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CREATING RETAIL BUSINESS IN THE GERMAN MARKET FOR SLASH PROOF GEAR

Case Oy Pomaco Ab

International Business

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FOREWORD

In the business world of today it is becoming more and more complicated but at the same time easier to distribute products from A to B. To know all the possibilities and to take in every available option makes life a lot easier for business owners and managers. The company Oy Pomaco Ab is specialized in slash proof gears for security guards and has, therefore, great interest in the diverse options of distribution. Furthermore, the aim of exporting those products to Germany provided the basis and topic for the thesis.

I would like to express my gratitude to Satu Lautamäki as my thesis supervisor. Thank you for supporting, encouraging, and assisting me during the time of the entire development of the project. Additionally, I would like to thank the owners of Oy Pomaco Ab for providing me not only the thesis topic but also with valuable information and assistance. Further, I would like to say thank you to each and everyone who was part of this journey and supported me in various ways, it would not have been possible without help, no matter if it was intended or anonymous. The thesis, written during the fall term 2012, is what it is if nothing else because of the time you invested and the help you provided.

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ABSTRACT

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To select the appropriate distribution channel when selling goods is a vital aspect to consider as an owner or a manager of an organization. It determines whether products are purchased or not. Even more important is the choice of the most suitable marketing channel when exporting products to another country. In order to distinguish and understand the diverse options it is essential to investigate the different options and to learn and decide which one is the correct choice.

The aim of the research was to discover the possibilities for small sized companies and to explore various options concerning channels of distribution and intermediaries. The first objective was to develop a model or tool these companies can apply when examining the above mentioned circumstances. The information provided by previous studies is rather general information and it is often only applicable or realizable for bigger companies rather than for small sized businesses. The second objective was to empirically investigate the business field of security guards in Germany as the case company Oy Pomaco Ab intends to export their slash proof gear to Germany. The study included two questionnaires designed to receive essential information for the case company as well as one questionnaire addressed at the case company in order to receive valuable background information for the study. One questionnaire was targeted at security guards whereas the second survey was forwarded to retailers selling security gear.

The result demonstrates the importance of the Internet but additionally it confirms the necessity of retailers. Moreover, the study concerning the retailers revealed that the request for additional products is rather low at the moment. However, the case company was advised to rather contact retailers themselves due to the fact that direct approach might result in more positive feedback.

Keywords Distribution channel, intermediary, small sized companies

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Myynnin kannalta yksi tärkeimmistä yrityksen johdon tehtävistä on löytää oikea jakelukanava. Siitä riippuu tuotteiden menekki. Vielä tärkeämpää on oikean markkinointikanavan löytäminen tuotteita myytäessä ulkomaille. Monia eri vaihtoehtoja tulee tutkia, jotta näiden pohjalta voidaan päättää oikea menetelmä.

Tutkimuksen tarkoituksena on osoittaa pienten yritysten mahdollisuudet sekä tutkia erilaisia vaihtoehtoja jakelu- ja välityskanavien käytössä. Ensimmäinen päämäärä on kehittää työkalu tai malli, jota yritys voisi käyttää tutkiessaan erilaisia vaihtoehtoja. Aikaisempien tutkimusten tuottama aineisto on melko yleisellä tasolla ja toimii käytännössä paremmin isompien yritysten toimintamalleissa. Toinen päämäärä on tutkia case-tutkimuksena Pomaco Ab:n tarkoitusta viedä maasta Saksaan vartijoille tarkoitettuja viiltosuojattuja tuotteita. Tutkimukseen sisältyi kaksi kyselyä, jotka oli suunniteltu hyödyttämään sekä esimerkkiyritystä että saamaan tärkeää taustatietoa tutkimusta varten.Yksi kysely kohdistettiin turvamiehille siinä missä mielipidekysely tarkoitettiin turva-alan jälleenmyyjille.

Tulokset osoittavat internetin tärkeyden, mutta lisäksi vahvistavat jälleenmyyjien tarpeellisuuden. Lisäksi jälleenmyyjiä koskeva tutkimus paljasti lisälaitteiden kysynnän melko vähäiseksi tällä hetkellä. Joka tapauksessa esimerkkiyritystä neuvottiin ottamaan mieluummin suoraan yhteyttä jälleenmyyjiin, sillä suora lähestyminen saattaa johtaa positiiviseen palautteeseen.

