where the truck is and what amount of toll has to be paid.

Besides, the German railway technology prospers as well. These are essential for a working infrastructure in the country and its neighbors (ibid., 15-17). In addition to the expansion of the rail network, the trains also improve. (ibid., 35-37.) Siemens for instance developed a new high speed train called Velaro on the basis of the popular intercity trains. Thereby, the difference is the adaption to tough weather conditions and an environmentally friendly functionality.

Furthermore, Germany is described as the logistics world champion with a well-organized infrastructure. In this context, German engineers are characterized by flexibility, knowledge and high technology, which are the keys to success (ibid., 43-45). These logistic skills are also shown at the airport in Frankfurt, where an innovative conveyor belt system is used to enable a fast and efficient operation. Also foreign countries are interested in this software (ibid., 23-25).

Last but not least, German architects develop the so called house of the future whose materials are recyclable. Moreover, solar cells are used to gain green energy. At the same time these buildings have a modern and appealing design. (ibid., 19-21.)

Environmental situation in Germany

In order to protect the environment, Germany has institutions such as the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, short BMUB. (BMUB 2014, date of retrieval 05.04.2014.) As this ministry gets more and more tasks, its budget was more than doubled by the Cabinet. Consequently, it can be seen that the BMUB is seen as having a significant impact on the future. Furthermore, this agency is supported by other organizations such as the Umweltbundesamt, which gives recommendations and is also responsible for environmental issues such as climate protection (Umweltbundesamt 2013, date of retrieval 05.04.2014).

One of the current issues discussed by the BMUB is the climate change, its consequences and potential measurements to counteract it. (BMUB 2014, date of retrieval 05.04.2014.) Therefore, it is mentioned that Germany already evolved action plans and climate models in order to adapt to the consequences of the ongoing climate change. Furthermore the government supports other countries such as South Africa in related projects.

Another relevant topic is the already mentioned energy turnaround. (Presse- und Informationsamt der Bundesregierung 2014, date of retrieval 20.02.2014.) According to the article, the minister Sigmar Gabriel achieves quick results in the discussions with the European Commission to put the EEG reallocation charge through. This reform intends to promote the expansion of renewable energies so that nuclear energy plants can be shut down in the near future.

As can be seen, Germany seems to be an environmentally friendly country which adopts measures in order to improve the ecological situation and also the future prospect. Moreover, the country gives advice to others and if needed Germany supports them also financially as described in the first example. Consequently, there might be a fair chance for Galaxo Ltd. and its energy management product.

Legal situation in Germany

The German Bundestag and Bundesrat are responsible for passing the federal laws of the country. (Bundeszentrale für politische Bildung 2011, date of retrieval 06.04.2014.) Thereby, the Bundestag is the parliament of Germany and the Bundesrat consists of representatives of the 16 states. Furthermore, the laws for the individual states are passed by the particular Landtage, which constitute the parliaments of specific states.

Besides, ministries such as the Federal Ministry for Transport and digital infrastructure publish requirements for important issues, for example energy efficiency. (Bundesministerium für Verkehr und digitale Infrastruktur 2014, date of retrieval 07.04.2014.) For this purpose, the institution explains the energy passes for buildings in Germany. Therefore, every new building has to be tested in energy effectiveness in order to get a certain grade.

The purpose is, to enable buyers or tenants to compare the future energy costs of several buildings and support them in their decision. Furthermore, the information about the energy efficiency of a building is the basis for improvements, means for saving energy. Therefore, the ministry also offers recommendations on modernization.

Nevertheless, Galaxo Ltd. might also profit from these requirements, which affect also non-residential buildings. In order to improve the grade on the energy pass, which is valid ten years after the building, the owners of such properties might become Galaxo's customers. Consequently, it might be easier for them to sell or rent the particular building.

3.1.5 SWOT analysis

The SWOT analysis is a tool for analyzing strengths, weaknesses, opportunities and threats which might have an impact on a company (Johnson, Scholes & Whittington, 2012, 65). Therefore, the arguments of the previous PESTEL analysis are ordered according to the common matrix (ibid., 68).

