INCREASING THE PROFITABILITY OF THE DEALER NETWORK

Case: Brunswick Marine *in* Finland and The Baltic States Oy

Tiina Lahtoniemi

Bachelor's thesis
February 2009

School of Business Administration

JYVÄSKYLÄ UNIVERSITY OF APPLIED SCIENCES

JYVÄSKYLÄ UNIVERSITY OF APPLIED SCIENCES

DESCRIPTION
Date
5.2.2009

Author(s)	Type of Publication
LAHTONIEMI, Tiina	Bachelor's Thesis
	Pages: 80 / Language: English
	Confidential ☐ Until__________

Title

INCREASING THE PROFITABILITY OF THE DEALER NETWORK
Case: Brunswick Marine *in* Finland and The Baltic States Oy

Degree Programme
Degree Programme in International Business

Tutor(s)
NEUVONEN, Heidi

Assigned by
Brunswick Marine *in* Finland and The Baltic States Oy

Abstract

Currently Brunswick Marine *in* Finland and The Baltic States Oy is the challenger in the Finnish marine market. Their goal is to become the market leader and Best Business Partner in 2010; therefore Brunswick wants to find best possible solutions to help the dealers to increase their profitability and sales, especially now during the current downward trend in the marine markets. The aim of the qualitative research was to reveal the opinions of the most important dealers on how their profitability could be increased and examine how the cooperation with Brunswick Marine as an importer could be improved, so that the goals of both parties could be met.

Research findings indicated that Brunswick needs to implement several improvements in their primary activities and marketing efforts. However, due to the economic downturn and strict cost management efforts, the suggestions were carefully evaluated by taking into consideration the limitations set for Brunswick Marine before forming the improvement proposals. As a result, the most cost-effective and realistic recommendations were formed, which all require better cooperation within Brunswick Marine's own value chain and its partners as well as updating the information sharing and marketing activities.

Keywords
Importer, dealer network, customer relationship, profitability, cooperation, value chain, Porter's value chain, core competences, marine retail industry, Business-to-Business market

Miscellaneous

JYVÄSKYLÄN AMMATTIKORKEAKOULU

KUVAILULEHTI
Päivämäärä
5.2.2009

Tekijä(t) LAHTONIEMI, Tiina	Julkaisun laji Opinnäytetyö
	Sivumäärä 80 / Julkaisun kieli Englanti
	Luottamuksellisuus ☐ Salainen ____________ saakka

Työn nimi

INCREASING THE PROFITABILITY OF THE DEALER NETWORK
Case: Brunswick Marine *in* Finland and The Baltic States Oy

Koulutusohjelma
Degree Programme in International Business

Työn ohjaaja(t)
NEUVONEN, Heidi

Toimeksiantaja(t)
Brunswick Marine *in* Finland and The Baltic States Oy

Tiivistelmä

Brunswick Marine *in* Finland and The Baltic States Oy on tällä hetkellä Suomen venemarkkinoilla haastajan asemassa. Yrityksen tavoitteena on olla markkinajohtaja ja paras yhteistyökumppani vuoteen 2010 mennessä. Näiden tavoitteiden vuoksi Brunswick haluaa löytää parhaita mahdollisia ratkaisuja, jotta jälleenmyyjien kannattavuutta saataisiin parannettua ja heitä voitaisiin auttaa myynnin lisäämisessä – tämä etenkin nyt venealaan vahvasti vaikuttavan taantuman aikaan. Kvalitatiivisen tutkimuksen tarkoituksena oli tuoda esille tärkeimpien jälleenmyyjien mielipiteitä siitä kuinka heidän kannattavuuttaan voitaisiin parantaa ja kuinka yhteistyötä Brunswickin kanssa maahantuojana voitaisiin kehittää.

Tutkimustulokset paljastivat, että Brunswickin täytyy toteuttaa useita parannuksia omassa arvoketjussaan; etenkin päivittäisessä toiminnassaan ja markkinoinnin alueella. Tutkimuksessa esille tulleet ehdotukset tuli tarkasti arvioida, koska taloudellisen taantuman ja tiukkojen säästötoimenpiteiden myötä Brunswickille on asetettu monia rajoitteita. Vasta tämän jälkeen kustannustehokkaimmat ja realistisimmat ehdotukset pystyttiin muodostamaan. Kaikki parannusehdotukset vaativat parempaa yhteistyötä Brunswick Marinen yhteistyökumppaneiden, kuten pääkonttorin ja venevalmistajien, kanssa. Suuressa osassa ovat myöskin tiedonkulun ja markkinoinnin alueiden nykyaikaistaminen.

Avainsanat (asiasanat)
Maahantuoja, jälleenmyyjäkenttä, asiakassuhteet, kannattavuus, yhteistyö, Porterin arvoketju, ydinosaaminen, veneala, vähittäiskauppa, Business-to-Business

Muut tiedot

CONTENTS

APPENDICES

TABLES

FIGURES

1 COMPANY BACKGROUND

Brunswick Corporation

Brunswick Corporation is the world's largest manufacturer of pleasure boats and marine engines as well as fitness, bowling and billiards equipment. However, the most profitable and largest part of its business portfolio is the marine products. Therefore, Brunswick Corporation refers to itself as a marine company. No other company has Brunswick's breadth and scope in the marine industry, which they have gained over the past 160 years of existence. Today, Brunswick Corporation has about 29 000 employees worldwide and is based in Lake Forest, Illinois, where the global headquarters is located. Brunswick Marine, the largest division of Brunswick Corporation, controls 37 per cent of the global marine markets, whereas the biggest competitor, Yamaha Marine, has only an 18 per cent share. Brunswick Marine has market leading products such as Mercury outboard engines and MerCruiser inboard engines. Their most well-known global boat brands include e.g. Boston Whaler, Bayliner and Sea Ray.

Brunswick Marine in Finland

Brunswick Marine began operations in Finland in the beginning of 2007 when they established a new branch office in Espoo, Brunswick Marine *in* Finland and The Baltic States Oy. The branch office, or the importer, is strongly focused on developing the boating industry in Finland and the Baltic countries, as well as other Scandinavian countries. Examples of the commitment to the Scandinavian boat industry are several aquisitions that Brunswick Marine has made with the leading boat manufacturers in Scandinavia, such as Bella, Flipper, Aquador, Uttern, Örnvik and Askeladden. Brunswick Marine also has distribution and marketing agreements with Silver Boats and MV-Marin, which are both successful Finnish boat manufacturers. In addition to the boat brands, Brunswick Marine has a full ownership of

Mercury engines, thus taking care of the marketing, distribution and after sales services for these engines. Earlier all of this was done by a few private Finnish companies. Brunswick Marine's after sales services are supported by Quicksilver parts and accessories, which are suitable for repairing and maintaining Mercury engines.

Brunswick Marine started as a challenger in the Finnish marine industry but is steadily gaining market share from its main competitors. Brunswick Marine's goal is to be the market leader in the marine industry in Finland and other Scandinavian countries, the same way as it already has the leading position in the global markets.

2 INCREASING PROFITABILITY IS MOST IMPORTANT FOR BRUNSWICK

Selecting the most valuable and interesting topic for a thesis is always a challenging task. In the case of this thesis, the topic was formulated in cooperation with Jussi Sepponen, General Manager of Brunswick Marine *in* North Europe, and selected carefully so that the most significant results could be revealed. The thesis topic is described and the reasons for choosing this topic are discussed in this chapter. Furthermore, the basic structure of the thesis is described at the end of this chapter.

Assigning the core purpose

Brunswick Corporation, later on referred to also as Brunswick Marine as this is the division that Brunswick Marine *in* Finland and The Baltic States Oy belongs to, is devoted to becoming an ever stronger competitor in the marine markets and has the aim of being the market leader in all the sectors it is currently in. Brunswick Marine does not have the market leading position in Finland yet, but Brunswick Marine *in* Finland and The Baltic States Oy, later on referred to also as Brunswick, is strongly engaged to reaching this objective also in Finland. Therefore, Brunswick needs to be able to support its dealers especially now during the economic turbulence the industry has faced and help them go through it as winners. All the sales are important now and there should not be any deals lost because of Brunswick's incompetencies. The way Brunswick can have an impact on the dealers' profitability and sales is by enhancing the support and collaboration with them. This would lead to more effectively and efficiently performing businesses that have a strong and well-performing value chain behind them. That is why Brunswick has a goal of being the Best Business Partner 2010, which they believe is the key to becoming the market leader. To support this goal, Jussi Sepponen (2008a), General Manager of Brunswick Marine *in* North Europe, subscribed this thesis to "*find best possible solutions to help the dealers to increase their profitability, especially now in the difficult market environment*". The thesis focuses solely on the dealers and the marine industry in Finland, as the subscriber of the thesis is Brunswick Marine *in* Finland and The Baltic States Oy.

This thesis is a continuum to the earlier research conducted by Heidi Weichert (2008) in the spring of 2008. Weichert wrote her thesis about the development of distribution network relationships and she conducted a customer satisfaction research in order to reveal the point of views of the dealers. The thesis gave a good outlook to the satisfaction level of the dealers. Additionally, another research, not as thorough as Weichert's (2008), was made by Robert Bergqvist (2008) in the summer of 2008 while he was touring around Finland interviewing the dealers and investigating the issues mainly related to the after sales services. Both of these researches revealed the current issues very well, but did not give any solutions or fundamental development recommendations. The purpose of this thesis is to find ways to improve those areas that are still lacking and thus also improve the dealers' profitability.

From analysis to fundamental improvements

Finding ways to increase the profitability of Brunswick's dealers starts with analyzing the current situation of the marine retail industry, both globally and locally. The industry background description will give a clear idea of factors affecting the business of Brunswick and its dealers, furthermore, giving a strong foundation for this entire research.

The actual research, which is about finding ways to develop Brunswick's value chain and collaboration with the dealers in order to achieve a more profitable outcome for both parties, is discussed after all the background information is presented. The main topic is examined by primary data collection, in other words, interviewing the dealers and then analyzing their responses. This is followed by the discussion of the outcomes and the actual improvements that can be implemented as effectively and efficiently as possible.

Significance and value of the thesis

The thesis helps to find tools for improving the profitability of the dealers, strengthening the collaboration with the dealers and thus also becoming a better business partner. This way the effects of the downward trends in the marine industry will be made as minimal as possible for Brunswick's dealers. The new ideas and opinions will help Brunswick to improve the employees' daily practices and operational performance, which will further improve the satisfaction towards Brunswick as a business partner. Additionally, the results of this thesis can be presented at Brunswick Marine *in* EMEA, the regional headquarters of Europe, Middle-East and Africa, to show them which areas of business would need to be developed and which processes would need to be improved by them. Even small changes are expected to have a positive impact also on the sales, which will further help Brunswick to grow.

Summary

The reasoning behind the thesis, how the purpose of the thesis will be fulfilled and what is the practical meaning of the thesis were described in this chapter. The next chapter will present the research methods and theories used in this thesis as well as give an outlook to the marine industry today. It will also explain why it is so critical for Brunswick to be able to enhance the collaboration with its dealers and increase the profitability of both parties.

3 PROCESS FROM PLANNING TO IMPLEMENTATION

This chapter describes the research process from gathering the background information to the preparations of the following qualitative research. As one is often unfamiliar with the marine industry, the research begins with a description of the marine retail industry conditions. This provides insight to the current issues and forces affecting the behavior of different parties within the industry, focused on Brunswick's networks. After the industry background discussion, the theoretical base for the research is presented. This is followed by the description of the qualitative research, which gives a clear idea of all the preparations that were made before the actual interviews took place. Furthermore, the research questions and the respondents are introduced in this chapter.

3.1 Marine retail industry conditions

It is essential to understand the background information first before starting to find solutions to any research problems at hand. Therefore, secondary data was evaluated and discussions with knowledgeable individuals were used as the main source of information at first, and to better understand the marine retail industry as a whole. This gave a good insight to the environmental context of the problem. (Malhotra & Birks 2003, 37-41.)

Secondary data collection for the industry background

By definition, secondary data means data that have been collected beforehand and the main purpose of the data has not concerned any particular work. The collection and analysis of secondary data will help greatly with the formulation of the further primary data collection as it is easily accessible and quickly obtained. It is said that one should not continue with the primary data before all the secondary data sources have been exhausted. (Malhotra & Birks 2003, 84-85.) Therefore, newspapers, article databases, e-mails and internet are widely used as sources of secondary data in this thesis. Secondary data is used to describe the industry and the situation of the marine markets at the moment. This helps to understand the essential environmental factors related to the research problem. However, the accuracy and dependability of the information may cause some issues to the research; therefore, only trustworthy sources are used and the objective of the writer is assessed. The problem of currency is avoided by using only the newest, no older than one year, media sources. (Malhotra & Birks 2003, 87-90.)

Additionally, marketing intelligence, which is defined as observations of events and developments in the marketing environment (Malhotra & Birks 2003, 85) is widely used in this thesis. Working at Brunswick as a Customer Service Coordinator, having daily contact with the dealers and leaders, and attending weekly meetings are all giving a chance to use marketing intelligence as one data collection method. It gives an advantage to easily obtain up-to-date information about the dealers, Brunswick Marine and the marine industry in Finland. However, it should be noted that the information can be sometimes biased and more favorable to Brunswick than what the real conditions actually are. Information like this is avoided in the thesis, or pointed out as being only Brunswick Marine's point of view to the current matter.

3.1.1 Downturn in the global marine industry

Recently, in the fall of 2008, the news regarding the marine industry has been mostly negative, with many stories about sales losses, employees losing their jobs and the ever challenging market conditions. It seems likely that the boating industry is declining at a rapid pace now for the near term and that it will take awhile before the industry recovers again. Three separate market forces, which are all bringing challenges for Brunswick, are further demonstrated herebelow. It is like a chain, where every link has an affect on the entire chain.

The consumer demand is dropping

The growing global financial crisis and its implications are affecting the marine retail industry harshly at the moment. The housing and mortgage crises are hitting the people, especially in the U.S.; average families are not willing to invest in buying expensive discretionary products such as boats. The high prices for oil before made it more expensive for consumers to go boating, and also increasing the production and logistics costs for boats, which in turn raised the consumer prices for boats. (Brunswick Accelerates Resizing and Fixed-Cost Reduction Efforts; Will Record Non-Cash Impairment Charge in Third Quarter 2008, 1.) John Pfeifer (2008a), CEO of

Brunswick Marine *in* Europe, Middle-East and Africa, concluded that the marine retail demand is declining at an accelerating rate now. According to the National Marine Manufacturers Association, boat sales in general have declined by 20 per cent or more from 2007 (Brunswick Reports Loss as Sales Slip 2008). Even more alarming is the fact that, according to preliminary industry statistics in the United States, the retail demand for fiberglass boats, the key boat segment for Brunswick Marine, has dropped nearly 40 per cent in the third quarter of 2008 from the year 2007, and this slowdown is now spreading also to regions outside of the U.S. (Brunswick Reports Loss for Third Quarter; Cites Production Cuts, Write-Downs, Restructuring Charges 2008, 1). The downward trend can be seen in all the leisure and luxury products industries, says Marisa Thompson, a stock analyst at Morningstar Inc. Pleasure boats especially are solely used for recreational purposes and as the financial times get tough, people tend to avoid purchasing any expensive luxury products that are not considered as necessities. This is causing difficulties especially to the sales of cruiser boats, and even yachts to some extent. (Hughlett 2008; Miller 2008.)