Avainsanat Jakelukanava, välittäjä, pienet yritykset

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1. INTRODUCTION

Technology and the shift within economy challenges as well as forces organizations today to evaluate and reflect on decisions made in the best interest of the company and the customer. Whether a business is set up or an existing organization is planning on entering into export and setting off abroad, one general but still a central question to consider in all cases is the matter of where to sell the product or more to say which distribution channel to choose. It can be said that the channel of distribution is one of the first steps to think through when planning on creating retail business due to the fact that it indicates the how and the where. Explicit investigation of the target market and country is essential in order to use the correct channel to assure the aimed profit. Companies using the wrong distribution strategy run the risk of losing clients or possibly not even reaching them at all, leading to a short and unsuccessful adventure.

Today there are many possibilities forcing businesses to examine and investigate these thoroughly. This investigation needs to be within various sectors such as the business nature and character, the industry or line of product, the target country and the channel options including possible intermediaries. One of the goals in general is that consumers detect the value of the offered product or service. Distribution channels can be defined as the mean by which the product or services travels from the manufacturer to the end-user and helps companies to do so in the best suitable way (Kelly 2009, 538). By searching for the appropriate channel of distribution businesses need to remember that the selection depends on the value added (Vitale, Giglierano & Pfoertsch 2011, 336). Some manufacturers are better off using direct contact and adding value themselves whereas others, or certain business lines, are better advised using some type of a mediator.

1.1. Research Problem and Limitations

The aim of the research is to detect possibilities within distribution channels in order to support companies to find their appropriate method into the market. The study aims for two objectives, first the investigation of the subject in general and secondly by investigating the German market as target market for the company

Oy Pomaco Ab. Furthermore, a model will be developed in order to support small sized companies in their decision.

At first overall information for companies in general, regardless of their nature, is provided whereas the second part is based on the character and product line of the company Oy Pomaco Ab. By identifying significant aspects, which are relevant for the aimed result, a research will be conducted, customized and based on the company's goal.

The research is of relevance to Oy Pomaco Ab due to their intention on entering the German market with their slash proof gear and it is, therefore, of great importance. Identifying the suitable method and intermediary will bring the company forward and hopefully result in a profitable market position by gaining new customers.

The theoretical part of this study is based on a general aspect whereas the empirical study will be limited to channels and intermediaries appropriate for the product line of slash proof gear. With the limitation certain distribution channels will be eliminated and excluded of the study. Additionally, the main research will be based on indirect distribution channels due to the request of the company. However, the study will touch the aspect of direct channels in order to provide different possibilities for the company in the future.

The model to be created concentrates on the needs and possibilities of small sized businesses such as Oy Pomaco Ab. The tool will be developed in order to simplify the understanding and intention in regards to smaller budgets as well as other issues these small organizations might face. Additionally, it creates an excellent starting point for these businesses.

1.2. Key Aspects

The main distinction of distribution channels can be drawn between direct channels of distribution and indirect distribution channels (Wright 2004, 254). Direct distribution channels focus on direct contact with the end customer whereas indirect distribution channels in the contrary imply some type of middleman or intermediary. However, it is not as simple as it might sound due to the multiplicity of different options to choose from, as well as other factors which cannot be influenced. Competition, technology, or the growth of mediators, including the growth of their power, is affecting and challenging businesses of today. One major change recognizable within the last years is the growth of e-commerce (Jantan, Ndubisi & Ong 2003, 427). Nevertheless, companies need to trust their instinct instead of going with the flow. Each business is different and, therefore, each business needs a different treatment and management.