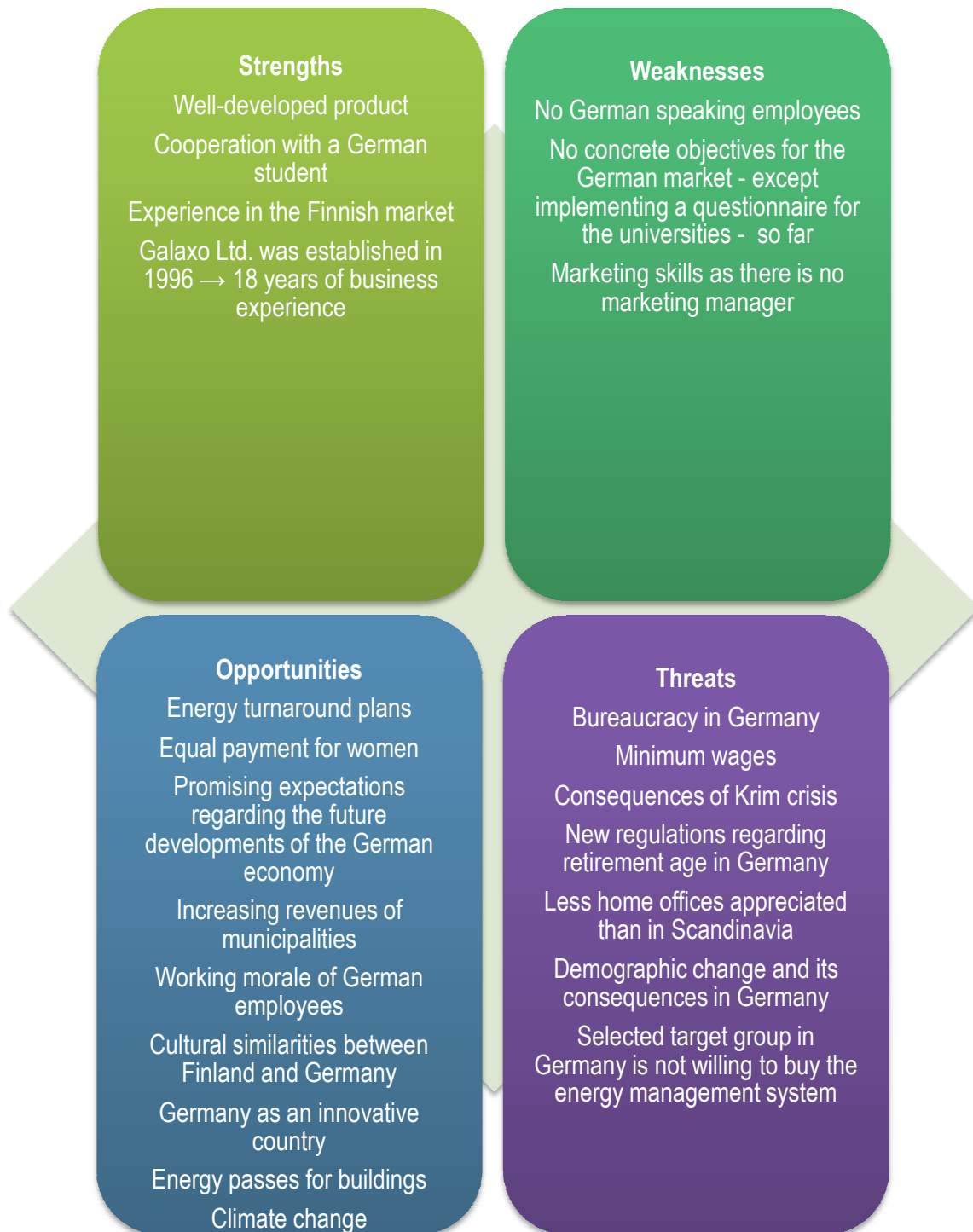


FIGURE 5. SWOT analysis for the German market

3.2 Marketing strategy

The following chapters analyze the topics segmentation, targeting and positioning in order to describe the target group and Galaxo's intended position in the German market. Furthermore, it gives some indication of the mission statement of the company, which is implemented to reach the potential customers. Moreover, the competitive strategy is discussed.

3.2.1 Segmentation, targeting and positioning

The topics segmentation and targeting were combined as they are closely related to each other. Thereby, segmentation refers to the division of the market into customer groups, segments. (Prof. Dr. Manfred Kirchgeorg, date of retrieval 11.09.2014). Segmentation is usually followed by targeting where a company selects convenient customer groups. (Business dictionary, date of retrieval 11.09.2014).

In the beginning Galaxo Ltd. decided to focus on universities in the southern part of Germany as the company already has experience with this sort of customers in Finland. (Toljamo 15.04.2014, e-mail message). Furthermore, the sales manager mentions the high energy consumption of such buildings which is assumed to result in a demand for the energy management system. In addition, the Southern part of Germany is selected because of the fact that the author of the thesis is familiar with this area. Galaxo Ltd. planned to send a German student to the potential customers in the new target market in order to make the first contact. Therefore, it is necessary to be near the clients in order to interview them. After successfully entering this area and evaluating the chances there, the rest of the German market could follow.

In addition, Galaxo Ltd. should also consider its positioning strategy for Germany. According to the Entrepreneur, positioning a product or service depends on two aspects: competitors and the market. (2014, date of retrieval 07.08.2014.) Furthermore, there are three important questions to answer when defining a company's positioning strategy. Consequently, Galaxo Ltd should be thinking of what it offers their target group besides its particular product, the energy management system. Possible answers could be high quality, the lower energy consumption and its resulting cost savings as well as a satisfying after sales service and maintenance.

The second point deals with the differentiation from competitors. As discussed previously, Galaxo Ltd. has no remarkable competitors in the new target market what makes it a pioneer (Brown, date of retrieval 12.09.2014). Consequently, the company could benefit from “unique positioning” which means that it could establish a strong customer base. Once the pioneer built a branding strategy and awareness for the Infochannel, future followers will have difficulties to compete. (Brown, date of retrieval 12.09.2014).

Out of these aspects the case company could create a positioning statement for marketing strategy purposes. A basic idea of such a statement could be:

For universities in the Southern part of Germany, Galaxo Ltd. is the pioneer of energy management systems. In addition, high-quality Galaxo Ltd. offers a convincing after-sales service as well as energy and cost savings.

3.2.2 Objectives

When creating objectives, it is useful to follow the SMART principle (BBC 2014, date of retrieval 12.09.2014). Hence, company’s goals should be specific, measurable, agreed, realistic and timely or short SMART. Consequently, Galaxo Ltd. should set concrete objectives with a specific outcome which is attractive for the employees and realistic. Furthermore, there should be a schedule or period of time in which the objective can be achieved. (BBC 2014, date of retrieval 12.09.2014). The following objectives are recommendations for the case company as there is no information about clear objectives available. Since data of Galaxo’s resources is not given, the company could develop the mentioned objectives according to its needs.

By now, Galaxo Ltd. sees the market entry as a piloting project (Tojamo 05.05.2014, e-mail message). Consequently, the firm just intends to get familiar with the German market and to find out if there is potential for the energy management system. Therefore, Galaxo Ltd. plans to develop a questionnaire for universities which belong to the selected target group. The aim is to find out persons responsible for energy issues. Furthermore, information about budgets regarding the energy consumption should be collected. Moreover, it is important to know if universities have already heard about an energy management system and if they would like to get further information about Galaxo’s Infochannel. (Tojamo 06.06.2014, e-mail message). Developing and implementing a questionnaire that covers these issues could be a short-term goal for Galaxo Ltd.

as it could provide information needed for a successful market entry. In addition, the company could also think about the number of questionnaires and expected responses. Moreover, there could be a certain time frame in order to set a SMART objective.

Besides getting to know the market, there are further objectives companies, and Galaxo Ltd. in particular, should consider before entering a new market. Such objectives might be for instance increasing revenue, sales and / or profit in the long-term. In order to reach this goal, short-term objectives such as getting new clients, reaching new target groups or regions and building partnerships could be set. (Arlt, date of retrieval 06.07.2014.) This objective could become more specific by adding a certain percentage or number of for instance new clients or increasing revenue. Moreover, there could be a schedule in which the company aims to achieve the objectives.

It could be recommended to Galaxo Ltd. to consider these aspects and concrete them in regard of the company's resources and expectations. An example of such a concrete objective might be, to build two partnerships with energy related companies in Germany or e.g. to get three German universities as new customers during the next one or two years.

3.2.3 Mission statement

First of all, a mission statement should be concise and summarize a company's strategy, values, goals and character. Therefore, it should contain maximum five memorable and emotional sentences which are unique. Furthermore, this statement should be consistent also in times of change in the company. (Marketing fish 2011, date of retrieval 06.07.2014.)