The decreased demand is causing financial problems to the dealers

Given the current marine market conditions, Dustan McCoy (2008a), Chairman and CEO of Brunswick Corporation, warns about the financial problems that are occurring to the dealers. The shrinking credit availability is causing difficulties not only for potential customers, but also for many dealers as many of them have excess unsold stock in their yards. Thus, even bankruptcies are possible at some dealerships very soon. This has already happened to Brunswick's second largest boat dealer in the U.S., Olympic, in the fall of 2008 when the company had to file for bankruptcy due to the especially challenging marine retail conditions in the U.S. (Olympic Boat Centers files for bankruptcy protection 2008). The possible bankruptcy cases will be a big challenge for Brunswick in the future as they need to perhaps take back all the inventories the dealerships have in their yards (Rosenman 2008). The situation is now more difficult than it has been for a very long time, almost in decades (Brunswick Accelerates Resizing and Fixed-Cost Reduction Efforts; Will Record Non-Cash Impairment Charge in Third Quarter 2008, 1), also in the Northern Europe.

The financial problems of the dealers are causing challenges to Brunswick Marine and the boat builders

Brunswick Marine, the leader in the marine industry worldwide, has closed down factories and dismissed many of their workers temporarily, just as many other boat builders, due to the lowering consumer demand. Kauppalehti (Myös venejätti Brunswick sulkee tehtaita 2008) reports the closures of eight to ten boat yards owned by Brunswick. The article also describes Brunswick's restructuring plan, which will result in eliminating approximately 2000 to 3000 employees from the boat plants. However, this is not all the reductions that Brunswick has made. The Investment Weekly News (Brunswick Corporation; Brunswick Declares Common Stock Dividend 2008, 85) states that Brunswick has closed a total of twelve North American boat plants in the past two years. This has resulted in the reduction of 5,300 positions, or 35 per cent of hourly and salaried employees, in Brunswick's marine businesses and corporate staff in the United States during 2008 alone.

Raimo Sonninen (2008), CEO of Bella Boats, which is the largest boat manufacturer in the Northern Europe and one third of the company is owned by Brunswick Marine, explains these actions by the simple rule of supply and demand. He reminds that it is impossible to produce more boats as the retailing field is already full of unsold boats. In the interview by Heikkilä (Bella passaa projekteja 2008) Sonninen also adds that he did not want to end up in the situation where dealers would need to sell their boats for a price that is too low because there are too many boats produced. Therefore, as soon as the decreasing demand was anticipated, Bella Boats reacted to it and made the tough decision of laying off about 250 workers in Finland for the rest of the year (Saastamoinen 2008), and other boat yards did the same, only a little bit later.

3.1.2 Marine industry in Finland – from Brunswick's perspective

Will the situation be as devastating for Brunswick in the Finnish and Scandinavian markets as it already is in other world markets? Jussi Sepponen (2008b) does not beliveve so. Of course the market trends in the U.S., where the biggest marine markets are, influence the markets of the entire world, but only partially. First of all, Sepponen wants to provide some background information about the Finnish markets. He points out that the boating industry has been continuously growing strongly for the past 14 years in Finland. The entire industry has become accustomed to incredibly large growth rates, e.g. from year 2006 to 2007 the growth rate was a robust 34 per cent. These figures can also be found on the official website of Finnboat, the Finnish Marine Industries Federation Finnboat which is the umbrella organization for Finland's marine industry and trade (Finnboat 2008). However, this year the consumer demand did not reach the strong growth that had been forecast. Therefore, the dealers have excess stock on their plants and the boat builders have to adjust their production accordingly. (Saastamoinen 2008.) Even though the sales in the consumer markets may not drop sharply during the next season and some dealers may even have rather good sales figures, Sepponen (2008c) states that the importers' sales figures will still drop remarkably, perhaps as much as 50 per cent, due to the fact that the dealers already have most of their products in stock for the next season. He also predicts that this big drop will occur only next year or maybe during the two following years; as the trough is achieved, the sales growth will resume again.

In the annual Brunswick Marine *in* Finland and The Baltic States Dealer Meeting 2008 Jussi Sepponen (2008b) and Raimo Sonninen (2008) discussed additional factors that have depressed the market. Firstly, the cold and rainy summer in Finland had an adverse effect on lower boat sales; people simply were not as eager to go boating as the weather was so bad throughout the summer. Secondly, they both accused the media to a certain extent about making the consumers to be too aware of their purchasing decisions this late summer and fall due to the downturn. The media has sent a message to the consumers, in addition to all the reporting about the economical crisis, that they should wait for the prices to drop in the spring. Every one in the boating industry of course hopes that this will not need to happen.

Positive prospects to the current situation

Sepponen (2008b) and Sonninen (2008) also gave some purely positive prospects to the dealers. They both agreed that even though consumer demand has decreased and the downward trend is continuing, the sales in Finland will never drop as remarkably as they do in the U.S., due to the fact that Finnish and Scandinavian people are now wealthier than ever before. Additionally, the markets for boats will never disappear from Finland as the Finnish people will always be dependant on boating. One of the dealers got to the point when summarizing the reasons for the continuing demand in Finland, “the lakes, summer cottages, islands, long coast line, money and the passion for boating are all still here in Finland, so we have nothing to worry about”. Therefore, the changes in the marine industry will not affect Finland and other Scandinavian countries the same way they do in other markets where boats are considered more as luxury products.

Furthermore, Jussi Sepponen (2008b) wanted everyone to recall the feelings they had in 2006 when everybody thought that the year was fantastic and that the business was growing strongly. He chose this year because it is estimated that the sales of the Finnish market in general this season 2008 will be very close to the figures of 2006. Sepponen believes that this would be a reasonably good level to stay in as the markets become steady after the years of booming.

Going through the economic turbulence as winners

Sepponen (2008b) and Sonninen (2008) both emphasized the importance of developing the relationships with dealers to a greater level. This is in-line with the employee letter from McCoy (2008b, 1) where he states that it should be clear for everyone that now in these difficult times we, as a company, must aggressively support our dealer network as they cope with the effects of the economic turbulence. The corporation as a whole should have shared goals and a common understanding of the practices that are needed to achieve a better profitability level again. The economic turbulence is challenging all the boating companies nowadays. Thus, Brunswick has to develop its own processes with the dealers to maintain the strongest possible position now so that when the business volume turns back up again, Brunswick and its dealers will be ready for it as a stronger and well-operating team.

3.2 Theoretical basis

The theories that are used as a basis for the further qualitative research, and which help to define the business areas that have a negative impact on the profitability levels of the dealers and which need improvements from Brunswick, are described herebelow. All of this is done in order to be able to strenghten the collaboration with the dealers and thus also fulfill the growth objectives of the management.

Lessons that should not be forgotten

In the era of economic turbulence and the downstream, there is almost a Darwinian ethic of the "survival of the fittest" occurring in the marine industry. It is estimated that there will be enough sales for only the two biggest importers in Finnish markets as the demand decreases for the next one or few years (Sepponen 2008d). As Brunswick certainly wants to be one of those two, preferably even the market leader, in the Finnish marine industry, it has to make sure that its most important dealers will survive – and even grow rather than just survive.

Currently, Brunswick is the challenger in the Finnish market but is steadily improving its position versus the market leader, Yamaha Marine, year after year. Nowadays, the rivalry is not only between Yamaha engine and Mercury engine or Yamaha dealer against Mercury dealer. In fact, the success of individual dealer depends on how well the entire value chains of Yamaha Marine and Brunswick Marine are functioning. (Kotler et al. 2005, 471.) In the market where the end-users are not yet very sophisticated and they perceive little differences between competing offers or brands, the rivalry comes down to the added customer value on the core product, the value chain. Great advertising efforts or marketing slogans do not make as much difference as the value of core processes; quality customer service and having the right product, in the right place at the right time. (Christopher 1998, 16-18, 24-25, 28, 37.) It can be summarized that in the boating industry it is the core product qualities that are competing against each other instead of the brand images. These core processes, which will be further discussed later on, are areas which Brunswick needs to develop most urgently.

Christopher (1998, 42, 45) describes some studies that were conducted in the 1990s, but are still valid. One study maintains that a significant amount of sales failures occur in the retail industry when a customer asks for out-of-stock items; the average loss is about 46 per cent of the potential sales dollars. Another study indicates that a satisfied customer in the automobile industry stays with the same supplier for an additional 12 years after the first purchase and, during that period, buys four more cars of the same make. These studies were conducted in the B2C, Business-to-Consumer, markets, but the same results also apply in the B2B, Business-to-Business, markets. They provide excellent examples of the importance of a good customer relationship and well-functioning value chain. Some marine companies have somewhat forgotten about these important aspects, partially because the market was growing so fast that the companies did not need to worry as much about the customer retention or excellent customer service. In the current market environment, no one can afford to overlook these important points anymore.

3.2.1 Porter's value chain and core competences

Michael Porter's generic value chain is a good tool for identifying the discrete ways to create more customer value, both in B2C and B2B markets, which in turn helps the companies to become more profitable by generating more sales. The customer value consists of the following four sources; product, services, personnel and image values. However, these four are not enough when measuring the total customer delivered value. One has to also consider the customer costs that define the real price of the product. The customer costs include everything that causes monetary, time, psychic or energy costs for the customer. Therefore, the actual customer delivered value is the difference, or the "profit", between the customer value and customer cost. Nowadays many companies are expanding the collaboration with their partners inside the value chain in order to improve the customer delivered value. This collaboration in turn helps every link of the chain, the suppliers, distributors, dealers, and ultimately the customers, to become more competitive. (Kotler et al. 2005, 464, 470-471.)

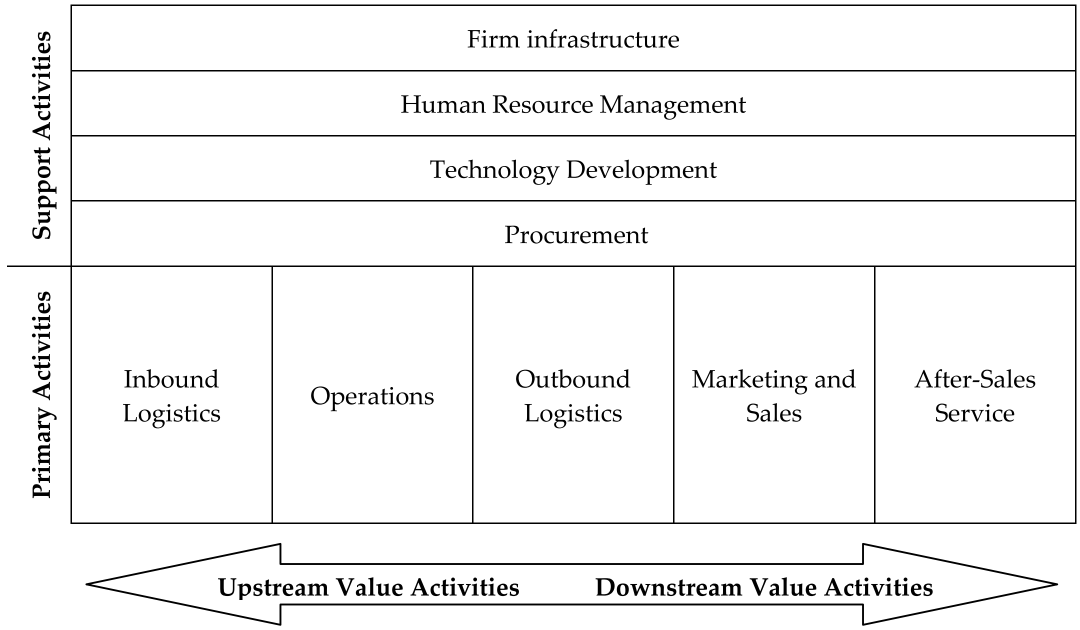

FIGURE 1. Porter's traditional value chain (adapted from Hutt & Speh 2007, 206).

The value chain consists of the primary activities and the support activities as can be seen in Figure 1. The support activities provide infrastructure and are involved in all primary activities that occur in the company. The primary activities, in turn, include the creation of the actual product (inbound logistics), operations, logistical matters of the product (outbound logistics), marketing and selling of the product (marketing and sales), and the service after the sales (service). This thesis focuses on the downstream activities of the value chain, which include the outbound logistics, marketing and sales, and service. Those are the areas that Brunswick can have more effect on and those are also exactly the areas where most of the improvements have to be made in order to become more profitable and gain market share from the competitors who already have strong and well-developed value chains. (Hutt & Speh 2007, 205-206.)

The downstream activities can be translated into something more feasible by introducing the base for any profitable business; the core business processes, which involve the cooperation with the support activities also. These core processes include the product development, inventory management, order-to-payment process, and, last but definitely not the least, the customer service process. The two latter ones are further researched in this thesis. The two first ones are not, excluding the management of finished good inventories, because they are not part of the downstream activities and thus are not directly managed by Brunswick Marine *in* Finland and The Baltic States Oy. (Kotler et al. 2005, 470.) Exact definitions and the involvement of Brunswick in each of the core competences can be seen on Table 1. herebelow.

TABLE 1. Core competences by definition (adapted from Kotler et al. 2005, 470).

	Product Development Process	**Inventory Management Process**	**Order-to-Payment Process**	**Customer Service Process**
Definition	Identifying, researching and developing new products with speed, high quality, and reasonable cost	Developing and managing the right inventory levels, so that adequate supplies are available	Receiving orders, approving them, shipping the goods and collecting payment	Obtaining excellent service, answers and resolutions of problems
Brunswick's involvement	None	Only the management of finished goods inventory	Every aspect in detail	Every aspect in detail

3.2.2 Brunswick's processes transferred into an adapted value chain

A more descriptive value chain (see Figure 2.) needed to be created for Brunswick, as only the downstream activities of Porter's value chain concern their daily business, which were described on Table 1. In Figure 2., the primary activities have been altered to the combination of core competences and traditional downstream activities because those are the very activities that Brunswick needs to focus on in order to improve their value chain activities. All of the modified primary activities are the ones that Brunswick can have direct impact on. These primary activities are further researched in detail. The upstream value activities describe everything that happens beyond the dealer's reach and the downstream activities describe the functions that involve interaction with the dealers.

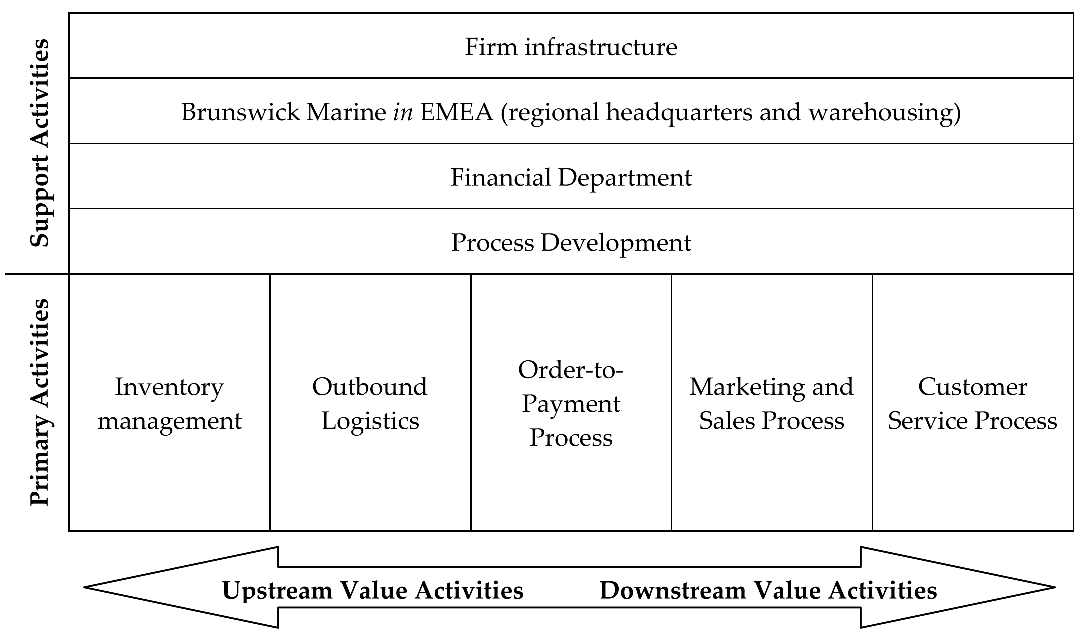

FIGURE 2. Brunswick's modified value chain (adapted from Hutt & Speh 2007, 206).