Once the difference between the two channel types is understood, as well as the benefits and drawbacks of each alternative, companies can move one step further and look at the possibilities within the preferred channel of distribution. Direct channels offer the option to sell through direct sales with the help of a sales person, to visit trade exhibitions in order to exchange information or sell the products there directly, to use mail order including magazines and journals, and at last the Internet, representing one of the most important way of selling goods or services today (Wright 2004, 258-260). Trade through indirect distribution channels means some sort of mediator is involved, forming the link between producers and the end-user (Vitale et al. 2011, 336). One of the most known types is the wholesaler, usually purchasing goods in bulk and breaking those down before selling them further to other mediators. The second type, but also well recognized, are retailers. Retailers have a similar function than wholesalers but serve the end-user rather than other middlemen. Another type of intermediary is the distributor or dealer. Furthermore, agents are used when assistance is needed and form another category of middleman. (see Ramachandra, Chandrashekara & Shivakumar 2010, 5.6, 5.7)

However, intermediaries create not only a connection between manufacturer and end customer but also provide other benefits. Storage or service support, credit facility or connections to clients are some examples and might all be helpful for producing companies (Kotler 2003, 506; Bennett & Blythe 2002, 199; Fill & Fill 2005, 183). It can be summarized that intermediaries are supposed to minimize uncertainties businesses face and provide valuable space for manufacturers to enable them to concentrate on their core activities (Fill & Fill 2005, 183).

Unfortunately there are also certain drawbacks of using intermediaries companies should be aware of. Products which need personal advice or expertise such as technical complex goods or new products are better presented and sold directly (Vitale et al. 2011, 354). Businesses also need to consider the loss of control they face when using intermediaries (Bennett & Blythe 2002, 199). There are several supplementary factors to judge more closely before deciding on the distribution channel. Factors such as the examination of the target market, the customer purchase behavior, or the country including the legislation and taxation system can be of great importance (Kotler 2003, 2; Ramachandra et al. 2010, 5.12).

1.3. General Information about Oy Pomaco Ab

In the second part of the report the focus of the topic is based on the company Oy Pomaco Ab, located in Vaasa, Finland, and their aim of entering the German market with their most successful product line, the Nordic Legion slash proof products. Oy Pomaco Ab originates from the year 1962 and includes at present the sale of products for infrastructure companies, security businesses, sport shooters as well as hunters (Oy Pomaco Ab 2012). Individuals and companies working within the field of security form their main clients at the moment by purchasing and, therefore, creating the most successful line of Pomaco´s merchandise which covers forty-five percent of their business.

The Nordic Legion line consists at the moment of three different product types. These products are two different types of gloves, a long-sleeve shirt, and a jacket which are all rated with slash resistance of five out of five. The products are all developed in Finland and in close cooperation with various specialists in the field of security such as security guard trainers, bodyguards, prison guards, police and other types of security guards. The main purpose is to protect the individual wearing the product from attacks with sharp items such as a knife, a broken bottle, or needles. The wearing comfort is at the same time not compromised and individuals do not notice the difference in comfort and appearance compared to non-resistance products. (Oy Pomaco Ab 2012)

Currently their main customer market is within Finland with additional online sales and shipments to whole Europe. They also distribute their security products through retailers in Sweden as well as two African countries. The company wants to explore new markets for direct sales of their slash proof gear products wherefore Germany was selected as their first additional target country. (Oy Pomaco Ab 2012; Salmi 2012)

1.4. Structure of the Research

The thesis is divided and structured into four main chapters. The first chapter includes the general introduction of the topic including the statement of the research problem as well as a description of the case company. The theoretical framework is explained in Chapter 2. The chapter provides an overall description and general aspects of distribution channels as the main subject as well as indications on how to identify and select the appropriate channel and intermediary. Additionally a summary and comparison of the benefits and drawbacks concerning the different distribution channels as well as the usage of intermediaries is provided. In the end of the chapter a new model is introduced to support small companies such as the case company in their decision.

Chapter 3 describes the empirical part. The first section concerns common information on subjects such as the basic information, research plan, research method, research approach, reliability and validity, creation and implementation of the questionnaires, the selection of the respondents and methodology, and the structure of the questionnaires. The second section presents the analysis of the surveys conducted with retailers and employees of the security business.

Chapter 4 offers a conclusion as well as suggestions for the case company and for further developments. This chapter will state ideas and help the case company to realize their objectives and aims in the future. The last section within this chapter summarizes the entire thesis.