Galaxo Ltd. could consider creating such a mission statement. Therefore, the company could mention a future goal such as becoming a global company and an efficient multi-channel provider of electronic information. In order to develop concise mission statement, detailed information about the company's values, strategy, goals and character is needed and should be collected in the future.

On the homepage, Galaxo Ltd. claims "as our customer you are the brightest star" which might symbolize the importance of customer satisfaction (Galaxo Oy 2014, date of retrieval 06.07.2014). This value could also be mentioned in the mission statement. Nevertheless, some

customers might ask for concrete examples as proof and an explanation of what is meant with this statement as it is not clarified on the website. Thus, Galaxo Ltd. could outline its promise and describe its meaning in practice.

3.2.4 Competitive Strategy

“Competitive strategy is concerned with how a strategic business unit achieves competitive advantage in its domain of activity.” (Johnson, Scholes & Whittington, 2012, 111.)

To find out Galaxo’s competitive advantage and its strategy, the model of Porter’s three generic strategies is used as can be seen in figure 6. According to this model, there are two main influences: Competitive advantage and competitive scope. (ibid., 112.) Furthermore, Porter subdivides the competitive advantage into lower cost and differentiation, whereas the competitive scope is differentiated in either a broad or narrow target.

		Competitive advantage	
		Lower cost	Differentiation
Competitive scope	Broad target	Cost leadership	Differentiation
	Narrow target	Cost focus	Differentiation focus

FIGURE 6. Porter’s generic strategies (Johnson, Scholes & Whittington, 2012, 112)

Galaxo’s energy management system could be assigned to differentiation rather than lower cost as it is a niche product for the German market (Ortner 2013). Moreover, the system is relatively expensive but in turn, the customers benefit from a high-quality service (Huotari 15.01.2014, meeting). As already discussed in the chapter “segmentation and targeting”, Galaxo Ltd. concentrates on universities in the Southern part of Germany. Consequently, this refers to a narrow target.

Combining both, the competitive advantage, differentiation, the competitive scope and the narrow target, the company and its energy management system could be assigned to the differentiation focus, Porter mentions in his matrix. In practice, this means that Galaxo Ltd. is able to concentrate on the universities in southern Germany, so that it will be able to satisfy customer needs and build customer loyalty (Quick MBA, date of retrieval 12.09.2014). Furthermore, this strategy enables the company to set higher prices in order to defray expenses as there are no competitors. Nevertheless, there are also risks as the needs and wants of the targeted universities might change or competitors, which might serve broader customer segments or imitate Galaxo Ltd. (Quick MBA, date of retrieval 12.09.2014).

3.3 Marketing Mix

In order to describe the marketing mix, the model of the four Ps, which consists of product, place, price and promotion, is used as this model is based on a company's point of view (Kotler & Keller 2009, 63). At this point of the thesis, it is considered that the four Ps can be seen as the starting point and models such as Lauterborn's four Cs could follow in another work as it contains the customer's view (Hiebing & Cooper 1997, 6).

3.3.1 Product

When analyzing the product, there are three significant aspects to think of as can be seen in Figure 7: customer benefit, product design and product service (Für Gründer, date of retrieval 07.08.2014).

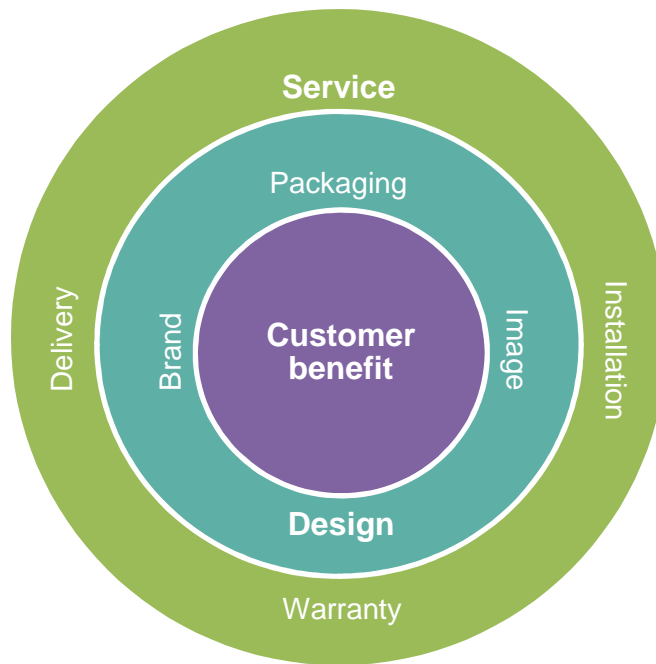


FIGURE 7. Product: customer benefit, product design, product service (Für Gründer, date of retrieval 07.08.2014)

Thereby, the first point deals with the main advantage, customers get when buying a company's product. In case of Galaxo Ltd. this benefit might be saving energy and as a result also costs. At the same time, products often contain added benefit, which could be the modern design of the screens in public buildings or that it is possible to show advertisements on the screens. Furthermore, the people in these buildings might become more aware of environmental issues.

In addition, product design is also an important aspect to think about. Therefore, packaging, brand name and the design of the product should be evaluated. One possibility for packaging would be to use environmentally friendly cardboards for the screens to reemphasize the green thinking and image which stands behind the actual product. At the same time, the packaging should also correspond to the quality of the product and also to Galaxo Ltd. Consequently, the company's colors for example those of the logo, black, white and red, could be used (Galaxo Ltd. 2014, date of retrieval 07.08.2014). Besides, color symbolism might also play a role as different colors stand for different meanings. (Jennifer Bourn 2010, date of retrieval 07.08.2014.) While black is an elegant color, red stands for strength. Moreover, white could be associated with a brilliant product. Nevertheless, the meanings of colors vary and they should be decided carefully.

The brand name for Galaxo's energy management system already exists: Galaxo Infochannel. (Galaxo Ltd. 2014, date of retrieval 07.08.2014.) Furthermore, the design of the product can be influenced by the customers as the software is developed according to their needs and wants. Consequently, the clients could involve their corporate design and logos.

Last but not least, the product service is another significant issue. Therefore, Galaxo Ltd. offers their customers to contact the company during certain service hours. (ibid.) In addition, it is also possible to make appointments on days when the business is actually closed. Furthermore, Galaxo Ltd. gives an introduction on how the product works as well as the opportunity for training. In addition, a usability survey can be implemented to get feedback and improve the products.