The support activities are also modified from the traditional support activities. All of them influence each of the primary activities either in positive or negative way. Especially the overall firm infrastructure and Brunswick Marine *in* EMEA, the regional headquarters located in Belgium, have a big impact on all the activities of Brunswick in Finland. Changes in almost any of the primary activities have to be first discussed and approved by Brunswick Marine *in* EMEA, in good and in bad. This is often slowing down, and sometimes even preventing, some improvements from happening. Better cooperation and information sharing should happen, both ways, in this relation. The financial department, in-line with the corporate goals, also holds a strong position when making decisions about new investments or improvements. The process development, in turn, is essential for all the business improvements that happen. The support activities are not further researched in this thesis because they are factors that have an impact on the business of Brunswick, but at the same time they are factors that can not be as easily altered by Brunswick as the primary activities are. However, the support activities will be discussed and analyzed as possible limitations to the actual improvements that could be implemented.

3.3 Conducting interviews with dealers

The research is conducted by interviewing the dealers and letting them raise their individual opinions on how their profitability could be increased and what Brunswick could do better so that higher profits could be generated. Therefore, a careful planning had to be made before constructing the interviews. Better description about the research process, what were the actual issues that were researched and what had to be taken into consideration before the research, is given herebelow.

Qualitative research method

Primary data collection is defined by data that has been collected by the researcher for the specific research problem at hand. There are two different kinds of primary data, qualitative and quantitative. Qualitative research is based on smaller sample sizes and is commonly used for gaining insights and deep understanding to the current problems, for example by in-depth interviews; whereas quantitative research requires a bigger sample size and is typically used for statistical generalizations, for example in the form of customer satisfaction questionnaires. (Malhotra & Birks 2003, 131-134.)

The qualitative research was considered to be the best option for this research problem because the focus of the research is on the respondents' perceptions and experiences, thus on the negotiated outcomes. Therefore, also the questions were formulated in the form of "how to…" or "what can…". This way the most innovative and true thoughts of the respondents were revealed. Moreover, meaningful real-life examples were shared as the qualitative research method gives the opportunity to conduct open-ended questions, as well as the chance to instantly ask for clarifications. What Brunswick has learned from the past is that their dealers are often not willing to answer any additional surveys sent by the importer. Therefore, using the quantitative research method would not have been valid in this case because the sample size would not have been representing the desired population properly. (Metsämuuronen 2000, 40.)

The face-to-face interviews were chosen to be the most effective form of qualitative research, as this is the best way to reveal the feelings and attitudes of each and every respondent. The interviews were conducted at the respondent's premises because that is the most convenient way for the respondents. Two interviews were conducted, however, at Brunswick's office building after a product training day. As those respondents came from northern parts of Finland, this remarkably saved time and resources from the interviewer. To certain extent also small group interviews were possible in this research, in case there were more than one respondent present at the respondent's premises at the time of the interview. (Malhotra & Birks 2003, 158, 179.)

3.3.1 Research questions

The main objective of this research is to learn how the respondents want to develop their businesses in order to meet the ever more challenging consumer demand and what is Brunswick's role in their plans. As the dealers are very dependant on the actions of Brunswick, and vice versa, it is essential for both parties to learn where improvements are needed in order to become more profitable. The main research question was constructed to be simply the following:

How can Brunswick help its dealer network to increase the profitability?

The aim of this thesis is not only to discuss the issues but also to find better solutions to everyday business routines, which in turn can have a positive impact on the profitability. In order to draw a deeper analysis on the problems that currently have a negative impact on the profitability, a further sub-question was created. The sub-question helps to specify the business areas which effect the profitability and everyday business of both parties. The sub-question is the following:

What are the fundamental improvements Brunswick could make in order to better serve the day-to-day functions of the dealers?

The basis for the questions related to this sub-question on the interview (see Appendix 1.) comes from the primary activities of Brunswick's modified value chain, which can be seen in Figure 2. The weak links in the value chain are explored and discussed with the dealers in detail, which also supports Brunswick's strategy of becoming the Best Business Partner 2010.

Finding answers, and especially solutions, to these questions is highly beneficial for both parties, the dealers and Brunswick. Additionally, these results can be shared with Brunswick Marine *in* EMEA, which would result in improvements in the support activities of Brunswick's value chain, thus also supporting the improvements of the primary activities. It has to be noted that all the answers received from the interviews will not be considered as absolute truths, but the accuracy and subjectivity of them will be assessed first. The further solutions and recommendations will be formed after this assessment.

While reviewing the research questions with Reetta Kuusikko (2008), Marketing Manager of Brunswick Marine *in* Finland and The Baltic States Oy, she suggested to add a final question to the end about the three most important factors that would need improvements by Brunswick. Therefore, this question was always asked in the end of the interview from the respondents. This way the most critical areas of improvement can be highlighted more conveniently.

3.3.2 Captain dealers as the respondents

The respondents were carefully selected together with Kuusikko from the biggest and most important dealerships, the Captain dealers, as Brunswick calls them. Especially during these turbulent economic times Brunswick wants to be able to be the best partner for the Captain dealers who, after all, bring most of the profits. They often have the most experience also, thus the individual opinions of these dealers are the most remarkable for Brunswick.

Furthermore, in order to get some consistency in respondents' backgrounds and to make sure that they are able to provide rich insight and a good overall picture of their businesses, all the respondents hold managerial positions in their companies.

The data consist of eleven interviews with eleven managers representing nine different companies, as chain stores are counted as one, selling boats and engines, and who also provide after sales service and winter storage service. Six out of the eleven respondents belong to a chain (C1-C6) and five are individual companies (I1-I5). They all come from different parts of Finland and thus their answers are also widely influenced by the point of business. Therefore, the information about the distance from Helsinki, where the goods are shipped to from the Belgian warehouse before delivering them to the correct addresses, is also assessed in order to compare the satisfaction to deliveries in different parts of Finland. More descriptive illustration of the background information of the respondents can be found on Table 2. All the interviews were conducted in between mid-October and mid-November in 2008, and all the respondents were interviewed according to the same general themes and research questions, which were presented in the previous chapter. The exact interview questions can be found in Appendix 1. The main discussion topics, however, varied a lot depending on the respondent's interests. The interviews themselves lasted from 30 minutes to 120 minutes as some dealers wanted to include real-life examples, such as showing the situation at their warehouses, to support their answers.

The interviews were reported by taking notes during the interviews. The tape recorded was not considered mandatory as the exact wording did not make a difference, but more emphasize was put on the issues that were brought up by the respondents. However, several opinions were captured word by word and these direct quotations are reported in the research findings. All in all, 35

TABLE 2. Respondents' background information

	Chain / Individual dealership	Number of stores	Job title	Distance from Helsinki in kilometers	Years of operation in boat business
C1	Chain	2	General Manager of the chain	114	1
C2	Chain	2	Store Manager	165	1
C3	Chain	2	General Manager of the chain	270	2
C4	Chain	7	Store Manager	419	5
C5	Chain	7	Store Manager	133	Over 10 years
C6	Chain	5	Store Manager	0	50
I1	Individual	1	General Manager	233	1
I2	Individual	1	General Manager	437	22
I3	Individual	1	Store Manager	60	18
I4	Individual	1	General Manager	18	16
I5	Individual	1	General Manager	150	25

pages of data was carefully analyzed and transferred to three separate files. One was an excel sheet where all the answers were collected and divided into sections according to the research questions. As the marketing question always inspired the respondents and a lot of time was spent by discussing the different marketing strategies, a separate word document was used to elaborate those answers. The third file consists of notes that work as direct feedback to Brunswick. Issues that were the most important for the respondent and issues that can be discussed in Brunswick's office and improved immediately were collected into this file. Additionally, all these files are color coded and further divided into categories according to the matters that were discussed most often.

Possible ethical issues

It can be argued that the use of a rather small sample size, as only the Captain dealers were chosen, gives biased results and is discriminating the smaller dealerships, but that is not a big concern for the suffiency of the study as the aim of this study is more at the quality of the responses rather than just making generalizations. Although, it can be assumed that the issues of the Captain dealers, for example within the value chain operations, are the same or at least very similar also for the smaller dealers.

Another issue that can be argued is that the interviews were conducted by a person who also works at Brunswick Marine, which may cause problems with the willingness of the respondents to express their true thoughts. This might also create some difficulties with the objectivity of the interview situation and question setting as the interviewer can easily start leading the respondents. On the other hand, it might even encourage the respondents because they feel that the interviewer knows exactly what they are talking about, for example when discussing the specific programs or processes, and has the power to implement the changes they wish for. The experience showed that the respondents were not shy to express their thoughts, even the negative ones, however, sometimes after a minor encouragement by the interviewer. After all, the fact is that the research helps both parties equally and the dealers seemed to be more than pleased to share their thoughts and answers to the research questions at hand.

Summary

The process from gathering the background information to the analysis of the interviews was outlined in this chapter. The chapter was showing the theoretical objective of the thesis, which is to find the fundamental improvements that Brunswick could implement with its partners within their own value chain; focused on the downstream activities and core competences. The aim is to increase the customer delivered value and strengthen the collaboration with the dealers, thus, leading to higher sales levels and getting closer to the goal of being the Best Business Partner 2010. The research questions gave a clear idea of what the purpose of the interviews is and also the choice of the current respondents was justified. The research findings of the research themes that were described in this chapter will be discussed in the following chapter.

4 RESEARCH FINDINGS

The data analysis started with carefully evaluating and reviewing the data that was collected from the interviews with the respondents, later on referred to also as the dealers, because it is essential to know the data thoroughly before further analysing it. After that, as the data has to be explained in terms of a clear structure (Schostak 2005, 68), the research was divided into two main areas of interest; firstly, the ways to increase the dealer’s profitability, as the dealers see it; secondly, Brunswick’s primary activities and the factors affecting the profitability are explored throughly, one by one. This way all the research questions were answered in a structured way and the presentation of the research findings is clear, despite the fact that the answers were quite scattered in some areas because the respondents were free to lead the conversation and point out whatever they felt having the most importance to them. All of the research findings are described in this chapter neutrally, as they were told by the respondents, and further comments are not included in this chapter yet.

The following research findings identify, explain, and provide dealers' perspectives on controversial issues, to provide information that can assist Brunswick in improving their practices, and to present new perspectives on important and emerging issues. All of the objectives mentioned above are also part of the narrative synthesis approach, which was chosen for the analysis of qualitative data. The narrative synthesis is based on compiling descriptive data and examples, and then gathering them into a bigger mosaic. This further helps to analyze and find similarities in the answers of the respondents. (Cassell 2006, 64.) Thus the answers were gathered first into big mind maps in order to be able to analyze them better as a whole.

However, the weakness of the narrative synthesis is that it may cause some biased interperations by the analyzer. To try to avoid biases, for example by excluding and including certain information, the most repeated factors are systematically mentioned and transferred into charts so that misinterpretation could be avoided as well as possible in those cases. Thus some quantitative methods are used to describe the data. The lessons taught about presentation of categorical data by Berenson, Levine and Krehbiel in their book *Basic Business Statistics* (2004, 54-58) are applied in the presentation of these facts.

4.1 Increasing the profitability - as the dealers see it

With the first question the intent was to let the dealers tell how they think that they could be able to increase their profitability, and what Brunswick's role is in achieving the higher profitability level. As every dealer was free to lead the discussion, the suggestions to this matter ranged from smaller everyday changes to bigger national restructuring strategies. However, there were two matters that were mentioned without expception; pricing and marketing. As one respondent only mentioned marketing, but did not see it as the answer to higher profitability, his share of the marketing was exluded in this chart. The most repeated answers are presented on the following Figure 3. N=11.

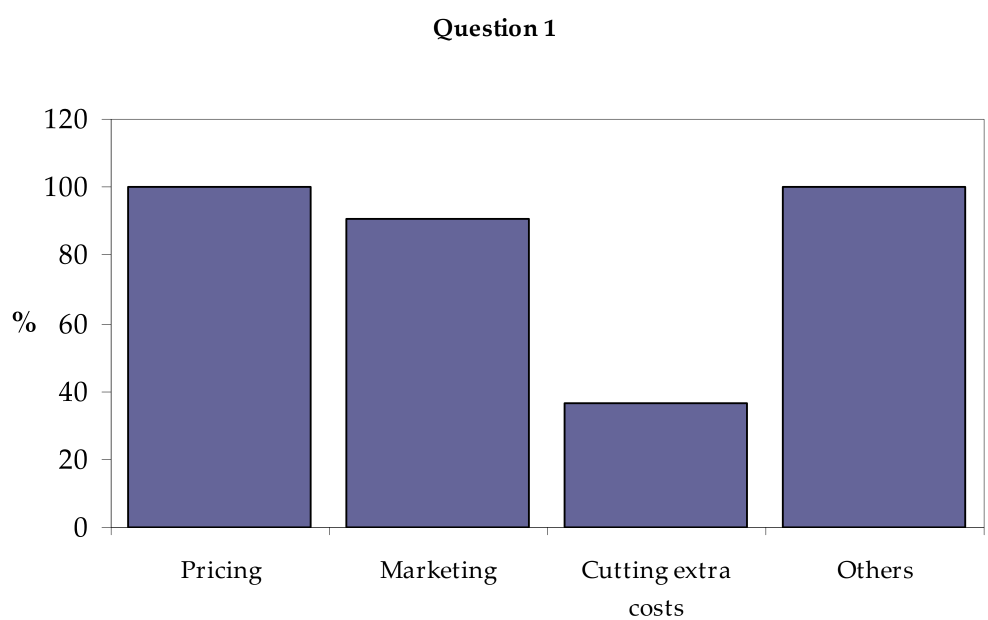

FIGURE 3. Tools for increasing the profitability of the dealers

All of the three main topics are discussed in detail in this chapter. The bar “Others” has also 100 per cent because every dealer mentioned their own individual thoughts outside the three most repeated answers. Those will be discussed within the most common three answers as they can be also related to these topics, however, some of them are also left out from the analysis as they are not remarkable for the research at hand and therefore only reported to Brunswick. However, it was remarkable that the first topic mentioned from all of them was dealing the pricing.

4.1.1 Pricing as the means for higher profit levels

When raising the first question, the first answers came with no hesitation. It seemed to be obvious for everyone that the best and easiest way for the dealers to become more profitable, and to be competitive also during the difficult economic times, would be through some type of new pricing strategies. When all the answers related to the pricing were put together, there were three different factors that could be separated. Those three are presented in Figure 4. N=11.