2. CHANNELS OF DISTRIBUTION IN BUSINESS RELATIONS

When starting a company, or expanding an already existing business, organizations need to regard a variety of things. Amongst other things, they commonly use the strategy of the so called 4Ps of marketing, a marketing mix model. Besides product, price and promotion, the place is an essential aspect to consider and the questions concerning how and where to put the products or services on the market occurs sooner or later. To accomplish the matter place so called distribution channels or marketing channels are used which perform the main mission of bridging the time and the space between the production of goods and the usage by the end customer (see Bruns 2003, 258; Lettau 1989, 107). Therefore, organizations need to be aware of the distribution channels in order to meet the needs of their customers and attract new clients at the same time.

The importance of the element place is often underestimated. Unfortunately, without this element, regardless of the supply through direct means or an intermediary, consumers are not able to realize the value of the product or service. However, because of the possible interference of others and potential conflicts of opinions, in relation to aims, the component place might be likely challenging to alter. (Vitale et al. 2011, 336)

When seeking for a definition what a distribution channel is, all sources conclude in the same explanation. In general, distribution can be explained as a mean by which goods are forwarded from the manufacturer to the ultimate customer and is considered as the route of the title to goods as it is forwarded through the intermediaries (Irani, Shahanaghi, & Jandaghi 2011, 26). As another definition, Wright (2004, 253) states that the availability of goods or services to a buying business party or the end customer is performed through the marketing channels. Furthermore, Grundlach, Bolumole, Eltantawy and Frankel (2006, 431) provide the description that channels of distribution are seen as a set of interdependent organizations which are engaged in the development of making goods or services available for consumption or usage. Additionally, the distribution channel should be the tool to provide a way how to reach the market in the most profitable way (Zhao, Niu & Castillo 2010, 973). Activities before the actual sale, the transaction itself, and activities between the supplier and the end-user concerning the fulfillment of the act are all managed through marketing channels (Vitale et al. 2011, 336). When considering the foremost purpose channels of distributions contain it can be concluded that they should facilitate time, place, and possession, as well as provide competitive advantage. This may also support saving capital or provide benefits for consumers. (Järvinen 1996, 24)

General speaking, manufacturers or original suppliers can decide whether to provide channel value themselves or to select one or more channel intermediaries to provide value for them by functioning as link between the supplier and final buyer (Vitale et al. 2011, 336). To be said in a different way, to start the process entrepreneurs or business managers need to decide whether to use direct sale as a channel of distribution, or rather to use a broker or agent, if a distributor might be the right partner for them or whether a retail store should be considered as distribution channel (Block & Block 2005, 9). The main functions of distribution channels are the attraction of new customers, customer care, regaining lost customers, and to inform the manufacturer about the market situation and competition. Channels of distribution represent, therefore, all interconnected parties engaged in the process, to provide products or services. (Bruns 2003, 259, 264)

It also can be said that channels of distribution are the physical distribution of products or services and support the aspects of promotion, selling, and marketing. It is a network used by manufacturers to deliver to the end-user. Several objectives are conducted by distribution channels such as the assurance that the product or service is available at the point of sale, the creation of loyalty, the stimulation of channel members to enforce their selling effort, and to offer a successful and well-organized system. (Sherlekar & Gordon 2010, 138)

Nevertheless, with the change, including the growing impact of electronic commerce and abbreviated e-commerce, the question is whether the traditional distribution channels will remain. With the growth of technology mediators might face challenges to survive. Several investigations of this topic have been conducted and the matter is still an issue examined today. (Jantan et al. 2003, 427)

In order to achieve a definite service outcome, valued by supplier and consumer, marketing channels exists and are used (Dwyer & Tanner 2006, 251). It can be said that there is never a perfect channel suitable for the presence and the future since technology, experience, innovation, costs, and regulations change with time and what is appropriate today might not be as useful tomorrow any more (see Dwyer & Tanner 2006, 253).

This chapter provides a closer look at the methods of distribution and the reasons and possibilities in order to support the correct assessment regardless of whether the business is operating in only one place or city, expands throughout the entire country of origin or even sets off abroad. Furthermore, the types of intermediaries, the benefits and drawbacks of mediators, aspects to choose the appropriate channel as well as advice on how to select the suitable middleman is clarified.