3.3.2 Price

Price policy is another important part of the marketing mix as it influences potential customers in their buying decision. (Für Gründer, date of retrieval 09.08.2014.) In general, higher prices signal better quality while lower prices are often perceived as lower quality product. In addition, the price is influenced by costs, competition and the positioning strategy as illustrated in figure 8.



FIGURE 8. Influencing factors of pricing (Für Gründer, date of retrieval 09.08.2014)

The first step now is to find out the price which defrays the costs consisting of the costs for product and service per piece. (ibid.) Furthermore, the intended profit per piece should be added so that the selling price is now set. As there is no current information about Galaxo's exact figures, it is not possible to calculate such a selling price, yet.

Nevertheless, competition is another influencing factor of pricing so that the calculated selling price might rise or fall according to competitors' prices. (ibid.) Therefore, it is essential to do market research and find out competitors prices in order to figure out if the own prices are competitive and appropriate. In case of Galaxo Ltd. the company might be able to concentrate on the points, costs and positioning, as there is no remarkable competition in Germany as already discussed previously.

In addition, the price needs to correspond to the positioning strategy. (ibid.) As already mentioned, high quality products such as Galaxo's Infochannel, justify a relatively high price. Furthermore, the special maintenance service and office hours could also be one reason for a higher price (Galaxo Ltd. 2014, date of retrieval 07.08.2014).

All in all, Galaxo Ltd. could use the current price for the energy management system in Finland as a basis and develop this price according to the German market and the three influencing factors of pricing: costs, competition and positioning. Moreover, further market research and customer surveys in Germany could be done to find out what customers are willing to pay for the Infochannel.

As can be seen in figure nine, there is another approach of setting the price consisting of three different pricing strategies: cost-based pricing, customer-based pricing and competitor-based pricing (Riley 2012, date of retrieval 12.09.2014). Thereby, customer-based pricing is divided into penetration pricing, price skimming, loss leaders, predatory pricing and psychological pricing.

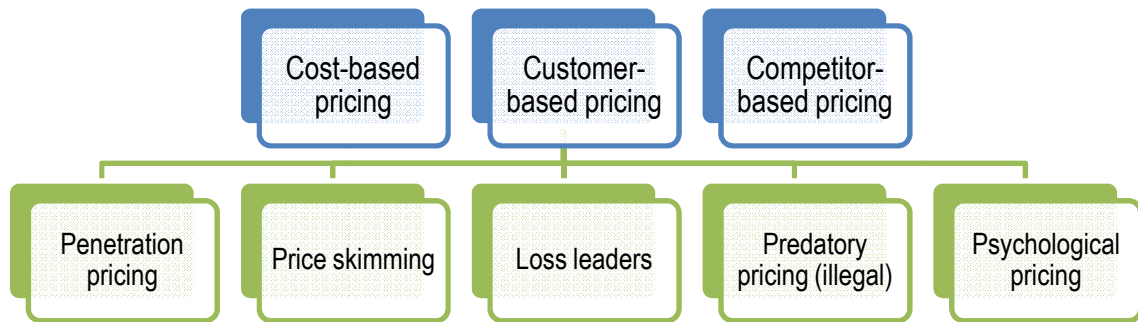


FIGURE 9. Pricing strategies (Riley 2012, date of retrieval 12.09.2014)

The cost-based pricing strategy has the approach to compose the price of the product costs and a mark-up percentage. Consequently, costs can be defrayed and the price can be determined easily. The disadvantages are that this price is calculated without considering competition's prices and customers interests. This strategy might be unattractive for Galaxo Ltd. as German clients might not accept the price. (Riley 2012, date of retrieval 12.09.2014).

The second possibility is to choose customer-based pricing and one of its five subcategories. Penetration pricing is suitable for companies which aim to increase their market share or sales volume through a low starting price. Furthermore, such businesses often provide an innovative product in a competitive market with less room for differentiation. As Galaxo Ltd. is a pioneer in the German market, this method might be less attractive. (Riley 2012, date of retrieval 12.09.2014).

Another strategy is price skimming, where a company offers a new product for a relatively high price. This method is suitable for pioneer companies with a technological product. Nevertheless, it is a short-term strategy as competition will establish. This strategy might be appealing for Galaxo Ltd. and its first steps in the German market as the business has no competitors. Nevertheless, the disadvantages should not be neglected, so that it might be useful to switch to another pricing strategy after competitors followed. (Riley 2012, date of retrieval 12.09.2014).

Moreover, Galaxo Ltd. could choose to become a loss leader, which means that the firm sets its price lower than the costs in order to get clients. This possibility might not be recommendable for the case company as it is short-term oriented and less suitable for pioneers. (Riley 2012, date of retrieval 12.09.2014).

Furthermore, predatory pricing does not come into question for Galaxo Ltd. as it is illegal. Thereby, a company would set a significantly low price so that competitors are not able to rival. Instead, psychological pricing might be an option for the case company as clients perceive the product as cheaper than it actually is. Thereby, businesses do not set round sums but prices ending on 99 Cents. (Riley 2012, date of retrieval 12.09.2014).

Last but not least, competitor-based pricing is another option. In this case, a company's price is oriented towards competition's prices so that this criterion does not influence customers. Instead, businesses have to reach their target group differently. (Riley 2012, date of retrieval 12.09.2014). As soon as Galaxo Ltd. has competitors in the German market, this strategy might become more and more attractive as the company might be able to offer customer benefits, which are not provided by competitors such as high quality or service.

To sum things up, Galaxo Ltd. could start its operation in Germany with price skimming strategy as long as there are no competitors in the market. Afterwards, competitor-based pricing might be conceivable if Galaxo's prices are higher than competitors'. Nevertheless, cost-based pricing might also be appealing if the company is able to establish a strong brand before competitors follow. In this case, customers should have accepted the price and Galaxo Ltd. should have a remarkable competitive advantage so that clients are willing to buy Galaxo's Infochannel.

3.3.3 Place

In general, there are three possible ways to distribute a product to customers as can be seen in figure 9 (Für Gründer, date of retrieval 12.08.2014). This chapter deals with the evaluation of indirect distribution through an intermediary, franchising and direct distribution in order to find an appropriate solution for Galaxo's Infochannel.