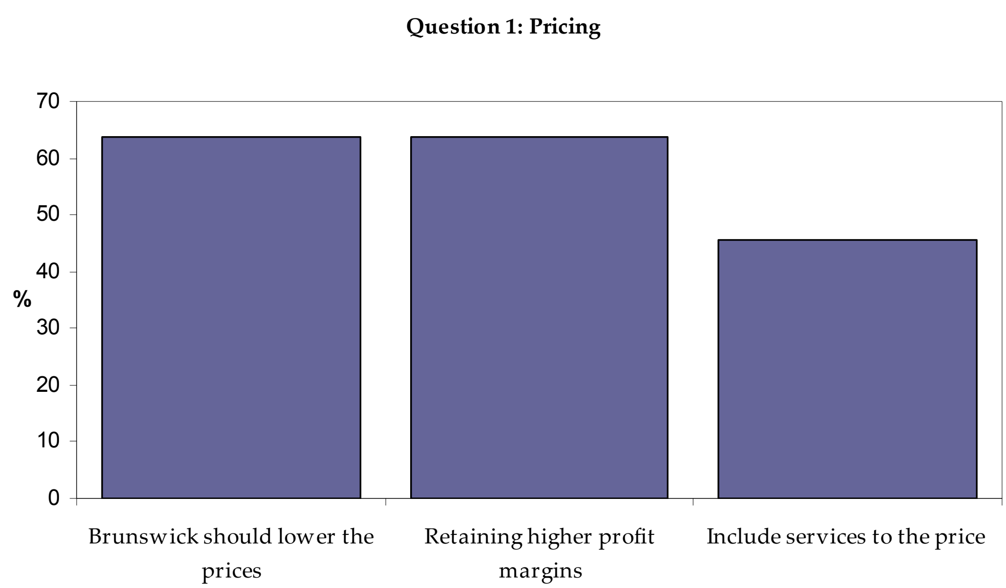

FIGURE 4. Three separate means of pricing

One of the two most common answer concerned the prices that Brunswick charges from the dealers. The prices were considered to be overall too high. Several dealers justified this answer by noting that Brunswick is outpricing itself, and that way also the dealers, in some of the product lines. The high prices make it more difficult to sell certain products and to justify the high price for the consumers. For example, the boat accessories were almost without exception named to be highly overpriced, as are few boat models also. The respondent C4 was interviewed after the product training day of Silver boats so it could be assumed that his answer was reflecting the rise in the prices of that product line. He stated that, "it feels that there are too many commissions now. Brunswick should try to reduce those extra costs so that they would not have an affect on the dealers".

The second most discussed factor related to the pricing was the profit margins. Two thirds of the respondents mentioned the importance of keeping the profit margins at the right level when selling the boats. This way they could easily improve the profitability, but this would require commitment from the entire dealer network. The respondents mentioned that some dealers, usually the smaller companies, had been selling boats for a price that was below the level of that sale being profitable anymore. It has been calculated that the average profit margin should be at least 11 to 12 per cent in order to remain profitable, but these few dealers had been taking the price down to 10 per cent or even below that and thus making it very difficult for others to sell their boats for the normal price with the profit margin being closer to 15 per cent. The contradiction between the smaller and bigger companies is that the operating costs of the bigger dealers are usually much higher than they are for the smaller ones due to the fact that the stores are usually bigger, they have more staff and higher fixed costs. Therefore, the smaller companies can also afford charging lower prices too. The respondent C4 described this phenomenon by saying,

> *The bigger companies are doing all the work, for example by marketing, and then the small companies are only collecting the fruits. Meaning that the small companies benefit greatly from the efforts made by the bigger companies and then they (the small companies) are able to charge lower prices and thus get the deals more easily.*

A cure that the respondent C4 suggested for this matter was the complete restructuring of the dealer network of Brunswick,

> *There are too many dealers now. The bigger companies should get more support from Brunswick and the smaller dealers could work as sub-dealers buying from the bigger dealers. This way the rough price competition could be avoided and price dumping would not exist.*

There were other respondents too who had recently made big investments in the boat business and hoped for the restructuring of the dealer network, as they are also facing problems with some dealers in their area dumping their prices below the profitability level. They stated that the smaller dealers with low operating costs and boat packages from older model years are making it difficult for them to build marketing strategies as this type of dealers are confusing the consumers with their exceptionally low prices. Now, the interviewed dealers hope that Brunswick could have an affect on those smaller dealers who were dumping the prices in order to prevent them from continuing this type of behavior, otherwise it will start effecting the sales of the bigger companies remarkably.

The third common perspective in relation to the pricing and profitability was the meaning of adding extra value directly into the price. This was divided into two different perspectives, the B2C markets and the B2B markets. The B2C pricing concerned the prices that the dealers charge from the end-users. The dealers described their new strategies for the next year and two thirds of them mentioned the high importance of including more services into the consumer prices. This way they think that they will be able to justify the higher retail prices and attract more customers from their competitors. Additionally, one half of the respondents mentioned that they have often used the value added services as the key to the final deal closing. They have for example offered the delivery and the winter warehousing for the boat in order to convince the consumer. The respondent I5 told that they are now using value adding services for their customers also after they have decided to use their services, not only for closing the deals,

> *The customers who have their boats in our warehouse over the winter are always getting invoices from us, but now we decided to send something nice for them too; we will invite them to Helsinki Boat Show by sending them free tickets via post. This way we can streghten the good customer relationship and maybe at the same time sell some additional equipment to their boats.*

In turn, one third of the respondents found offering additional services unnecessary. They feel that the direct price reductions work better on customers and thus help to close more boat deals. Additionally, they would always prefer charging the after sales service separately and start focusing on making the after sales service more profitable than what they are at the moment instead of offering them as inclusive services. The respondent C6 is strongly focusing on making the after sales services more profitable too. His vision is that,

> *We want to the best friend of a boater. We want to offer the customers all the services that they need from the same address. As the boat sales will most likely decrease, we have to focus on increasing the profitability with the help of after sales services and accessories sales.*

All in all, the general opinion was that the customers have to get more value to their boat purchases than what the trend has been before. The boat purchase should be made as easy and fast as possible for the customer. In addition to the previous comments by the respondent C6, he added that,

> *Our main priority is now to make everything convenient for the customer. We are not going to price anything separately anymore but instead give the customer a ready-made service package which includes all the needed products and the actual service in one price. Furthermore, we are going to collect all the customer data and start reminding the customers about the services that they need for their boats and engines at certain time periods.*

Another good example of how to respond to the new type of consumer demand by adding some extra value came from one of Brunswick's most important and successful dealers at a dealer meeting, "we have sold boat packages so that the deal was made in the morning and the boat was already on the water in the afternoon". One third of the respondents referred back to comments as these. It was agreed that this would be the ideal boat deal between the dealers and the consumers, but at the same time they reminded that this should be the deal between Brunswick and the dealer too, roughly. The respondent I3 critized Brunswick for idealizing this type of deals as long as their services towards the dealers are not supporting this type of selling,

> *Brunswick can not expect us (the dealers) to be able to prepare and deliver ready-made boat packages to the consumers as long as they are not delivering the boats, engines and the accessories at the right time to us.*

The availability and delivery issues will be further discussed later on. All in all, it seems that the dealers are willing to move closer towards ready-made packages when it comes to boat sales. As the dealers are adding value to their customers in the B2C markets, they would appreciate Brunswick to do the same in the B2B markets. Brunswick's prices should include more services or at least fulfill the promises they have given. One fourth of the respondents mentioned that it would be essential to get the boats directly from the factory as ready-made packages. This would be an excellent value added service from Brunswick and the boat manufacturers for the price that they are charging the dealers. This would also save a lot of money and effort from the dealers as they would not need to do anything to the boats but they could directly sell them to the consumer. The dealers also believed that this would help to close more deals as they could deliver the boats faster and they would not need to spend as much resources in preparing the boats for the consumers after the delivery from the factory.

4.1.2 Increasing the income by better marketing efforts

The marketing was the most widely and elaborately discussed topic during the interviews. As with pricing, there were some issues that were raised by all the respondents. The respondents, all but one, believed that they could become more profitable by getting more support from Brunswick to improve the areas of marketing. This one respondent did not find marketing, or anything to that matter, as a tool for higher profitability during these economically turbulent times. He believed that the turnover will decrease and “that’s it”. Even though this respondent had a slightly pessimistic view, the other respondents spent most of their time describing the marketing areas and improvements they felt were important to implement in order to generate more sales. These areas could be categorized into four different topics, as can be seen in Figure 5. N=10.

Every respondent who found marketing important for increasing the profitability hoped for more support for local marketing. They all believed that this is the best way to reach the potential customers and to attract them coming to the store. When further asking what type of local marketing they wished for, the answers were quite general. Over two thirds of the respondents mentioned that the local marketing could happen in the form of advertising in the local newspapers, either by having ads in them or by distributing leaflets in the middle of them. This way they believe they could

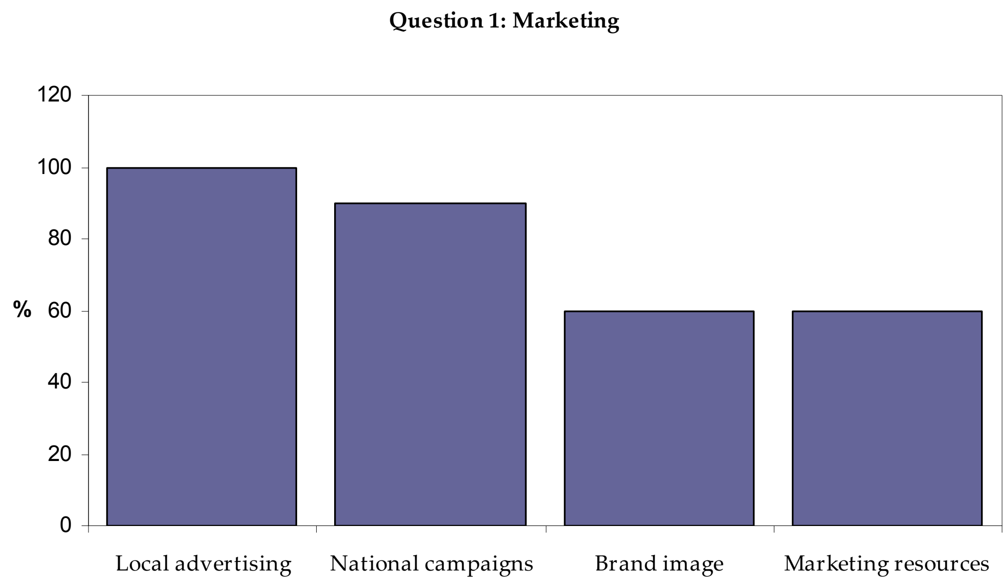

FIGURE 5. Marketing areas where dealers need better support

reach exactly the right group of people and build awareness in their area. Especially those companies who had operated for less than two years strongly emphasized the meaning of frequent exposure in the local media.

On the other hand, those companies that had operated for ten years or more were not as eager to spend resources on traditional newspaper advertising. Two of those respondents stated that the customers in their area already know where they are and that the customers know that when they need a certain type of boat, they can find one from them. These two also added that they do not see any meaning of spending resources on trying to attract their old customers to come and upgrade their boats because they feel that they have given such good customer service at the moment of the purchase that the customers will be happy to come back anyway. These companies with long traditions in boating industry would now want to focus more on finding new ways to reach the potential customers from outside their traditional market area. For example, the ever increasing influence of the internet should be taken well into consideration. It would be essential to find new channels online to reach the potential customers.

Both, the newer and older companies, equally talked about the meaning of good national marketing, which they believe is fully Brunswick's responsibility. The example that was often first brought up was the -20% Silver campaign that was launched by Brunswick in July 2008. Everyone seemed to be highly satisfied with the decision to have this campaign, even though the opinions about the implementation of the campaign were very diverse,

> *The campaign started too early, it would be important to launch this type of discount campaigns always after the high season.*
>
> *The campaign started too late, Brunswick should have reacted faster to the decreasing costumer demand.*
>
> *I am happy that the campaign was launched, but I am also very happy that it ended.*
>
> *There should have been more information about the campaign in advance.*

All in all, the general feeling about the campaign was very positive and everybody concluded that it had a positive effect on their sales and the overall profitability of the late summer. Using the Silver campaign as an example, many respondents started telling about ways to improve the implementation of the campaigns. The general message was that it would be very important to discuss the campaigns beforehand with the dealers and get some ideas, both ways, before the actual launch of the campaigns.

Brunswick's products would need better exposure nationwide. The respondents agreed that the marketing has been good, but not enough. Respondent I4 described the situation like this,

> *The people who come to the store to buy the boats are not aware of the campaigns that are running and have not seen any ads, but as soon as they hear about the campaigns as they are already in the store, of course they are happy then.*

Another respondent also described same type of situations that had happened to them. Both of these respondents concluded that the situation should be turned upside down. The main purpose of the marketing campaigns should be to attract new people to come to the store. The previous campaigns have not succeeded in that well enough. It was concluded that as soon as the customer is inside the store, that is already a victory and the deal will most likely happen. The challenge now is how to get the new customers entering the store. That is where the marketing and campaigns should help.

About one half of the respondents requested for some events that could be implemented as national tours. Those dealers would like to organize experiental weekend happenings where the people would have a possibility to have test drives, get information about the products and their after services as well as organize some activities for the children too so that the families could come there altogether. For example, the respondent I4 suggested that,

> *You could have a big Silver truck, or any other boat brands there too, that goes around Finland and stops at all the major dealerships. These boats could be used for test drives and people would get the feeling of actually driving the boats instead of just seeing them in the showrooms. The tour would have heavy national marketing, for example in Iltasanomat, and would finally happen in May.*

Additionally, there were suggestions that the event could happen already in the beginning of April and that there would be also Brunswick's after sales staff telling about the technical aspect of the engines and boats. Many of the respondents referred to the habits of the automobile industry and Brunswick's competitor's actions when describing how this event should be organized. There were also respondents who were strongly against this type of events too. They felt that the people who come to this type of events come there often only for fun and to try out the boats without even an intention to buy, therefore this type of marketing efforts are not very cost effective.

In general however, the respondents believed that this type of events would build more brand awareness towards Brunswick's products, which right now do not have a strong brand image. All in all, the general opinion was that the average customers are not aware of the differences between the brands and it is more often word-of-mouth and prices that directly effect the consumer's minds. Therefore, the dealers would like to increase the level of brand awareness nationally. About half of the respondents supported the idea of the entire dealer network always using similar-looking ads for the same brand. The respondent C1 justified this by saying that,

> *There should be ready-made advertising bases provided for us dealers to use. We would only need to add our own logo on the ad. This way the marketing costs could be reduced and the brands would start having a certain image in people's minds as they would be always presented in a same way.*

A more distinctive brand image would help to justify the purchase of certain boat brands and also give a reasoning for the pricing. The respondents agreed that some brands are already on a right direction with this type of behavior, for example the Silver boats have created their own image already. More national branding was wished especially for Quicksilver boats as those are yet very unknown in the Finnish markets. One solution to the brand building came from the respondent I3,

> *There could be a thin magazine, which has all Brunswick's products presented in it so that each brand would have its own page. There would be a short description of the qualities of the brand and advertisement of the most popular boat packages. This magazine could be then altered to the needs of every dealer individually and sent locally or it could be used as a national advertising letter inside of another magazine.*

This respondent said also that they had tried something similar before only with their own products and it seemed to have worked very well as there were people coming months after the distribution of the magazine and asking for the boat packages that they had seen on that magazine. He also found this to be a cheap option for easily generating more profits. Another respondent told that they had also distributed their own magazine, 15 000 copies, and they found it a very effective way to reach, especially, the summer cottage owners who come from the capital area.