2.1. Methods of Distribution

When searching for distribution channels businesses will soon realize that a variety of different channels exists and that the opportunities and possibilities are constantly growing due to the development in the industry and technology. The information technology as well as e-commerce, including mobile commerce (abbreviated m-commerce), exploded within recent years, competition is getting stronger which creates more difficulties for businesses to gain an advantage towards them, the growth of the intermediaries including the growth of their power is challenging organizations, and the need to reduce costs for distribution clarifies the shift (Irani et al. 2011, 27).

Crucial for companies however, is the selection of the appropriate channel for their products or services rather than following the stream or even blindly listening to the current hype. Wright (2004, 253) recommends to choose carefully since otherwise valuable resources might be dissipated, clients might get upset, or competitors might thieve a possible advantage. Also of importance is the aspect whether the company, and with it the products offered, are already well known and made themselves a brand name. Fein and Jap (1999, 69) claim that manufacturers are able to supplant intermediaries when their goods are established as brand or have special attributes, making the merchandize difficult to replace.

Unfortunately, in some markets or business lines large companies dominate certain distribution channels and are able to dictate the choice of product or brand to access the market (Wright 2004, 36). Small or unknown businesses and brands have a challenging time to stand up and compete against the known products in those markets and might, therefore, in some cases not be able to succeed. Especially new markets possibly create defiance for organizations and require uniqueness and good ideas to market and distribute their products.

When investigating and exploring the subject of distribution channels other disparities might be discovered as for example the differentiation between direct channels, also called zero-level channels, and indirect channels, so-called one-level channels and multi-level channels such as two- or three-level channels. The difference within this separation is the quantity of intermediaries used (Dhotre 2010, 11). The zero-level channel is the direct sale to clients where the interaction between seller and buyer takes place through for instance door-to-door selling, mail order selling, or sales in producer owned stores and illustrates the shortest of all types of level-channels (Ramachandra et al. 2010, 5.16). The industry of life insurances or the automobile industry, are on the other hand examples for one-level channels for the reason that in those businesses in most situations dealers or agents are employed. Within the multi-level channels more than one intermediary is used which might occur for instance in the drug or food industry. (Dhotre 2010, 11) The authors Czinkota and Ronkainen (2010, 400) distinguish even between three different distribution systems, direct sales, indirect sales using independent intermediaries and indirect sales by an outside distribution system which covers regional and global activities.

Also, the intensity of distribution is to be questioned when searching for the appropriate method. Dhotre (2010, 9), Blythe and Zimmerman (2005, 211), Becker (1998, 534) as well as Sherlekar and Gordon (2010, 147), point out the difference between the exclusive, selective and intensive distribution. When products of only one manufacturer are distributed, as for instance in the automobile industry, it is described as exclusive distribution. Selective distribution on the other hand is the supply of products in limited but selected outlets and might be offered among products of competitors. At last, the intensive distribution is commonly used in the sector of convenience goods where manufacturers use a large number of intermediaries in order to market and sell their goods and where customers are able to obtain the needed products at the nearest location.

Ramachandra et al. (2010, 5.15) describe, in addition to the three strategy options mentioned above, some further strategies. The first strategy mentioned is the sale or consignment policy which is based on the conditions of transaction. That means that an organization needs to decide whether to go for an outright sale or to send products on consignment basis. The difference between those two options is that with the choice of using outright sale ownership and possession of the merchandize go straight to the intermediary whereas in the case of consignment, possession of the product is taken, the goods are sold to clients in the intermediaries name who then either returns the products which have not been sold or keeps consigner´s name.

The second strategy option mentioned by the authors is the policy of reciprocity. In this situation an intermediary sells the products channelized by the producer when the goods are standardized and prices are similar and is, therefore, defined as reciprocal selling and buying between the producer and the intermediary. Next is the dual, or multiple, distribution which is based on selling the same merchandize through parallel channels like wholesalers, retailers and other channels to large scale buyers. The last one stated is the policy of full line forcing where the intermediary is forced to buy and sell all product items the manufacturer produces. This provides manufacturers with the support to sell products which are slow in sales and requires from the intermediary to sell those in order to be allowed to sell fast-moving products of that particular company. (Ramachandra et al. 2010, 5.15-5.16)

Yet, it is essential for businesses to be aware of the distinction between the two major channels, the variety of direct and indirect channels of distribution in the business market. The following pages clarify the diversity of the two channels in more detail.