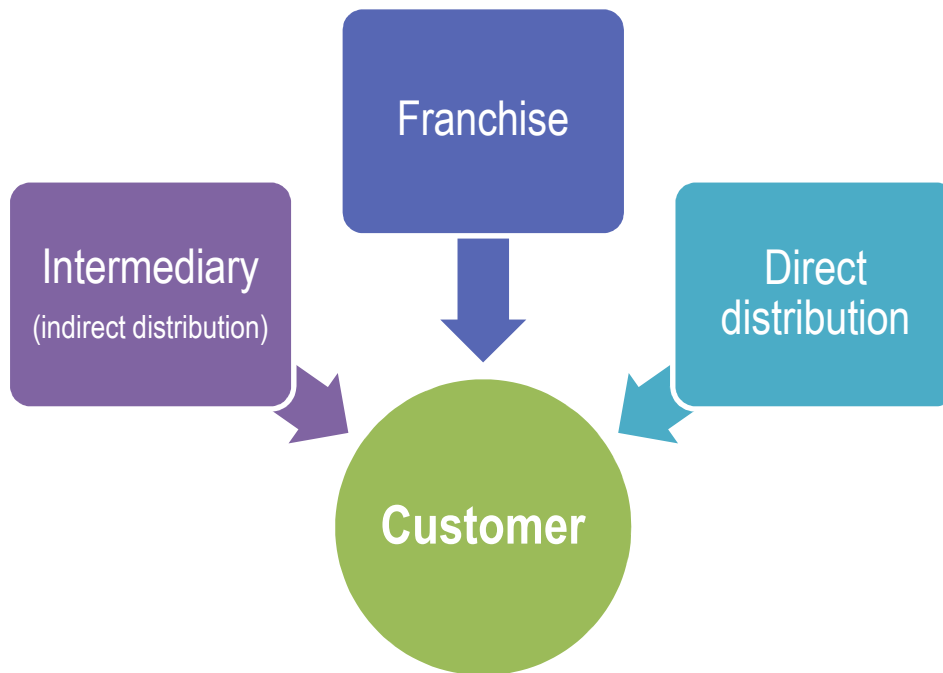


FIGURE 10. Place: The way to the customer (Für Gründer, date of retrieval 12.08.2014)

The first option for Galaxo Ltd. is the indirect distribution of the energy management system by the help of intermediaries. (Für Gründer, date of retrieval 12.08.2014.) Thereby, one advantage is the wide reach when having various sales partners. Nevertheless, this method is more suitable for consumer goods and provides significant disadvantages. Consequently, Galaxo Ltd. would have to persuade the final customers and also the intermediaries of their product, which might be time consuming. Furthermore, it might be challenging to find appropriate intermediaries as costs, reputation, distribution rate and trading conditions need to meet the company's goals. Another obstacle is that there is no direct contact to the customers which might be problematic when it comes to troubleshooting. Moreover, this method is less suitable for B2B companies such as Galaxo Ltd. since the company also offers service hours and trainings as already discussed. Consequently, there is a need for direct contact with the customer.

Moreover, the case company could use franchising in order to sell their products. (Für Gründer, date of retrieval 12.08.2014.) Here, it is possible to establish a sales network in a short period of time. However, there are also franchise charges and often it is difficult to find appropriate franchisees. Furthermore, it might be time consuming to establish various franchise shops. In

addition, also this channel is not recommendable for B2B companies which require consulting, service and trainings such as Galaxo Ltd.

As a result, direct distribution is probably the best solution for Galaxo Ltd. as this distribution channel enables direct contact with the customers, which is especially important for consulting issues. Furthermore, this channel is also compatible with selling capital goods such as the energy management system. Moreover, there are cost savings for the case company as it does not have to pay intermediaries. The only disadvantage mentioned is the regional limitation but as Galaxo targets the Southern part of Germany this point might be obsolete.



FIGURE 11. Place: Channels of direct distribution (Für Gründer, date of retrieval 12.08.2014)

As can be seen in figure 9, there are seven channels of direct distribution which should be considered. (Für Gründer, date of retrieval 12.08.2014.) As the options online, mail order and retail are not suitable for products that require consulting; these possibilities might be unappealing for Galaxo Ltd. as the energy management system includes maintenance and other services (Galaxo Ltd 2014, date of retrieval 07.08.2014). Furthermore, there might be no specialist store as the energy management system is not popular in Germany yet. Moreover, when selling

products via wholesale, the required sales volume often is relatively high – probably too high for the case company. As a result, the two last channels might be the most suitable ones. Agents often achieve sales in a short period of time but at the same time, this method provides a loss of control as Galaxo Ltd. would not sell its product directly. Thus direct sale offers two important advantages: the possibility of consulting and mostly the location plays no significant role. As a result, direct sale might be the most suitable sales channel for entering the German market and serving the universities in the Southern part of Germany. (Für Gründer, date of retrieval 12.08.2014.) Nevertheless, Galaxo Ltd. should evaluate these methods in regard of their needs and wants as other factors might also influence this decision.

3.3.4 Promotion

This chapter deals with the marketing communication channels as it is necessary to inform the target group about the product and service Galaxo Ltd. offers (Business Case Studies 1995-2014, date of retrieval 10.08.2014). After promoting the Infochannel, the customers should preferably buy the energy management system. Therefore, a wide range of suitable communication channels for the German market are mentioned and briefly evaluated in order to give some recommendation for the case company.

Face-to-face

Meeting potential clients has one key advantage: it is possible to find out the customer's needs and wants as there is the opportunity for interaction. (Ashtoncollege 2014, date of retrieval 11.08.2014.) Consequently, ambiguity can be removed so that the client gets a clear picture about Galaxo's product. As already discussed, the German market is not familiar with Galaxo's Infochannel, yet so that there might be need for clarification. As a result, this channel might be the most important for the case company. Therefore, it might be useful to prepare a German presentation to introduce the company and the Infochannel to representatives of universities in southern Germany. As the case company offers to adapt the software to the customer's needs and wants, these details could be discussed as well. In this case, it might be necessary for Galaxo to have a German-speaking employee near by the target group as the distance between Finland and Germany might be an obstacle.

Articles in newspapers and magazines

It might be beneficial for the case company to publish an article in a newspaper or magazine which describes the energy management system as the German market is not familiar with such a product yet, as already discussed. Therefore, it could be mentioned that there is a new method available for saving energy and costs in universities and other public buildings. The advantages of this communication channel are credibility as newspapers provide reliable information, and the various possibilities regarding design. (Broessling, date of retrieval 10.08.2014.) Nevertheless, there are also disadvantages such as potentially high costs and unquantifiable success. An example for such a magazine could be the German "Wirtschaftswoche", which deals with current topics especially in the economic sector (Wirtschaftswoche 2014, date of retrieval 10.08.2014).