The fourth most common area of marketing related discussions concerned the marketing support that Brunswick is giving for the dealers. The support was often critized because of the low amount or because it is issued only after the campaigns. The general opinion of the respondents was that the support should be issued three or four times a year. Few also mentioned that they would like to know their budget already beforehand so that they could plan their marketing better. One of these respondents was the respondent C6,

> *We would like to become the display window for Brunwick's products by having all the most important accessories and boat models available at our store. This requires a lot of resources and capital to be successful, therefore we would like to know already in advance how much support we can get for implementing these plans.*

The respondents would appreciate if the individual needs of the dealers were assessed and the marketing support was given according to those individual needs. Furthermore, the distribution of the marketing support was questioned. As mentioned before, especially the bigger companies were concerned about the fact that they are not receiving as much marketing support proportionally as they should in relation to the smaller companies. For example, the respondent C4 stated that, "the support should be directed to those who really use it well and who will continue in the business, also after the difficult economic times".

All the chain dealers raised this similar concern. Additionally, respondent C3 worried about the amounts of the marketing support for the next season, but he looked at the issue from a little bit different perspective,

> *What happens now as the marketing support amount is based on the sales figures, and during the next season the consumer demand will drop and our purchases from Brunswick will be rather low as we already have so much stock on our yards?*

The other dealers were not as worried about this, but rather were focusing the meaning of targeting even the little marketing support to the right campaigns and right actions in order to improve the sales. In order to succeed in these right marketing efforts, the information sharing and cooperation, both ways, should be improved, thus leading to more cost effective campaigns and maximizing the profits for both parties.

4.1.3 Cutting extra costs to control the expenses

One third of the respondents mentioned the challenge for them being the seasonality of the products. Especially during the wintertime the costs are very high in relation to the generated income and often they also have too much personnel. On top of that, as the customers are possibly getting fewer and workload is getting smaller, the respondents mentioned that they have to be able to cut all the extra costs and start thinking carefully where they spend their money. Example included dismissing some of the workers for the winter season or closing the entire store for two months in order to save in the costs. Closing down the store is not an option for those who are also selling equipments for winter season. That is why the savings are made everywhere else possible, for example, the marketing and traveling budgets were mentioned to be the first saving targets.

4.2 Strenghtening the cooperation through primary activities

After letting the respondents tell freely by which actions their profitability could increase, the influence of Brunswick's primary activities (see Figure 2.) to the profitability was researched. Some of the issues already raised during the first question were also part of the improvements that need to be executed in the field of the primary activities. Regardless of that, all the primary activities were examined one by one with the respondents and they were, again, free to lead the discussion to whatever topics they felt having the most importance to them. All of the answers to question two were highly important as these are all factors that Brunswick can have a stronger influence on, and some of the improvements can even be implemented immediately. Knowing and reacting to the issues raised also enhance the cooperation between Brunswick and its dealers, thus helps Brunswick to achieve the goal of being the Best Business Partner 2010.

Inventory management

The inventory management, or the product availability more accurately saying in this case, was discussed at first. As soon as this question was raised, the immediate reaction was most often a short silence and then a comment, "well, I guess you know already". After encouraging the respondents to tell more about their problems that had occurred, despite the fact that the topics would be commonly known already, there were clearly four different factors that had caused most of the problems for the dealers. The availability difficulties of these following products had resulted in losing deals, or almost losing many deals which had caused losses to the dealers as they had had to give extra services or takeaways to still keep their customers. N=11.

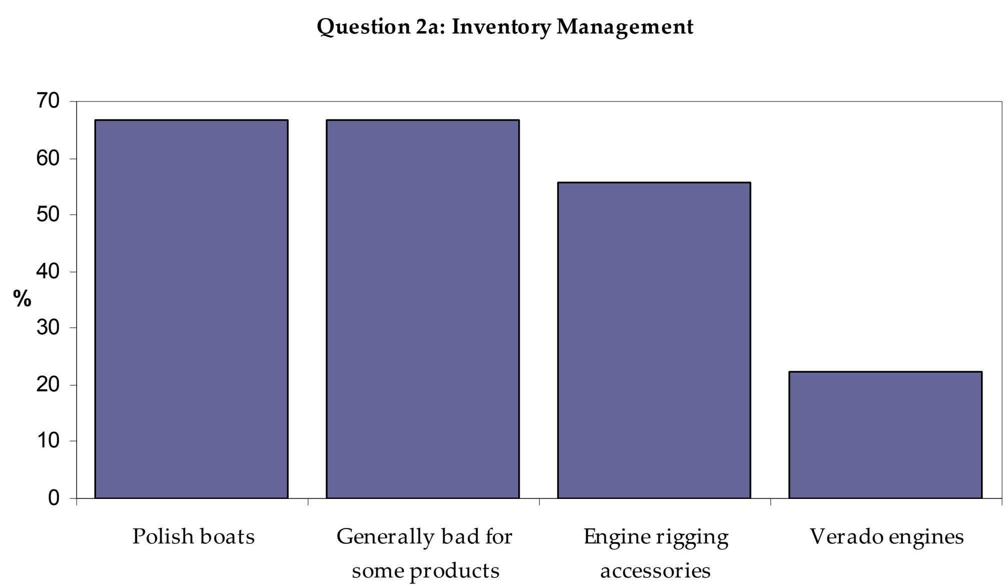

FIGURE 6. Products that have had availability issues

Two thirds of the respondents mentioned the major availability difficulties with the Polish boats, meaning Örnvik boats. Even though it is already a lot that 67 per cent of the respondents felt that these difficulties were influencing negatively their profits, it should be added that the rest who did not mention these issues, do not sell this product line at all. Therefore, it could be concluded that every dealer who was dealing with the Polish boats was unsatisfied with the inventory management and delivery of those boats. The respondent C2 described the unfortunate problems like this, "the customers, who we already had a deal with, went and bought their boats elsewhere as we could not deliver the boats for them in time".

Many other respondents told same type of stories, as well as about all the extra services and takeaways they had to give in order to keep their unsatisfied customers. It was also mentioned that the situation was made even more difficult because no one was able to tell when the boats would be arriving. Some even had to give another boat for their customer for the time that he was waiting for his own boat to arrive. None of the respondents was eager to elaborate this issue more than was necessary as they believed that Brunswick already is well aware of this issue.

Problems with service parts in general were also outlined by two thirds of the respondents. Many of the respondents could not understand how the availability can be so poor for some parts and accessories that are needed for normal services, not only this season but every year. The urgent service parts are sometimes as back orders for weeks, even for months in worst cases, as the case has been with some oils and filters for example. This should not happen, especially during the busiest service times. Some of the respondents said that they understand that there is a long leading time, for example, for parts that are needed for 1978 model year engines, but the accessories for the newer models, especially the most common warranty parts, should always be available. The general opinion was that there should certainly be even a small warehouse in Finland for the most urgent parts so that the dealers would not get in trouble because of the problems that are occurring in the central warehouse.

The availability issues of the engine rigging parts were discussed more detailed with over half of the respondents. Again, it is worth mentioning that those who did not have any problems with this type of issues were those who had ordered most of their engines either without accessories or already during the pre-ordering season in the wintertime so they had a lot of rigging accessories already in their warehouse during the summertime when most of the dealers were facing problems with them. The respondent I5 summarized the problem to be the following,

> *If I order an engine, the engine might come first on the following week, then the accessories might come in five different boxes at five different times later. In the end, when we start installing the engine, we might notice that the cable is still missing. Additionally, it is almost impossible to track which part goes to which engine when they finally arrive.*

Other dealers gave similar examples. It was suggested that the best would be if the engines would always have the rigging accessories inside the actual engine box, as one of Brunswick's competitors is doing, and that way all the confusion could be avoided. Furthermore, the least that could be done in order to prevent the similar "mess" with the engines and their rigging accessories, would be to clearly indicate on the invoices and consignment notes which engine these parts belong to. All in all, the common opinion was that this type of availability issues should definitely not happen again next season. It is unacceptable that the dealers have to postpone, in the worst case, the delivery of an entire boat package because of some missing accessories from the engine, which should naturally always be available at the importer's warehouse. This causes sometimes even direct losses to the dealers as they have to offer additional services to the customers in order to hold the deals.

Verados were named to be the fourth biggest problem, as it was mentioned by one fifth of the respondents. They described the waiting time to be "terribly long" for the Verado engines and that they almost lost their customers because of the unreasonably long delivery time.

Outbound logistics

The logistics was not discussed as much as all the other primary activities. This was due to the fact that most of the respondents were rather happy with the logistical operations. It was mentioned that there were not any major logistical issues that would have affected negatively the profitability, excluding the Polish boat deliveries. However, those who lived 150 kilometers or more away from Helsinki said that the parts and accessories should be delivered faster. The respondents understood that there are often problems with the availabilities, but in case there is not, the delivery of the parts should not take more than maximum two days, especially not during the busy summertime. The respondent I5 compared Brunswick with its competitor by stating,

> *With the competitor's deliveries we can always be sure that if we order today, the products will be here the next day between 13 and 13.30 o'clock and that is so certain that we can tell the customer to come at that time to pick up their products. With Brunswick however, we can't even tell the day, sometimes not even the week, when the products are arriving! This situation should change soon.*

Even though the uncertainty of Brunswick's deliveries from Belgium were often discussed, still, the worst issues were again named to be with the Polish boats and their accessories. The respondent C4 recalled the last summer by saying, "boat deliveries from Poland were often wrong products, at wrong time and no one informed us when they are arriving. Moreover, the invoices were incorrect also". Additionally, it was mentioned that the delivery of accessories is also always very slow from Poland. All the respondents talking about the problems of Brunswick Marine *in* Poland were still hopeful that maybe next season everything will be better, at least it can not get any worse than what it was this year.

Order-to-Payment Process

The respondents seemed to be satisfied with the ordering procedure and all the programs and processes as no one mentioned any issues related to them. However, the big issue that was always raised by every respondent was the invoicing. They mentioned that there has been problems with the correctness of the invoices and that it requires extra work to check all the invoices as they can not be trusted to be right, especially concerning the engine and boat invoices. Everyone mentioned one area of invoicing to cause the most problems for them. The distribution of these biggest invoicing problems for the dealers can be seen in Figure 7. N=11.

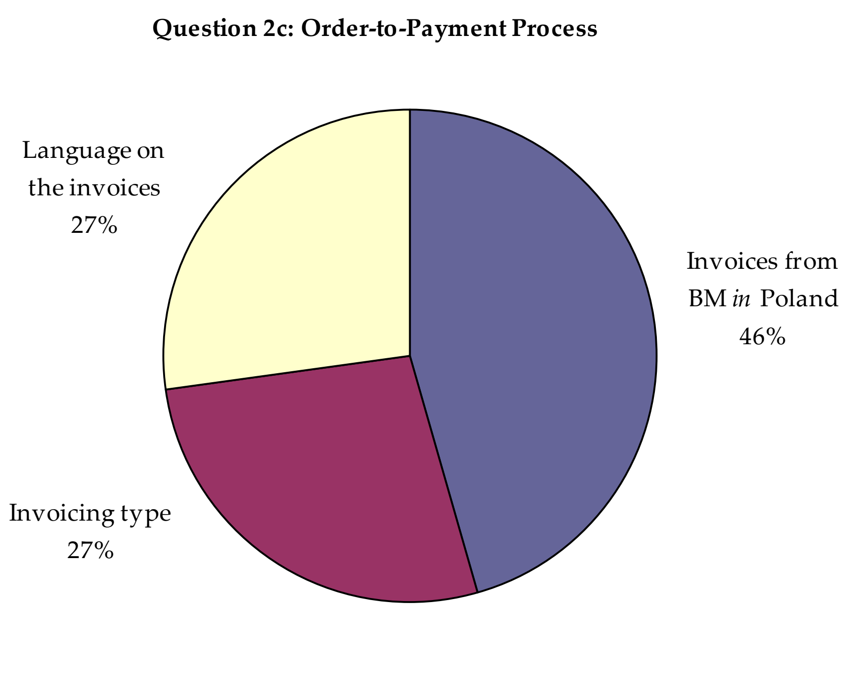

FIGURE 7. Problems with invoicing

Almost half of the problems with the invoicing concerned, again, the Brunswick Marine *in* Poland. This 46 per cent of the responses, meaning almost everyone who sells those boats, said that the correcting and confirming these invoices have taken unreasonably much effort and resources away from the real daily business time. Some of the respondents further explained that some mistakes on those invoices have still not been resolved.

The second most discussed topic within the order-to-payment process was the invoicing types. The request was that a boat and its accessories would be invoiced on the same invoice. Brunswick also got feedback that GE as a provider of credit services was complicating the paying of the invoices. One respondent said that the invoices can not always be found from the GE system even though the invoice has already been sent by Brunswick and that there has been some communication problems between Brunswick and GE as the prices do not seem to always match.

The third big issue that the respondents had had with the invoices is that the invoices are all in English, or in Swedish in some cases. This has complicated the handling of the invoices as the employees have not known what the invoice is for. Almost one third of the respondents requested the invoices to be in Finnish. However, they also realized that that might be a little bit difficult for invoices that come from Belgium, but they hoped that at least the Finnish boats and their accessories would be invoiced in Finnish instead of having them in English and sometimes even in Swedish.

Marketing and sales

Marketing was already widely discussed in Chapter 6.1.2. There were many matters that the respondents wanted to improve in the marketing area. On the other hand, the sales force related issues have not been reported yet. The general feeling was that the cooperation between the sales force and the dealers is working well. However, there were some respondents who critized their salesman for not being reachable or always transferring the responsibility further to some other person. These few said that it is impossible to reach their salesman on the phone, especially if there are some unpleasant issues that need to be discussed. One respondent said that they still have some unresolved issues from last season as they have not been able to discuss the matters with their salesperson. These comments were not directed to all the salespersons but mainly to one whose name always appeared when discussing the issues with sales. Some respondents also explained that they have had some problems with receiving the right products with the agreed price, if the order had been made only by discussion with their salespersons.

Customer service

About one third of the respondents was satisfied with the customer service and could not find any improvements to it when asking how Brunswick's customer service could better help the dealers and thus improve the cooperation with the dealers. The rest were asking for more information sharing about the deliveries, announcements and also about the bad news. This way it would be easier to give a reason to the end-user when he or she is asking for his or her boat or engine, which has not arrived yet. Furthermore, few respondents hoped that Brunswick could stop the constant transfer of phone calls. The respondent C5 stated that, "it would be important to have one person who to contact and then he or she will find the answer and call back".

Furthermore, the after sales personnel were criticized for being hard to reach by over half of the respondents. Many of the respondents also told real-life examples of the issues that had occurred with the after sales services or with the accessories. Many of these stories accussed Brunswick to have poor information sharing, for example about the contents of some kits, which also made it difficult to resolve the problems at hand quickly enough. Especially during the busy summertime it would be important to always reach someone. Almost half of the respondents was also suggesting Brunswick to hire more after sales personnel in order to better meet the high demand for technical support.