2.1.1. Direct Distribution Channels

Direct distribution channels, also called integrated distribution systems, are commonly operated by employees of the producing company who generate sale, administer orders, and are in charge of the delivery of products or services. According to Kelly (2009, 538) this type of channel is preferential used when the success of marketing depends on specific knowledge, high service level, or know-how of the good. With this method access to facility resources as well as human resources is typically needed.

In most situations the businesses associating with other businesses prefer rather a direct distribution. The reasons for that are different but all arguments depend on the line of business and size of the company. It also depends on whether an organization is selling merchandize or service. (Wright 2004, 255)

The first argument in favor of direct channels is based on the customers´ expectation and the possibility to satisfy them through direct discussion and introduction of the product. Secondly, a relationship to important and large clients is build straightforward and more trustworthy when dealing with the target consumer directly instead of an intermediary. The third argument emphasizes the aspect that a company manufacturing a product and selling it forward does not only have the important and required know-how to introduce and explain the merchandize but is also able to match the product benefits much easier to the needs of their clients. (Wright 2004, 255)

Furthermore, companies operating directly with their customers ensure to keep full control which can be seen as one of the main advantage of selling directly. Not only is control of sales guaranteed but also the fast and correct intervention as well as customization when necessitated. In addition, customer relationship management is gaining importance in the market today wherefore a customer database should be created and maintained. When companies use any type of intermediary the direct contact is lacking and, therefore, essential information is missed. Also costs form a possible reason due to the fact that manufacturers usually need to reduce the expected end price when selling through a middleman. In this case it needs to be analyzed how the costs and expenditures relate to the profit and the cut down costs on marketing. (Wright 2004, 256)

The growth and dramatic change of such direct marketing channels can additionally be explained by several other aspects. The increasing gasoline prices leading to higher expenses when driving somewhere, the escalating traffic congestion, the torture of looking for a parking spot or the costs involved when parking in a public parking garage or parking spot, lack of time, as well as the queues at the tills lead to a more convenient and comfortable solution by ordering from home. Moreover, the reaction of the direct channel operators by offering 24 hour phone lines without charge, as well as the improvements in the delivery like for instance the within 24 hours delivery or next-day delivery make it easy and fast to order through those means. Furthermore, customer do not have to suffer from poor ventilation in the shop, do not have to deal with unfriendly personal, they do not have to deal with a crowd nor bad weather and spare fights for the last item. Those advantages consumers see in direct distribution can favor businesses very strongly. (Kotler 2003, 620-621)

The business on the contrary benefits as well. Direct approach through customized e-mails or text messages stating offers and sale periods tighten the customer relationship and lead in many situations to a continuative connection. Also the timing in reaching the customers at the right moment or the difficulties of competitors to see the company´s strategy, create a gain. One further plus is the possibility to follow clients and their habits and to measure the response of campaigns. (Kotler 2003, 621)

Wright (2004, 258) explains five diverse choices of direct distribution channels. The first one to be mentioned is the direct sales force which represents the most common form in business to business relationships. Companies operate through their own sales force by hiring sales persons who are in charge of delivering the benefits to the clients and selling the organizations´ products. Through a sales person the trust and loyalty is created and results in most cases in a long term relationship providing important data for the customer database and customer relationship management, leading frequently in positive word of mouth.

The second choice mentioned is the trade exhibition. This type of channel is most likely one of the oldest method to exchange information or products in return for other goods or money since it is already executed for many centuries all over the world (Kirchgeorg, Jung & Klante 2010, 301). It represents a temporary marketplace providing a platform for sellers to meet buyers and the other way around and where merchandize is presented. Trade fairs target both markets, the business to business as well as the business to customer market, facilitating selling companies to meet many buyers at one place (Wright 2004, 396). One main role of trade exhibitions is to create new contacts, meet existing clients, present the merchandize of the company, gather market research and examine competitors, as well as to sell products and services directly at the fair (Wright 2004, 396).