Website

Galaxo Ltd. already provides the website www.galaxo.fi in Finnish and English language, where they give information about the company, products and services as well as references (Galaxo Ltd. 2014, date of retrieval 10.08.2014). Nevertheless, for the German market it might be useful to also provide a German version. Translating the homepage might cause costs as there needs to be a translator. Furthermore, the website needs to be up-to-date and appealing for potential customers in order to reach them (Xmedien, date of retrieval 10.08.2014). However, Galaxo Ltd. is familiar with such online tools as they also provide web solutions for their customers (Galaxo Ltd 2014, date of retrieval 07.08.2014). Consequently, this communication channel could come into question.

E-mail marketing

Sending e-mail newsletter to customers offers a wide range of advantages such as low costs, immediacy and interactivity. (Microsoft 2014, date of retrieval 11.08.2014.) Furthermore, many clients can be reached at the same time and it is possible to measure increasing sales. Nevertheless, e-mail marketing also provides disadvantages as customers might be flooded by emails or perceive them as spam. As a result, these receivers might get a negative impression of the company. All in all, this communication tool might be helpful for Galaxo Ltd. as these emails could be sent directly from the headquarter in Oulu, Finland and there is no need for an employee working in Germany. However, it might be useful to create a newsletter in German language to ensure that everybody understands the message.

Google AdWords

This tool is used for targeted placements of advertisements. (Broessling, date of retrieval 10.08.2014.) Thereby, it is possible to create keywords so that the advertisement appears as soon as a person searches for such a keyword via Google. Consequently, it is possible to reach people more targeted. Furthermore, it is possible to set advertising budgets so that the advertisement disappears if the limit is exceeded. However, some programs such as Adblock block such advertisements. Furthermore the system needs to be maintained frequently. If Galaxo Ltd. is interested in this communication channel, the company could decide whether to use German keywords in order to reach German clients.

Cooperation with customers

As soon as Galaxo Ltd. sold the first Infochannel, there might be an opportunity to cooperate with the customer so that he might mention Galaxo for example on the website. In turn, the case company could mention its new client on its own homepage so that both parties benefit from this agreement. If another university visits the client's homepage, the energy management system might arouse interest and a new customer might be found.

Giveaways

Another possibility for promoting the company is to give giveaways such as pens to customers and business partners. Galaxo Ltd. could place its logo on these small presents so that clients remember the company whenever they use the pen.

4 CONCLUSION AND DISCUSSION

This thesis intended to support Galaxo Ltd. in getting to know the German market. Furthermore, appropriate recommendations based on theoretical material and current information about Germany were made so that the case company gets a picture of how to enter the new market. Moreover, possible solutions on how to market the energy management system were given by writing this marketing plan. Nevertheless, it has to be said that the second half of the thesis was challenging as the company was not willing to give further information about issues such as its strengths and weaknesses, positioning strategy, mission statement, competitive strategy, objectives and the marketing mix. Consequently, these chapters are based on general sources that were then applied on the case of Galaxo Ltd. As a result, given recommendations are only suggestions for the case company.

The schedule of the thesis was well-planned and with the exception of the information shortage on the part of the case company, the thesis process went smoothly. Moreover, writing such a marketing plan for a Finnish company and the German market was interesting to the German author as it was possible to combine both, the knowledge about the German market and the interest of an exchange student in Finland. Furthermore, the subject prepared for the later working life in two ways. On the one hand, such a project requires a well planned schedule, planning carefully and dealing with obstacles such as information shortage. On the other hand, it is important to apply skills and knowledge of visited lectures. Therefore, courses in the fields of marketing, international business strategy and intercultural skills provided useful background information.

All in all, it might be interesting to know more about Galaxo's market entry in Germany or Finnish companies in this market in general. Consequently, future theses could evaluate the performance of Finnish companies in the German market and therefore use Galaxo Ltd. as a case company. Possible subjects and questions might be: "Galaxo's market entry – success or failure?" or "the key to success for Finnish companies in Germany".

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Content

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1. Potential target groups

After analyzing Galaxo's target group in the Finnish market, I transferred them and found out German equivalents. Therefore, I considered supermarkets, public corporations, companies, banks and municipalities, which can be potential customers.

Of course, the target groups I mention below are only recommendations and I cannot guarantee for the success of business negotiations.

1.1. Banks

In Germany, many banks use pinboards to inform their customers about properties for sale, loan offers and other issues. Some of them already use screens but there are also a lot that work with printed announcements.

These banks are a potential target group for the digital signage screens Galaxo offers.

You will find a list of the biggest banks that I would recommend to you below¹. They are ordered according to their total assets.

Deutsche Bank AG, Frankfurt / Main

Deutsche Bank AG was founded in 1870 in Berlin and has now a leading part in Germany. 27000 employees work in the 1000 German subsidiaries.²

The headquarter of this private bank is located in Frankfurt / Main which is a financial megacity.

It would be beneficial if Galaxo is able to attract Deutsche Bank as a customer as they are a highly influential bank in Germany and also located in many cities.

Furthermore, this bank offers also products and services for business clients. As a result, it is possible that they decide to use such screens as well and consequently, become also Galaxo's customers.

¹ http://www.die-bank.de/fileadmin/images/top100/diebank_Top100_2013.pdf

² <https://secure.deutsche-bank.de/cc/locationsfinder/de/welcome2.do?country=Deutschland>

Commerzbank AG, Frankfurt / Main

This private bank is also one of the biggest in Germany. It is widespread so that it is possible to gain huge orders if they become Galaxo's customers.

There are 1200 subsidiaries and almost 3000 offices in Germany and the bank is present in 50 countries all over the world.³

As a consequence, it would be a great advantage to persuade several subsidiaries from Galaxo's products so that they become a reference for you and maybe even recommend Galaxo to other subsidiaries.

This bank does also have business clients, which might be again beneficial for Galaxo.

Sparkassen Finanzgruppe

Sparkasse, which is under public law is also one of the biggest banks in Germany with 600 member companies⁴. Unfortunately, I could not find an exact figure of all the Sparkassen offices in Germany but you can find them in every city at least once.

That means that they offer a high potential for Galaxo.