Three most important factors that would need improvements

The answers to the last question were included in the description of the other questions. By asking for the three most important factors in the end, it was easy to point out the most important topics from the answers to the other questions and be sure that they will be also reported in the thesis. The four most repeated topics at this point were the challenge with 2008 model year boats, the high prices that Brunswick charges from the dealers, directing the support to the right dealers and the product availability issues. However, one new topic was brought up at this stage too as the respondent C4 referred back to the promises given by Brunswick's management when Brunswick Marine had just started in Finland,

> *Where are the trips to the south what were promised when we started this cooperation? Of course I am just kidding, but it would be nice if there still could be some type of events and happenings for Brunswick's dealers. It would not need to be a long trip somewhere abroad, it could be just a weekend somewhere in Finland also. This way Brunswick could build team spirit among its dealers and at the same time use the opportunity to encourage them and build trust in what we are doing.*

The meaning of the good team spirit was also emphasized by another respondent. He described how Brunswick's competitor has created almost a family-like relationship with its dealers and is pursuing the dealers to have that kind of relationships among themselves too. He added that it would be excellent if Brunswick could also go more to that direction with its dealers.

Maybe there would be more cooperation instead of competition between the different dealers as a result.

Summary

The answers to the research questions were presented in this chapter. The experiences and issues of the dealers were described, as well as the influence of those experiences and issues to the profitability were portrayed. The next chapter will discuss the usefulness of these answers and the ways that they can be taken into consideration when creating the further action plans in order to increase the profitability of the entire dealer network and enhance the cooperation between Brunswick and its dealers.

5 DISCUSSION

This thesis has described the current state of the marine industry and Brunswick Marine, both globally and locally, which are both very challenging at the moment. After the background discussion and carefully choosing the best suitable research methods and questions, the opinions of Brunswick's most important dealers to the ways of increasing their profitability and succeeding in the difficult market environment were examined by interviews. The opinions and betterments to the activities of Brunswick were discussed. These answers were reported neutrally in the previous chapter and criticism towards them was avoided. In this discussion part, however, the accuracy of the answers and major findings are described. First of all, the limitations and challenges for Brunswick will be mapped out and discussed. Not only the market condition factors will be discussed, but also the restrictions that are set for Brunswick from the corporate level will be discussed, as those have a major influence on Brunswick's everyday decisions and improvement plans.

The possible solutions to the research questions are discussed, based on the respondents' answers, as well as also taking into consideration the industry situation and limitations to the implementation.

5.1 Challenges and limitations to the implementation of improvements

The new market conditions, the decreasing customer demand and lower sales figures, are making every one in the boating industry to reconsider its operations. Brunswick Corporation has also revised its strategies in order to ensure that the company will stay healthy even during the current downward trend. Brunswick Corporation has decided to resize the company and to remove 300 million dollars in fixed costs by the end of 2009. This was a message from Dustan McCoy (2008c), Chairman and CEO of Brunswick Corporation, in his press release letter in October. Changes are surely happening. Naturally, all of the corporate strategies also affect Brunswick's operations in Finland as well. However, the big challenge for Brunswick in the next season will be; how to perform, and be able to improve, the value chain so that the actions will be in-line with the corporate cost saving strategies and also please the corporate managers. Furthermore, the value chain improvements should support the growth strategies as well as the goal of becoming the Best Business Partner 2010.

Unpleasent, but mandatory, reconstructing efforts

The structure of an organization must always change to accommodate the firm's current business environment and the specific objective at hand. When a company makes changes in its strategy, for example as the market conditions change, it will usually also need to change the organizational structure. (Deresky 2003, 292-293.) Deresky (2003, 309) describes the best organizational structure as one that facilitates the firm's goals and is appropriate to its industry, size and competitive environment. The structure should work dynamically in changing market conditions and support the company culture.

As the theory above suggests, Brunswick Corporation has made many organizational changes during the past year because of the worsening marine market conditions. They have reorganized physical distribution operations, for example by closing down factories and restructuring their branch offices (see Chapter 3.1.1.), in order to move to a more regionally based structure (Pfeifer 2008b). This has caused some uncertainty also in the dealer network, as could be sensed during the interviews. However, McCoy (Brunswick Corporation; Brunswick Declares Common Stock Dividend 2008), Chairman and CEO of Brunswick Corporation, justifies these actions by saying that all the restructuring has been deliberate and appropriate in relation to the events and changes in the marketplace. He thinks that these actions are in the best interest of the company and its shareholders and that they help to better position Brunswick Marine to benefit when the markets improve. By this means, these restructuring efforts should neither effect negatively the core processes of Brunswick Marine nor make the collaboration with the dealers more difficult, as many of the respondents were concerned about this fact. It is a challenge now for Brunswick to handle the resizing efforts so that they would not act as limitations but rather as beneficial changes to the value chain improvements. Additionally, reducing the complexity of the operations is what Brunswick Marine is trying to accomplish by these new changes.

Challenges brought by the strict cost management

Ensuring that the company will stay healthy, especially during the downturn, almost inevitably requires smart cost management. Sloman and Sutcliffe

(2004, 495) state that even small cost savings can mean the difference between failure and success. Brunswick is not relying only on small cost savings, but its goal is to remove 300 million dollars in fixed costs by the end of 2009 first, and to continue searching for new ways of minimizing costs. Fixed costs, those that do not change in proportion to the output of a business (Sloman & Sutcliffe 2004, 173), are only the first cost saving targets.

The cost savings are visible in everything Brunswick does nowadays. Eliminating fixed costs in a structured and organized matter, and generating cash are the vital aspects of Brunswick's cost management efforts today. All the costs, especially discretionary spending and capital expenditures, are under a very strict control now. (McCoy 2008d.) Jussi Sepponen (2008e) is pleased to see that the company has been able to do such big and smart cuts in the costs early enough, and also within a very short time period. Even though he realizes that it might feel very difficult and uncomfortable now for many partners, such as the dismissed suppliers and boat builders, and other employees, he finds this very important in order to keep the company healthy and profitable. Well-planned cost management is essential for making good results during the downturn of the industry when the sales are on a lower level. McCoy (2008d) encourages his personnel by promising that after these tough actions, Brunswick will emerge stronger than ever and outperform its competitors.

However, the constant saving and avoidance of fixed costs are limiting several improvements from happening, as the needed investments can not be included in the strict budget restrictions. Brunswick's department that is influenced probably the most because of these financial changes, is the marketing. As was often brought up during the interviews, the marketing support is not as comprehensive as it should be. The dealers and the marketing personnel would have many excellent ideas that could, and should, be implemented, but they are limited because of the cost saving efforts of the company. It is very challenging to find marketing solutions that would at the same time satisfy the needs of the dealers as well as the tough cost saving goals of the top management.

5.2 Fundamental improvements as major findings

There were surprisingly few new concerns that the dealers brought up during the interviews. Most of the issues and problems are already commonly known at Brunswick, but it was still important to gather all the feedback again at the end of the season, as the previous researches were conducted before the peak season. However, the recommendations on how to improve these areas, as well as learning how the problems of Brunswick have been affecting the profitability of the dealers, were more remarkable findings.

Pricing

The dealers seemed to agree that the profitability could be increased by effective pricing, both in B2B and B2C markets. The most common and self-evident answer was that by lowering the prices Brunswick could immediately make the dealers more profitable. Lowering the prices would be of course the easiest way for the dealers, but it is quite impossible to implement by Brunswick as the standard costs are fixed and Brunswick has to also keep a certain profit margin in order to operate maximally by itself. By having higher prices Brunswick also shows that they do not want to get into any pricing competitions but rather compete with the quality of the products. The pricing is something that can always be argued and most likely, no matter what the prices are, the customers, the dealers in this case, would want the prices to be lower. That is why there will be not much emphasize put on analyzing that.

The dealers also highlighted the importance of retaining high profit margins and that way increase the profitability even though the sales volumes would decrease during the downturn. This was mentioned as a result of the tough price competition within the dealer network, and campaigns when boat packages were sold with 20 per cent discounts in order to clear out some of the excess stock that the dealers have in their yards. During the next season most of the dealers would like to see the low prices as the last option for closing the deals, despite the fact that the media is giving a message to the consumers that the boats will be sold with good discounts during the next season.

The third pricing related topic was having more services included in the price, both in B2C and B2B markets. Even though this was mentioned only by one third of the respondents, it is still very remarkable because this is certainly the direction where the marine industry is, or should be, heading now; the customers want more for their money. Referring to the theory discussed in Chapter 3.2.1., the dealers would be willing to offer more customer value and reduce the customer costs in the consumer markets, but they are not able to do so before Brunswick does the same in the business-to-business markets for them. The dealers used the availability problems, uncertain deliveries and incorrect invoices as examples that had caused unnecessarily high customer costs, meaning monetary, time and energy costs, to them. All of these issues have also made it difficult for the dealers to serve their customers as well as they would want to. Their experiences were all truthful and they were completely right when stating that Brunswick critically needs to improve its operations.

Reducing the costs as a means for improving the profitability was mentioned by about one third of the respondents, which was a surprisingly small number. The respondents mainly described the ways to generate more profits, but the majority was at the same time forgetting the high importance of cutting the extra costs. Probably this was not discussed as often because it does not require any involvement by Brunswick and therefore they did not see it worth to mention. Those who said they would reduce the costs mentioned that they would do it by laying off some of their personnel or by cutting their marketing budgets, just as Brunswick Marine is also doing.

Marketing

The different kind of marketing strategies were widely discussed as well. Naturally, the respondents believed that the sales volumes could be increased by more effective national and local advertising, more emphasize still put on the local marketing efforts. As the theory described in Chapter 3.2., in the markets, such as the marine markets, where the end-users are not yet strongly aware of the brands and more emphasize is put on the core values of the product, the marketing efforts on creating brand preferences do not have as strong impact on the consumers as maybe in other markets.

It was learned during the interviews that the boating industry is not very professionally competed yet, as for example the automobile industry is; often the case is that there is one store per town which sells boats and the customers choose their store by the location rather than by any other means. This could be clearly perceived just by looking at the stores of the dealers. They are definitely not up-to-date, excluding a few newer dealers, and the dealers do not even have any ambition to change that either because they believe that that would not change their sales figures in any way. Additionally, partly also due to the unprofessional and rather low competition, it was evitable that many of the dealers are not very marketing-oriented and they did not seem to have a clear vision of how the marketing should be organized effectively. At this point it has to be taken into consideration that the dealers who were interviewed were all the most important and professional dealers that

Brunswick has. It can be stated, based on observation, that a vast majority of the other dealers are even less marketing-oriented and professional than any of these interviewed dealers. Therefore, if the ideas of these dealers often required a lot of organizing and monetary support from Brunswick, overall, it can be assumed that the entire dealer network needs a lot of attention and support for marketing and updating the businesses. Thus the meaning of close cooperation is emphasized.

The dealers often used examples from Brunswick's competitors when they described what kind of marketing campaigns they would want for themselves. One limitation to the implementation of the desired campaigns is the big variance in the opinions of the dealers as they often had totally opposite opinions on what kind of campaigns or marketing efforts work for them. This makes it challenging to distribute the marketing cost effectively in case all the dealers are not committed to the same plans. A common thought was, however, that Brunswick should strenghten the image of its brands, or create a brand image for its products that at the moment do not have any, that would distinguish them from the competitors. In that sense, it looks like the dealers are slowly willing to move towards more marketing-oriented businesses. Nevertheless, the relationship between the dealers' contribution and Brunswick's share have to be balanced so that the relationship would be reciprocal. Not so that Brunswick organizes and pays for most because Brunswick simply does not have the resources for that at the moment.

Improvements are needed in the primary activities

The research showed that Brunswick certainly has many areas of business that need improvements before they can be even considered to be the Best Business Partner. The main areas where the dealers are highly unsatisfied with Brunswick are the inventory management, thus also the logistics to certain extent, invoicing, after sales services and everything related to the

Polish boats. These issues were all also mentioned to cause direct losses to the dealers as they have lost deals or needed to offer inclusive services in order to keep their customers, excluding the problems with incorrect invoices which had only caused unnecessary effort and time from the dealers. Now more than ever, during the economic downward trend, all the deals would be important to close and it could be observed that every deal that was lost because of Brunswick's incapabilities within its value chain (see Figure 2.) was especially irritating the dealers and, therefore described in detail during the interwiews. The feedback was also consistent with earlier researches by Weichert (2008) and Bergqvist (2008) conducted among the dealers as same kind of results were released; the availability issues of the service parts and accessories, problems with engine rigging accessories and the Polish boat deliveries were mentioned to cause most of the problems, and even direct monetary losses, in relation to Brunswick.

It was unfortunate to learn that Brunswick has such big issues with the primary activities, according to the dealers. It has to be admitted that Brunswick did have, and still has, severe problems with inventory management and logistics. Thus the answers are completely justified. These results prove the research by Christopher (1998, 42, 45), which was presented earlier in Chapter 3.2., to be valid at least to certain extent as it mentioned that a significant amount of sales failures occurs when customers are asking for items that can not be delivered immediately, or even in time to that matter. However, these issues are not dependent directly on actions by Brunswick in Finland, but the issues with these activities lay often deeper at Brunswick Marine *in* Poland or at Brunswick Marine *in* EMEA, or in the cooperation with these two. It has to be noted that the incapabilities of the inventory management and logistics are not only causing losses to the dealers but also to Brunswick. The monetary and energy costs are notably big as, for example, one oder may be sent in five different boxes on five different days. This causes extra work in the warehouse as the order has to be picked five times, the logistics company delivers the small parts to the dealer five times, the invoice is created five times and most likely the fifth delivery is already so late that it has to be shipped as a faster and more expensive air freight. Furthermore, some discounts will have to be given due to the late delivery so credit notes will be issued on top of all this, which causes extra work also to the financial department. While all of this is happening at Brunswick, the end-user might have already cancelled his order as he has gotten the part faster from somewhere else. All in all, as demonstrated here, the incapability in inventory management can be very costly, to all the parties. The recommendations on how to act upon these matters are further discussed later on.

If the critique towards the upstream activities of Brunswick (see Figure 2.) was fully justified, most of the negative feedback towards the after sales services was, however, often questionable. Many times the dealers described their issues by starting with "I didn't know that…" or "no one has told us that…". Everytime the sentence started like this, it could be almost without exception responded by stating that the dealer has received an e-mail or letter about the matter earlier, or that if the dealers would have attended the courses organized by Brunswick they would have known these facts by heart already. So, many of the complaints were actually results of lack of participation and own initiative by the dealers, or also lack of communication by Brunswick.

There were also many matters that after a little bit of researching, or clarifications, turned out to be exaggerations or pure false statements by the dealers. These mainly concerned the number of warranty registrations that the dealers had had to make during the summer or the amount of credit invoices they have received recently, or the days that their deliveries take. However, it has to be taken into consideration that even though their facts might have been wrong, they still have that negative perception in their minds. These negative perceptions should be cleared from the dealers minds now.

5.3 Recommendations

There are changes happening in all the companies dealing with the marine industry, and if there is not, there certainly should be. It has been said that the marine industry is now going towards the *buyer's markets* and the old way of thinking that the boat retailers would be controlling the markets is gone. The customers want to get more value for their money and the companies have to improve their businesses in order to work more cost effectively and efficiently. No one can assume anymore that the boats will be almost selling themselves, as the trend has been before, thus also Brunswick has to be able to support its dealers in this new market environment.