According to Kirchgeorg et al. (2010, 301) this type of channel experienced an increase in supply and demand resulting in a growing offer of diverse trade shows. They also concluded in their research that trade exhibitions will still be performed in the near future although the physical presentation of the goods might shift to a certain extent and companies need to follow the development of tomorrow.

To summarize, exhibitions represent an orientation, information, and contact forum (Meffert & Althans 1982, 150). The motives of participating in trade fairs are the creation, maintenance, and expansion of contacts, presentation of new products and problem solving, and the discovery of the newest trends on the market (Meffert & Althans 1982, 150). As disadvantages can be mentioned the lack of clear objectives, the costs of the space and employees representing the business or selling the goods and the time needed to organize, set up and maintain the exhibition (Wright 2004, 396-398).

Next in the list is the mail order. With this category of distribution channel products or services are sold through specific trade magazines, trade journals or directly through a mail order (Wright 2004, 260). In many cases some type of response is already satisfying for the reason that companies are able to follow up requests by phone calls (Wright 2004, 393). Direct-mail also includes sending offers, reminders, or announcements to customers and provides a personal touch when consumers are addressed personally with name and title (Kotler 2003, 622-624).

The fourth direct distribution channel mentioned by Wright (2004, 258) is the Internet. This channel is most likely the one with the uppermost growth of interest and usage and can be understood as the biggest revolution in trade which is providing companies with the opportunity to reach a much larger crowd than ever before (Kotler 2003, 629). The Internet did not only implicate fundamental changes in the way of sales and distribution but provides still wider coverage and at the same time lower entry, establishment, and operational costs. (Rao, Goldsby & Iyengar 2009, 106-107; Peterson, Balasubramanian & Bronnenberg 1997, 333)

One huge advantage of the Internet is that it is accessible from everywhere in the world and functions as a permanent trade fair available 24 hours every day from any time zone. Especially in the business to business market e-commerce is very successful. Also for the international marketing and distribution the Internet is getting more and more important and creates a significant factor in the globalization of businesses. (Bennett & Blythe 2002, 209-211)

How important the Internet is today as well as the expected future outlook was examined in January 2012. It is claimed that organizations should go digital in order to keep up with competitors and collect data concerning their customers, competitors, suppliers, and employees. It is strongly assumed that by the year 2016 there will be about 3 billion Internet users worldwide with a 4.2 trillion dollar Internet economy within the group of the twenty major economies. (Dean, DiGrande, Field & Zwillenberg 2012)

The Internet creates a vibrant market space where online retailing is growing rapidly. The change of habits of the consumers as well as the impact of the Internet on all facets of their lives reshapes the term distribution channel like no other force before. The factor of saving time and costs is one great benefit for customers and the advantage of reduced waiting time and the accessibility from everywhere favors the Internet as well. But some people are suspicious towards the Internet. The reasons can be an uneasy relationship with the Internet or the anxiety for misuse of third parties. Those types of consumers prefer to use the more traditional channels and favor to interact with people. Those aspects lead to the conclusion that certain people will continue to purchase through traditional distribution channels whereas other consumers are adopting the variety of the Internet. (Chien-Huang & Yu 2006, 112)

The new generation of mobile phones, the so called smart phones, create a new tool to use in e-commerce and speed up the whole process even further. Computers are not of necessity anymore since those types of phones replace the large equipment and are accessible everywhere, saving even more time. Time, spend shopping on the train, on the bus or even while walking home from work, provides more leisure time to be spent at home.

Encompassed within m-commerce is advertising through the mobile, sales promotion, the technology of click and buy, mobile CRM, and mobile applications where it is expected that m-commerce will grow in importance within the sector of direct distribution channels in the future (Lancaster & Massingham 2011, 93). The method of m-commerce provides access and service without any geographic limits or restrictions in time which additionally saves money for organizations compared to alternative techniques (Euromonitor International 2011). Another benefit is the fact that more people have access to phones than computers and upgrade their devices on their phones more often which enables adoption of new technologies (Euromonitor International 2011).