Raiffeisen und Volksbanken

This corporate bank is also one that I would recommend to you. According to statistics⁵, there are over 13000 Raiffeisen und Volksbanken in Germany, which is a big target group for Galaxo.

Raiffeisen und Volksbanken can be found in every city and village in Germany, so there is a high potential for Galaxo to sell the screens and infopannels.

These four banks are the ones that I recommend the most as they are very common in Germany. It would be a great benefit for Galaxo to gain several offices as customers as you can also use them as references and so start a chain reaction – if one of these offices uses your product, they could recommend you to another and so on.

In my opinion, the first step here is to contact several offices and find out their current marketing methods and offer Galaxo's products.

³

https://www.commerzbank.de/de/hauptnavigation/konzern/commerzbank_im_berblick/zahlen_fakten/fakten.html

⁴ <http://www.dsgv.de/de/sparkassen-finanzgruppe/daten-und-fakten/index.html>

⁵ <http://de.statista.com/statistik/daten/studie/71934/umfrage/volksbanken-und-raiffeisenbanken---anzahl-der-bankstellen/>

1.2. Municipalities

According to your website, there are also municipalities that count to your customers as they use your products and services to integrate information from external systems.

In this case, it might be a good idea to contact big German municipalities like Munich, Stuttgart, Frankfurt, Berlin and so on.

Therefore, I would take all the capital and bigger cities of Germany into account as they might benefit from Galaxo's products.

1.3. Private Companies

Subway

As I know from your presentation, the Finnish Subway is one of your customers. Galaxo can of course use this reference and consequently try to win the German Subway as well.

There are 600 Subway restaurants in Germany⁶, which means that there would be a high potential for Galaxo if the company is able to persuade the firm of the quality and benefit of the product.

In my opinion, you should really use your references and explain the German Subway persons responsible how the Finnish ones benefit from your screens and software.

McDonalds

Another fast food restaurant that could come into question is McDonalds. This year I already visited their advertising agency "Heye" in Munich. It might be possible that they need such screens and the software Galaxo provides for digital signage and energy management purposes. Within the last years, McDonalds tried to improve their image also in the environmental direction. So their packages for the burgers changed and they now also try to create a better image with their advertisements as they show where for example the meat of their burger comes from.

This development could be a chance for Galaxo to make them even more aware of environmental and energy issues.

⁶ <http://www.subway-sandwiches.de/unternehmen/subway-auf-einen-blick/deutschland.html>

There might also be a lot of other companies that could use the screens but you already have experiences with Subway and in my opinion, you could take this advantage to persuade Subway in particular from your product.

1.4. Corporate Companies

Deutsche Bahn

Deutsche Bahn is the German “VR” and is widely used for public transport. In comparison to Finland, the German rail network is more widespread and the trains are more frequent.

I could think of this company as a customer as they of course want to save energy and consequently also money.

Furthermore, there are still notice boards, even in bigger railway stations like Ulm. I could think of a screen that replaces those and all the important information could be visible on a screen.

Flughafen München GmbH / Flughafen Berlin Brandenburg GmbH

Another possible customer group could be airports like those in Munich or Berlin. Unfortunately, I cannot say much about their need for Galaxo’s products but I could think of them as customers as it is always important to save energy and also money. As a result, it might be possible for the airports to gain more profit.

Bundeswehr

Also the German “Bundeswehr” came to my mind. The army nowadays tries to attract as many young people as possible.

They provide not only positions as a soldier but also places to study and apprenticeship places.

I once saw one of their stands in Stuttgart at a trade fair. In my opinion, it would have been useful for them to have the digital signage material Galaxo provides so that they could show some pictures or videos. Then the target group would see that there are not just soldiers and men but also students and women.

1.5. Supermarket chains

REWE

The REWE supermarkets belong to the REWE group, which is a leader in trade and tourism issues. There are 15,500 shops in Germany⁷, which means that Galaxo can benefit significantly. In those REWE markets that I have been in, I did not recognize any screens. As a consequence, I see a high potential in this supermarket chain.

EDEKA

The next supermarket in my list is EDEKA. One benefit for sure is that their values include sustainability. That is one thing they have in common with Galaxo and I conclude that they will welcome your product offers.

EDEKA is also a very common supermarket chain in Germany as they have approximately 11,700 subsidiaries in Germany⁸.

I was also a customer of EDEKA and I only have one screen in mind but there was only a cooking show that informed customers how to cook with a certain pan. That is why I think that this supermarket chain is also a potential target group for Galaxo.

These two supermarket chains are probably the most important ones for you as they are the high quality supermarkets and also widespread.

Of course, there are also other ones like Lidl, Aldi, Netto and Penny but those are popular for their cheap prices. As a consequence, I recommend to consider them as customers after you entered the market successfully.

In my opinion, supermarkets which try to keep their products as low cost as possible might not be interested in high class technology and new investments.

⁷ <http://www.rewe.de/servicenavigation/unternehmen/alles-ueber-rewe.html>

⁸ http://www.edeka-gruppe.de/Unternehmen/de/edeka_gruppe/gruppenprofil/leitbildmissionstatement/Profil.jsp

1.6. Shopping centers

ECE is a company with a leading position in the segment shopping centers in Europe. Furthermore, they develop and realize traffic properties, logistic centers, firm centrals, office buildings, hotels, industry and special properties.

By now they have almost 190 shopping centers in their management with about 6,000,000 square meters sales area. Moreover, there are 4 million customers every day in all centers together⁹.

That means that if Galaxo is able to gain them as customers, your market entrance would be a total success.

Furthermore, it might be possible to enter also other foreign markets, for example Poland or Spain as you could use your contact to ECE. It might be the chance to expand Galaxo further.

Moreover, it does not have to be only supermarkets that could be provided with your screens and software but also the other buildings of ECE like hotels and office buildings.

In my opinion, this might also be an opportunity in Germany as well as in Finland as they could use digital signage, your intranet and extranet products as well as the energy management service.

2. Competitor analysis

First of all, I tried to find competitors in the digital signage section. Here I found a lot of providers of either the software or the hardware. But also several companies which offer both.

In my opinion, you can try to offer the digital signage segment as the amount of competitors is manageable.

Therefore, you have to gain the potential customers' attention through providing extra benefits for them like more technical features, a special service or a cheaper price than competitors.

At the same time, it might be a good idea to also establish the energy management system in the German market as I have not heard of such a product before.

In the following, I shortly listed some of your potential competitors in the digital signage sector.