Managing the basics

Pfeifer (2008c) emphasized the meaning of "managing the basics" as the essential short-term plan for Brunswick Marine on his first conference call for European branch offices - and that is exactly what this thesis also proves. Most importantly, Brunswick has to concentrate on fixing the problems in their own value chain (see Figure 2.), and especially focus on making the order-to-payment process (see Table 1.) reliable and smooth for its dealers. It is totally unacceptable that the dealers are losing deals because of incapabilities of Brunswick in such core processes. As mentioned before, Brunswick needs cooperation with its support activities when it comes to any changes in its primary activities (see Figure 2.). Therefore, a table by departments was created for Brunswick Marine *in* EMEA about all the proposals that would need to be implemented in order to improve the order-to-payment process.

TABLE 3. Improvement proposals for Brunswick Marine *in* EMEA

Department	Problem	What could be done
P&A	Availability issues and inventory management	Right products in the warehouse at right time, which would avoid back orders
P&A	Lack of information	Have the valid availability dates on AS400 and on Extranet
P&A	Back orders	These should be automatically informed to the dealers with new availability dates
P&A	Communication	The answers should come faster or preferably automatically
Engines	Engine rigging accessories	They should be always available and shipped together with the engines
Engines	Availability issues and inventory management	Better forecasting is needed, the back order lists should not be that long for some engines
Engines	Allocation	This should happen automatically, if not, who to contact?
Engines	Missing availability information and ordering on Extranet	To avoid unnecessary workload from all the parties, as well as to avoid mistakes on engine orders and their invoices
Engines	Manuals	They should be available in all the languages and automatically together with the orders
BM *in* Poland	Invoices	These should be correct in the first place, no extra freight costs charged
BM *in* Poland	Deliveries	No more wrong boats to wrong dealers at wrong times
BM *in* Poland	Accessories	These should be found on Extranet and the deliveries should work faster
BM *in* Poland	Warranty	Should have one
BM *in* Poland	Overall trustworthiness	What is promised, should also be kept
Logistics	Faster delivery process	The whole process should work faster, especially with the “Emergency” orders
Logistics	Communication	All the changes in deliveries and schedules should be communicated in advance
Logistics	Process	Loading schedule should be accurate and reliable
Logistics	Shipment tracking numbers on Extranet	These should be available for the dealers, in order to remarkably save time from them and also from Brunswick’s employees
Invoicing	Language	The invoices should be in Finnish
Invoicing	References on all the invoices regarding one order	Also on the invoices of the back order deliveries, which would help to define, e.g. the engine rigging accessories
Invoicing	Clearer looks	E.g. the FOB invoices should have the amount 0 EUR in order to avoid mistakes by dealers

For clarification to Table 3.; AS400 is the program, which is used by Brunswick Marine worldwide to handle everything related to the orders, invoices, products, customer data, etc. Extranet is the program on the Internet, which is used by the dealers to make orders for parts and accessories, and to check for their availabilities, prices and delivery status.

These listed suggestions are also sent to the heads of these departments via e-mail by Customer Service Manager of Brunswick in order to make sure that they are also aware of the problems that would need to be fixed as soon as possible. As a result of these improvements, not only the dealers will benefit but the day-to-day functions of Brunswick's employees will also be made more effective and efficient as the so called unnecessary workload would be minimized.

To ensure that these matters will be acted upon, there will be a meeting for the Finnish customer service team in Belgium at Brunswick Marine *in* EMEA where answers to these matters will be discussed and hopefully some of the issues will be already improved or resolved by that time. This table was also further turned into a powerpoint presentation, which will be presented by Jussi Sepponen in the European management team (see Appendix 2.). In this powerpoint presentation only the main points were left and some other broad issues were raised as well, as the management team does not have the time and interest to focus on the smaller details. In case there will not be wished actions taken by Brunswick Marine *in* EMEA, Brunswick has to create some other means of improving these areas in cooperation with the other branch offices. As the team in Finland is still very young, there are certainly many operations that the other branch offices, which have operated already for decades, can consult.

Moreover, improvements within the departments of Brunswick Marine *in* Finland and The Baltic States Oy were made. The current issues were discussed and resolved by having conversations among the employees as soon as an issue was raised by the respondent in the interview. The major development that would need to be implemented is the cooperation between Brunswick's salesmen and customer service personnel. This is the key for reliable deliveries and correct invoices as all the parties, the dealer, the salesman and the customer service person, share the same information about the order and communicate this same information to the dealers. It sounds simple, but the implementation has shown to be more difficult in reality. By having all the orders in writing and with a confirmation from the dealer, the unnecessary work in correcting invoices and having wrong boats or engines delivered can be avoided.

By improving these areas mentioned above and on the powerpoint presentation, the efficiency and effectiveness of Brunswick's value chain would increase remarkably. The unnecessarily high monetary, time and energy costs of the dealers, and also of Brunswick, could be reduced to minimum and therefore the profitability would rise as there would not be any deals lost because of Brunswick but rather the sales would be encouraged as the dealers could easily find up-to-date information for the consumers and could trust Brunswick as a supplier. This would in turn also improve dealers' images of Brunswick as a reliable business partner. Another positive matter about these improvements is that they do not require any major monetary investments, mainly only time from Brunswick's employees, which should be available more and more especially now due to the quieter winter season and uncertainty during the downturn when the dealers are not willing to buy hardly anything.

Educating the dealers

The development is not, however, only needed in the processes of Brunswick. The boating industry as such is not very developed yet in Finland; most of the boat companies seem very unprofessional, compared to for example the automobile industry. In order to become more profitable, the dealers should also update their practises. For instance, of course it is true that Brunswick should be able to deliver parts and accessories faster and more reliably, but the dealers should also be able to forecast and estimate their own purchases in advance so that they would have most of the needed accessories already in their warehouses when the customer needs his or her engine to be serviced. By having some stock on their own, the efficiency of the after sales services could be increased as the customers could be serviced at a higher speed and the long waiting times could be avoided. This would in turn accelerate the sales of parts and accessories, which is a very profitable business because of the high profit margins, as well as increase the satisfaction of the consumers as they would get their engines repaired and serviced faster. Especially now as the sales of Mercury engines have increased by more than 15 per cent in Finland, being the only ones in the Finnish outboard markets to gain market share (29 per cent), it is ever more important to keep these new customers pleased with their purchase (Wargh 2008).

Only a few respondents mentioned the meaning of efficient after sales services and parts and accessories sales when it comes to increasing the profitability. The fact is, however, now that the boat and engine sales will most likely go down next season because of the downturn, more profits have to be gathered from other services. There is an increasing number of Mercury engines in the markets now, as mentioned in the paragraph above, but at the same time it seems that there is not an increasing number of know-how and resources available for the after sales services of these engines. The dealers should now start training their staff, trainings held by Brunswick, to respond to the increased demand of Mercury engine services. These services should be also clearly promoted to the customers at the moment of purchase or after the purhase by direct marketing efforts, if not separately, then together with the boat and engine advertisement, as one of the respondents was suggesting. As a result, the dealers would gain expertise related to Mercury, meaning that they would already have the know-how when the busy service season starts without having to call Brunswick technical support for all the issues then. Furthermore, by focusing more on the after sales services, some of the problems with the seasonality of the business could be minimized thus avoiding major lay-offs, Mercury engines would be considered more reliable as they would be serviced regularly before any defaults occur, and the profits would increase as the parts and accessories sales and services would increase. This way the boating industry would approach the profit structure of the automobile industry where the actual products, cars, are sold with lower profit margins and the main part of the profits comes from the services and accessories sales.

Another matter where the boating industry is far behind the automobile industry is the overall development and having the business up-to-date. While touring around Finland to visit the dealerships it was very surprising to see how messy and old-looking many of the stores were. Often the explanation for the disorder was that they have been so busy that they have not had the time to clean or renovate the stores. Now they would have good time to change that as the customers get fewer and the competition gets tougher inevitably. The companies should at least clean up their stores and make them look more appealing and professional for the customers.

Apart from updating the looks of the stores in order to prove the customers that Brunswick's dealer network really is professional, an electronic customer relationship management system should be launched. The ideal situation would be to have a program which would be the same for all the dealers and Brunswick, and which would enable Brunswick to integrate sales, marketing, and customer service information (Hutt & Speh 2007, 101). For instance, with this program Brunswick could see the up-to-date stock values of the dealers, could provide better and accurate information automatically to all the dealers without having to contact everyone separately, and could also get data about which products, at what time and in which quantities have been delivered so that the forecasting, logistics and the overall supply chain management could be improved and thus the problems with availabilities could be minimized. Having a shared program like this is a long-term plan as the strict cost limitations by Brunswick Corporation are preventing this type of investments from happening, at least during the next few years (see Chapter 5.1.). At first, however, all the dealers should have at least some type of an electronic program so that they could control their stock and revenues in order to capture relevant product and service information to draw analysis from the data. Thus, help them with invoicing, future planning and forecasting. This should be even required by Brunswick in order to enhance the cooperation and the overall industry development.

Updating the marketing efforts

Traditionally most of the marketing has been printed advertisement, in the form of newspaper ads, brochures or informational letters. This is what the majority of the dealers hoped for and expected again, together with the event marketing, as the main advertising channel for both local and national marketing. The marketing plans should be better informed and preferably also more carefully planned in close cooperation with the dealers beforehand. However, the best way would be to tailor an individual marketing plan and budget, especially for the bigger Captain dealers, in cooperation already in the beginning of the season, which would then certainly result in the most effective and preferred marketing efforts for those dealers. All in all, the traditional marketing will continue of course, locally and nationally, but in addition to that the high importance of the online advertising should not be bypassed anymore by Brunswick and its dealers.

Brunswick is currently creating and updating its own website (www.brunswickmarine.fi), which fulfills all the requirements of a good corporate website as it offers a rich variety of information about the products and services in an effort to answer the customers' questions, thus build closer customer relationship and generate interest towards Brunswick and its dealers (Kotler et al. 2005, 145). This website is made to be as customer-friendly as possible and compared to competitors' websites, it certainly is the most professional and informative one, but many improvements are still needed. The main problem is, however, that it is difficult to find the website in case one does not have the exact address to it.

The suggestion for Brunswick is to start spreading the word about this website. It should be mentioned on all the brochures, catalogues and ads that are issued so that the consumers, as well as the dealers, would learn to use it more. After all, the website has all the information that is mentioned on the catalogues and even more, including the prices and dealers' contact information. This way the amount of printed material could be reduced as more and more people would start using the online version. The website also has the benefit of always being up-to-date, for example, informing about the promotions and events that are on.

Apart from advertising the website in print, Brunswick should also add awareness of the website online. The keywords that they have on their website should be revised so that the website would appear on the top of the list when one is searching for a boat or an engine, right now the website does not appear regardless of which boating related keywords one uses. The search engine marketing is essential nowadays as more and more often the first place for the information seeking is the Internet. Moreover, as the marketing budget is tight, the search engine marketing in the form of keyword advertising is said to provide the lowest average cost-per-lead of any other direct marketing method (Hutt & Speh 2007, 400). Therefore, Brunswick should develop a more appropriate headline than just "Brunswick - Etusivu" as this name is unknown in the consumer markets, and the headline is the first thing that the search engines are looking for. Additionally, the first paragraph of the home page should be altered as these will be the next searched words by the search engines. Right now the first item that appears as the word "Brunswick" is googled is, "Etusivu Brunswick Marine Ajankohtaista Kampanjat Jälleenmyyjät Linkit Extranet Käyttöohjekirjat. Olet sivulla: Etusivu. Ajankohtaista". This is obviously not giving a good description of what the web site contains. Thus the wording should be changed so that they would include words such as "vene" (boat), "veneily" (boating) and "perämoottori" (engine) so that the potential customers would result in finding Brunswick's website on the top of the list. The title could be simply, for example "Brunswick Marine – Veneet ja moottorit kaikkeen veneilyyn" (Brunswick Marine – Boats and engines for all kinds of boating). The first paragraph could be indicating, "Brunswick Marine on maailman johtava venealan yhtiö. Yhtiön valmistamia ja/tai edustamia tuotemerkkejä ovat mm. Mercury, MerCruiser, CMD, Quicksilver, Sea Ray, Boston Whaler, Bayliner, Trophy, Arvor, Valiant, Uttern, Quicksilver by Örnvik, Askeladden, Bella, Flipper, Aquador, Silver ja MV-Marin. Täten pystymme tarjoamaan suomalaisille veneilijöille takeet maan parhaista veneilytuotteista sekä kattavan jälleenmyynti- ja huoltoverkoston". (Brunswick Marine is a world-leading boating corporation. Brunswick Marine manufacturers or represents for example the following brands; Mercury, MerCruiser, CMD, Quicksilver, Sea Ray, Boston Whaler, Bayliner, Trophy, Arvor, Valiant, Uttern, Quicksilver by Örnvik, Askeladden, Bella, Flipper, Aquador, Silver and MV-Marin. Thus we can offer the best boating products and a comprehensive dealer and service network to our Finnish boaters.) All of these words should be also added to the source code of the website. This way all the main keywords could be added in to the most searched places on the web site. This way it is sure that the website will be noticed by all the several types of search engines. (Luther 20001, 214-215.) Furthermore, adding some competitor's keywords, for example to the source code, would also be beneficial as then Brunswick's website would be the next website that appers after the competitor's website on the top of the search engine.

As Brunswick does not need to have separate ads on the Internet, it is not necessary to start paying for any pay-per-click type of marketing. However, Brunswick should develop alliances with its dealers so that they would have a link on their websites to Brunswick's website, just as Brunswick is now doing for them. Having the link on several boating related websites will also increase the visibility on the search engines. By increasing the awareness of the website, the viral marketing, which means the word-of-mouth marketing online (Kotler et al. 2005, 924), would start and eventually the website would become the ground for national marketing and branding. As the consumers would become acquaint with the site and its contents, it is more than likely that they would also make their possible purchase decisions according to that. This might take some time, but as mentioned before, the truth is that the modern customers are moving more and more to the "window shopping" online and Brunswick has to be able to change the structure of its operations according to that. Positively, this is demonstrably the most cost effective and convenient way of marketing also.

General improvement suggestions for the next season

Frankly, it is almost impossible to say what the next season will bring. As mentioned in the beginning of this chapter the next season will be controlled by the consumers, and the course of the new season will be better estimated after the Helsinki Boat Show in February. The main challenge will be to clear the excess stock, especially the 2008 model year boats, the dealers have in their yards, which also causes major difficulties for Brunswick to be able to sell more products to the dealers. If it seems that these boats are not being sold, Brunswick has to support the dealers and create marketing campaigns in cooperation to find the best solutions for each dealer individually. One good method would be to organize local campaigns where only the specific models, which the dealer has in stock, would be advertised and also some discounts would be given, in net and retail prices, for a certain period of time to encourage the consumers to make quicker decisions. This way the debts would be paid and the financial situation of the dealers could be eased.

The dealers should also take advantage of having all that stock by offering fast deliveries and ready-made packages to their customers. As it was mentioned in Chapter 4.1.1 the ideal situation would be to deliver the boat package already on the same day as the deal was made. This is efficiency taken to the extreme, but it should be possible by many dealers now as they have the boats and the engines already in stock, they would only need to have few packages prepared at all times. Certainly the customers will appreciate a good service like that.

All in all, as has been estimated, everybody has to prepare for lower revenues next season, especially Brunswick and its suppliers. Therefore, it is essential to also cut the costs so that the profitability would not be hurt quite as much. However, it has to be carefully planned where these cost reductions are made. Streamlining the operations would be the best way of saving, of course, and the customer service should not be one of the saving targets. All the possible deals have to be closed and there is no better way of doing that, and at the same time retain those customers, than giving ever better customer service, which in turn requires close cooperation with Brunswick and the dealers.