⁹ <http://www.ece.de/de/wirueberuns/>

2.1. Cittadino

- Software developer and project realization
- One of the leading DS integrators in Germany
- Focus on content production
- Software solutions and hardware¹⁰

Customer segment¹¹:

- Bank
- Travel agencies
- Supermarkets
- Lotto
- Airports

2.2. Komma,tec

- Offer digital signage software and hardware
- Worldwide installations¹²
- Located in Hamburg¹³

Customer segment¹⁴:

- Bank, insurances, properties
- Industry
- Public facilities
- Hotels / Restaurants
- Medicine
- Press

¹⁰ <http://www.cittadino.de/unternehmen.html>

¹¹ <http://www.cittadino.de/referenzen3.html>

¹² <http://www.kommatec-red.de/de/startseite>

¹³ <http://www.kommatec-red.de/de/fachagentur-fuer-digitale-kommunikation>

¹⁴ <http://www.kommatec-red.de/de/liste-von-kunden>

2.3. Adtraxion

- Software and hardware components
- Headquarter in the Netherlands¹⁵

Customer segment¹⁶:

- Economy: Coca Cola, Heineken, DHL, Mars etc.
- Banks and other financial institutions: GE, Santander etc.
- Retail industry: Würth, Carrefour, Velux etc.
- Education sector (no companies that are located in Germany)
- Hotels: Scandic
- Airports: (no German airports)
- Others

2.4. Netvico

- Software and hardware solutions
- Headquarter in Stuttgart¹⁷

Customer segment¹⁸:

- Industry: Mercedes, Daimler, IBM
- Public corporations: DB
- Banks: Volksbank
- Chemical industry: BASF

2.5. eKiosk

- Software and hardware components
- Headquarter in Dresden¹⁹

¹⁵ <http://www.adtraxion.com/deutsch/ueber-uns>

¹⁶ <http://www.adtraxion.com/deutsch/referenzen/referenzen>

¹⁷ <http://www.netvico.com/de>

¹⁸ <http://www.netvico.com/de/referenzen.html>

¹⁹ <http://www.ekiosk.de/>

Customer segment²⁰:

- Public transport
- Tourism
- Trade and service section
- Industrial safety
- Internet terminals
- Authorities and administrations

²⁰ <http://www.ekiosk.de/de/anwendungsbeispiele/uebersicht/>

Further potential target groups

1. Feuerwehr (Fire service)

The German Feuerwehr is comparable to fire services in other countries as their purpose is to put out blazes, to support in times of natural catastrophes and so on. Every city or town has its own Feuerwehr. In times of increasing energy costs, it might be helpful for this institution to have Galaxo's energy management system and in turn to save costs. Usually the buildings of the Feuerwehr are owned by the particular municipality or city.

2. THW (Technisches Hilfswerk)

The THW is a kind of technical emergency service and so to say the Feuerwehr's helper. Here, the men and women basically support the firemen for example in cleaning-up operations after storms. Furthermore, these teams also travel to countries in need e.g. after a natural catastrophe. This institution is found in nearly every bigger city. According to Jochen Ortner, who holds several positions in the THW Günzburg for years, Galaxo's product might be interesting for these institutions. The management of all the THW agencies is located in Bonn. Furthermore, he mentioned the Bundesanstalt für Immobilienaufgaben (Federal Office for Property Tasks). This agency gets the rent and cares for the facility management in the buildings.

3. Bundesanstalt für Immobilienaufgaben

According to the website bund.de, this agency is one of the biggest property owners in Germany²¹. Furthermore, it manages all the properties that are owned by the state and sells those which are no longer needed.

In my opinion, this agency could be a profitable customer for Galaxo as they manage various buildings for the state. It is located in Bonn.

4. Municipal Utilities

Every bigger city in Germany has its own municipal utility which provides gas, energy, water and public transport. These institutions might also be a potential target group for the energy management system as they could work as middlemen. As a result, they might be able to

²¹ <http://www.bund.de/DE/Behoerden/B/Bundesanstalt-fuer-Immobilienaufgaben/Bundesanstalt-fuer-Immobilienaufgaben.html>

recommend the energy management system to their customers in order to get conscious of their energy consumption.

5. Hospitals

There are two different categories of hospitals: either they are private or owned by the city or administrative district. If they are private, they can be for example a GmbH or a corporation. In general, hospitals might be potential customers as they try to save as many costs as possible. Bärbel Ortner, a nurse in a German hospital (GmbH) has some experiences with these savings. Often, there is a lack of personnel, so that many nurses have to work overtime. Sometimes, it is not possible to have a break for lunch as there are too many patients and too less staff. If it is possible to adapt the energy management system to a hospitals needs, it would be possible to save costs through saving energy. As a consequence, hospitals could focus more on the essential issues such as adequate patient care.

6. Sports Clubs

Also sports clubs could be thinkable for Galaxo in times of rising energy costs. The members could be reminded of saving energy with the help of the software. In soccer sports clubs it is usual to take a shower after every training or match but according to personal experiences there are always some people that want to stay under the shower for almost half an hour. This behavior could be avoided if the institutions have Galaxo's software that is able to give some advices.

7. Police Departments

Unfortunately, I have not found out yet, who the owner of the police departments is. My guess is that these buildings are either owned by the federal ministry of the interior or the government. Hannes already mentioned that these departments might be from interest.

8. Sheltered accommodations for elderly people

In my opinion, these institutions could also profit from such an energy management product as elderly people tend to forget to turn off the lights etc. If there is such a screen where they can read recommendations to save energy, they might be reminded of turning off the lights. Furthermore, social jobs in Germany are often paid badly. Consequently, there are less people that are able to make their living just from one job. Mostly, they are dependent on their partner or a second job. As a result, saving energy costs might lead to a higher budget for wages, which would be a great advantage for the social sector.

9. Bundesagentur für Arbeit (employment agency)

These institutions are spread all over Germany with the intention to help unemployed people to find jobs and in turn, to support companies in getting appropriate employees. These institutions might also profit from such a product.

10. Tax office

Unfortunately, I could not find out the owner of these buildings, yet. One possibility might be the city or the administrative district. Hannes already mentioned that these are a preferred target group.

11. Administrative district office

These offices are mainly owned by the administrative district itself. In general, the purpose of these institutions is local passenger traffic, driving license issues, building permissions and several kinds of administrative issues. As it is a similar institution as a tax office, it might also be a potential target group.