Summary

This chapter discussed the answers and their reasonings, to certain extent also even argued with some of the points that the respondents had raised. Recommendations were formed based on these answers and the current market environment in the boating industry, as well as taking into consideration the limitations that are set for Brunswick from the corporate level.

6 CONCLUSION

The purpose of this thesis was to find ways to increase the profitability of Brunswick's dealer network, which would also result in the growth of the market share. The way to have an effect on the dealers' profitability is to make sure that Brunswick's own value chain is serving the dealers as well as possible and that Brunswick could become closer to the goal of being the Best Business Partner 2010. Therefore, the most important dealers of Brunswick were interviewed to reveal the areas of business that need improvements in order to become more profitable and strenghten the cooperation. The answers were reported and grouped according to Brunswick's value chain operations, the model adapted from Porter's traditional value chain operations. After outlining the answers, the accuracy and possible reasonings behind the answers were discussed. Hereafter, the recommendations were formed and described based on the major findings and the adaptation of them to the current market environment.

By implementing, or even improving, the recommendations mentioned in the previous chapter and by having the shared input from both parties, the dealers and Brunswick, it is certain that the profitability and the cooperation would improve remarkably. It requires bilateral work, but is certainly worth it. It may be that the revenues are not growing next season due to the downward trend, but at least the sales and market share growth could be maximized and the costs could be minimized by these actions. As a result, as the industry starts growing again, the entire value chain would be working more effectively and efficiently. Thus Brunswick and its network, meaning also the value chain operations, would thrive and out-perform the competitors as the market conditions improve.

REFERENCES

Barrett, R. 2008. Mercury Marine cutting workforce. McClatchy – Tribune Business News, Washington, September 22, 2008. Referred to on October 14, 2008. http://proquest.umi.com/pqdweb?did=1559239031&sid=2&Fmt=3&clientId=47006&RQT=309&VName=PQD, Nelli-Portaali, ABI Inform (ProQuest).

Bergqvist, R. 2008. Jälleenmyyjäliikkeiden palautteet – Kesän kierros 2008.

Bloomberg, D. J., LeMay, S. & Hanna J. B. 2002. Logistics. International Edition. Upper Saddle River, New Jersey: Pearson Education International.

Brunswick Accelerates Resizing and Fixed-Cost Reduction Efforts; Will Record Non-Cash Impairment Charge in Third Quarter. 2008. PR Newswire, New York, October 9, 2008. Referred to on October 14, 2008. http://proquest.umi.com/pqdweb?did=1570652361&sid=3&Fmt=3&clientId=47006&RQT=309&VName=PQD, Nelli-Portaali, ABI Inform (ProQuest).

Brunswick Corporation; Brunswick Declares Common Stock Dividend. 2008. Investment Weekly News. Atlanta, November 15, 2008. Referred to on November 18, 2008. http://proquest.umi.com/pqdweb?index=0&did=1589334201&SrchMode=2&sid=2&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1227000038&clientId=47006, Nelli-Portaali, ABI Inform (ProQuest).

Brunswick Reports Loss as Sales Slip. 2008. Topix. Referred to on September 8, 2008. http://www.topix.com/forum/business/boating/TM4CI2S9KC0QF47OE

Brunswick Reports Loss for Third Quarter; Cites Production Cuts, Write-Downs, Restructuring Charges 2008. MercNews October 23, 2008. E-mail received on October 24, 2008. Recipient: Tiina Lahtoniemi.

Cassell, C. 2006. Qualitative Methods in Management Research. Bradford, UK: Emerald Group Publishing Limited. http://site.ebrary.com/lib/jypoly/Doc?id=10120706&ppg=64, Nelli-Portaali, ebrary.

Christopher, M. 1998. Logistics and Supply Chain Management: Strategies for Reducing Cost and Improving Service. 2nd rev. ed. Essex, England: Pearson Education Limited 2003.

Chokshi, A. 2007. The Short Case For Brunswick Corporation. Seeking Alpha April 16, 2007. Referred to on September 8, 2008. http://seekingalpha.com/article/32307-the-short-case-for-brunswick-corporation

Davis, P. 2007. Stock market slump affects boating industry. Deseret News March 19, 2007. Referred to on September 10, 2008. http://findarticles.com/p/articles/mi_qn4188/is_20070319/ai_n18739070/pg_2, BNET Business Network.

Deresky, H. 2003. International Management: Managing Across Borders and Cultures. 4th rev. ed. Upper Saddle River, New Jersey: Pearson Education.

Finnboat 2008. Official website of Finnboat. Referred to on October 7, 2008. http://www.finnboat.fi/fi/fi_3_3_read.html?Id=1202393401.html

Gilbert, D. 2003. Retail Marketing Management. 2nd rev. ed. Essex, England: Pearson Education Limited 2003.

Heikkilä, J. 2008. Bella passaa projekteja. Kauppalehti November 17, 2008. Referred to on November 18, 2008. http://www.kauppalehti.fi/5/i/yritykset/yritysuutiset/?oid=2008/11/16421

Herrala, O. 2008. Myös venejätti Brunswick sulkee tehtaita. Kauppalehti September 3, 2008. Referred to on September 3, 2008. http://www.kauppalehti.fi/5/i/talous/uutiset/etusivu/uutinen.jsp?oid=2008/09/14082&ext=rss

Hughlett, M. 2008. Brunswick to cut out 4 more plants: 2,700 jobs may go as sales decline, fuel prices climb. Tribune Business News June 27, 2008. Referred to on October 4, 2008. http://proquest.umi.com/pqdweb?index=3&did=1501489621&SrchMode=1&sid=4&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1223190966&clientId=47006, Nelli-Portaali, ABI Inform (ProQuest).

Hutt, M. D., & Speh, T. W. 2007. Business Marketing Management: B2B. 9th rev. ed. The United States of America: Neil Marquardt.

Kotler, P., Wong, V., Saunders J. & Armstrong, G. 2005. Principles of Marketing. 4th European Edition. England, Essex: Pearson Education Limited.

Kuusikko, R. 2008. Marketing Manager, Brunswick Marine *in* Finland and The Baltic States Oy. Interview of September 15, 2008.

LeBoeuf, M. 2000. How to Win Customers and Keep Them for Life. Berkley rev. trade paperback ed. New York: The Berkley Publishing Group.

Levy & Weitz 2001. Retailing Management. 4th rev. ed. The United States: David Kendric Brake.

Luther, W. M. 2001. Marketing Plan : How to Prepare and Implement It. Saranac Lake, NY, USA: AMACOM. http://site.ebrary.com/lib/jypoly/Doc?id=10120161&ppg=233, Nelli-Portaali, ebrary.

Malhotra, N. K. & Birks, D. F. 2003. Marketing Research: An Applied Approach. 2nd European Edition. England, Essex: Pearson Education.

McCoy, D. 2008a. Chairman and CEO of Brunswick Corporation. Dusty's Forum: Olympic Boat Center. E-mail message received on September 25, 2008. Recipient Tiina Lahtoniemi.

McCoy, D. 2008b. Chairman and CEO of Brunswick Corporation. Accelerating Resizing and Fixed-Cost Reduction Efforts; All-Employee Conference Call Scheduled. E-mail message received on October 9, 2008. Recipient: Tiina Lahtoniemi.

McCoy, D. 2008c. Chairman and CEO of Brunswick Corporation. Brunswick Accelerates Resizing and Fixed-Cost Reduction Efforts; Will Record Non-Cash Impairment Charge in Third Quarter. E-mail received on October 13, 2008. Recipient: Tiina Lahtoniemi.

McCoy, D. 2008d. Chairman and CEO of Brunswick Corporation. Dusty's Forum: Important Financial Measurements: Reducing Fixed Costs (First in series of two forums). E-mail message received on September 10, 2008. Recipient: Tiina Lahtoniemi.

Metsämuuronen, J. 2000. Laadullisen tutkimuksen perusteet. Estonia, Võru: Jaabes

Miller, J. P. 2008. Boatmaker Brunswick sees choppy financial waters. Tribune Business News February 1, 2008. Referred to on October 5, 2008. http://proquest.umi.com/pqdweb?index=10&did=1422194201&SrchMode=1&sid=5&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1223191182&clientId=47006, Nelli-Portaali, ABI Inform (ProQuest).

Neuman, S. 2008. Boating Industry Slump Could Signal Recession. NPR Morning Edition December 31, 2007. Referred to on September 8, 2008. http://www.npr.org/templates/story/story.php?storyId=17620887

Pfeifer, J. 2008a. General Manager of Brunswick Marine *in* EMEA. Employee Information Letter, MerNews, on September 3, 2008. Recipient: Tiina Lahtoniemi.

Pfeifer, J. 2008b. General Manager of Brunswick Marine *in* EMEA. Employee Information Letter, MercNews, Brunswick Accelerates Resizing and Fixed-Cost Reduction Efforts; Will Record Non-Cash Impairment Charge in Third Quarter, on October 9, 2008. Recipient: Tiina Lahtoniemi.

Pfeifer, J. 2008c. General Manager of Brunswick Marine *in* EMEA. Conference Call for Brunswick Marine offices in Europe of October 10, 2008.

Rosenman, S. 2008. Brunswick Corporation: Is the Bad News Over? Seeking Alpha August 31, 2008. Referred to on September 10, 2008. http://seekingalpha.com/article/93370-brunswick-corporation-is-the-bad-news-over?source=feed

Saastamoinen, J. 2008. Venekauppa notkahti Pohjoismaissa. Kauppalehti September 3, 2008.

Schostak, J. F. 2005. Interviewing and Representation in Qualitative Research Projects. Berkshire, GBR: McGrawHill Education. http://site.ebrary.com/lib/jypoly/Doc?id=10175203&ppg=75, Nelli-Portaali, ebrary.

Sepponen, J. 2008a. General Manager of Brunswick Marine *in* North Europe. Interview of September 4, 2008.

Sepponen, J. 2008b. General Manager of Brunswick Marine *in* North Europe. Weekly meeting for the Brunswick Marine *in* Finland and The Baltic States Oy employees of September 8, 2008.

Sepponen, J. 2008c. General Manager of Brunswick Marine *in* North Europe. Weekly meeting for the Brunswick Marine *in* Finland and The Baltic States Oy employees of November 7, 2008.

Sepponen, J. 2008d. General Manager of Brunswick Marine *in* North Europe. Weekly meeting for the Brunswick Marine *in* Finland and The Baltic States Oy employees of December 4, 2008.

Sepponen, J. 2008e. General Manager of Brunswick Marine *in* North Europe. Weekly meeting for the Brunswick Marine *in* Finland and The Baltic States Oy employees of October 20, 2008.

Sloman, J. & Sutcliffe, M. 2004. Economics for Business. 3rd rev. ed. England, Essex: Pearson Education.

Sonninen, R. 2008. CEO of Bella Boats Oy. Annual Brunswick Marine *in* Finland and The Baltic States Oy Dealer Meeting of September 12, 2008.

Wargh, S. 2008. Mercurylla vahva myyntikasvu. Press release of September 19, 2008.

Weichert, H. 2008. The development of distribution network relationship in a start-up company. Bachelor's thesis. JaNet Search.

APPENDIX 1. Interview questions

Questions to the dealers:

1. Millä keinoin aiotte kehittää liiketoimintaanne tulevaisuudessa, jotta myös kannattavuutenne paranisi? Ja millä tavoin Brunswick Marine voisi auttaa Teitä parantamaan kannattavuuttanne? (How are you going to develop your business in future in order to increase your profitability? And what could Brunswick do to help you, in order to achieve the desired higher profitability level?)

2. Mitä parannettavaa Brunswick Marinella on seuraavissa alueissa: (What could Brunswick do better in followinf areas?:)

a) Varaston toiminta ja saatavuudet? (Inventory management?)

b) Logistiikka? Saatteko aina luotettavaa tietoa toimituksistanne? (Outbound logistics?)

c) Tilaukset, luotto ja laskutus? (Order-to-Payment process?)

d) Markkinointi ja myynti? (Marketing and sales process?)

e) Asiakaspalvelu? (Customer service process?)

4. Mitkä ovat 3 tärkeintä asiaa, jotka vaativat ehdottomasti kehittämistä? (What are the three most important factors that would need improvements by Brunswick?)

APPENDIX 2. Powerpoint presentation for management

The improvement proposals for Brunswick Marine *in* EMEA

For the season 2009

BRUNSWICK
GENUINE INGENUITY

Information flow

- Up-to-date and trustworthy information
  - On Extranet, so that dealers would not need to ask this info from BMFI
  - On AS400, so that the branches would not need to ask this info from BM *in* EMEA
  - The dates that can be found on the systems should be the dates when the products leave Belgium, and these should Always be valid dates
- Answering the messages in time
- Professional behavior in cooperation, the Head Office should have an active role in this
- To act upon the issues and work until the matter is finished!
- Clarification of the duties

BRUNSWICK November 29, 2008 Company Confidential 2

Product issues

P/A

- Availability issues!
- Accurate information on Extranet and AS400
- Right products at right time in right quantities
- Better product descriptions on AS400 (Menu 0100)
- Clarification of the process, e.g. what are the lead times?

Engines

- Engine rigging accessories!
  - They have to be available and shipped together with the engine
- Allocation problems
  - Engines should be allocated automatically
  - Who should be contacted with engine matters?
- Availability information on Extranet
- Ordering through Extranet

BRUNSWICK November 29, 2008 Company Confidential 3

Product issues

BM *in* Poland

- Delivery problems!
  - Wrong boats have been shipped at wrong times to wrong places without notice, or the deliveries have been remarkably delayed
  - The P&A deliveries work very slow overall
- P&A information on Extranet
- Trustworthiness
  - To do what is promised
- Warranty
  - Should have one

Valiant

- Communication
  - Valid answers should be given faster
- Availability issues
- Deliveries are not reliable

BRUNSWICK November 29, 2008 Company Confidential 4

Logistics

- Delivery process
  - The process should be faster, especially with the "Emergency" orders
  - What are the exact (reliable) times of delivery?
- Engine rigging accessories should be packed together
- Tracking numbers on Extranet for the dealers
  - This would remarkably save time from all the parties (the dealers, branches and BM *in* EMEA)
  - The dealers could track their deliveries on DHL website by themselves
- Communication
  - All the changes should be informed early in advance
  - Professional instructions for the branches, more professional behavior overall

BRUNSWICK November 29, 2008 Company Confidential 5

Other issues

- Manuals
  - The manuals should be shipped automatically in all the languages (incl. Baltic languages) with the engines
  - SmartCraft manuals should be shipped automatically through boat manufacturers
  - Better naming on the Download Center for the manuals, they are very confusing now
- Invoicing
  - Clear reason codes for the credit invoices (why the credit invoices are made), as we have several credit invoices at the moment
- Order confirmation should be sent automatically
- Packing list should be clearer
- Return process should be faster and more customer-friendly

BRUNSWICK November 29, 2008 Company Confidential 6

Final thoughts

- We should all keep in mind that we are all working together as a team to get the best possible results and thus strengthen the cooperation with our customers
- All of these proposals would further lead to more effectively and efficiently performing operations, which would in turn also improve the employees' daily practices and at the same time reduce the amount of "unnecessary work"
- Better communication and cooperation are needed in all the business functions in order to increase the profitability of Brunswick's networks and secure the bright future

BRUNSWICK November 29, 2008 Company Confidential 7

BRUNSWICK
GENUINE INGENUITY