Already previous to the current market, when smart phones and all the recent inventions within technology did not exist yet, the potential within m-commerce was recognized and investigated. In 2002 Balasubramanian, Peterson and

Jarvenpaa published an article concerning the implications of m-commerce in the field of marketing as well as for the market. The authors state that the potential within that type of distribution channel should not be overlooked by businesses but rather implemented in their marketing activities. It is pointed out that the time factor should not be underestimated since m-commerce enables consumers to receive a text message or other types of information provision everywhere at any time such as for instance at lunch, while watching television, or while being outside during leisure time. (See Balasubramanian et al. 2002, 348-351)

Today, the expected influence of m-commerce on businesses is high. It is assumed that by the year 2015 more clients will use their mobile devises to access the Internet rather than from their desktop computers. Some companies even expect that through m-commerce one-quarter of total sales will be allocated. (Danziger, Field, Loftus, Schürmann & Sharp 2011)

The last method mentioned in Wright´s (2004, 260) list are other media. Included in this method are television and radio which regrettably only reach a certain group of people at a certain given time (Wright 2004, 260). Kotler (2003, 626) additionally refers to catalogs as further distribution channels. There is a variety of different types of catalogs such as full-line merchandize catalogs, catalogs for businesses, or consumer specialized catalogs, which are in most cases send home to the consumers as printed version but can also be submitted as CD, video or online (Kotler 2003, 626). Customers are occasionally also supplied with gifts depending on their status of orders (Kotler 2003, 626).

When telemarketing occurred it was expected to have great effectiveness and efficiency as channel of distribution. With this type of channel companies are able to present their products directly to the targeted consumers through television. The method did in fact launch successfully and is still in high use today, especially for innovations or special products. In some countries this method is that strongly used that even independent telemarketing channels exist. However, it is not suitable for all types of products and, therefore, manufactures need to ponder thoroughly whether the method is of usage for them. (see Kotler & Cox 1988, 310-311)

Dow and Jung (2011, 108) noticed the change within the method of using distribution channels as well. They claim that the competition comes not only from the street anymore but also from throughout the world. This is the result of the dramatic change in information technology and communication advances which influence the marketplace significantly nowadays. Businesses need to learn that those circumstances influence their choice of channel and make marketing management even more accountable.

Nevertheless, McDonald (1998, 11) points out three major aspects influencing direct marketing and its future. The first factor mentioned is the change in lifestyle of people and the demographics. Since certain statistics provide information for all kinds of interests, businesses are able to manage and control their offers and align those to the demand and to the amount of suspected clients. The second factor involves the competition. Competitors have a great impact on the operations of companies since they are able to influence the quality of life as well as how organizations operate. The last aspect regards the change in technology and innovations. The technology of today enables consumers to purchase goods easy and comfortable from at home through various channels. Especially the Internet as innovation and the development of it transforms the industry of direct marketing. (McDonald 1998, 11-13)

As in most situations, where there are benefits there are unfortunately some drawbacks as well. In this case marketing calls at improper times, misdirection of customers, and most worryingly the invasion of the clients´ privacy form a formidable and serious list of disadvantages. Fortunately companies are aware of those viewpoints and are constantly keen on improving their performance. (Kotler 2003, 620-621)

2.1.2. Indirect Distribution Channels

Due to the fact that companies and their nature of business are diverse, every company needs to reflect which way of marketing and selling their products is suitable for them. Besides the possibility of using direct distribution channels, organizations may decide on using one intermediary (short distribution) or several intermediaries (long distribution) who function as conduit between the company and their customers. It is rather uncommon in business to business relationships to use indirect distribution channels but is nevertheless used in some occasions. (Wright 2004, 261)

One example, when long distribution is used, are companies which sell products in bulk to the first intermediary, this intermediary breaks the bulk down into smaller quantities and passes the smaller amount forward to the next intermediary who might either sell it to the end-user or add value once more and passes the products on again. The drawback of a long distribution however is the greater loss of control but again, this depends on the type of product and whether product knowledge or after-sale is of relevance. (Wright 2004, 261)

However, in case of a longer channel of distribution with various intermediaries, it is essential to decide on the order those intermediaries occur, depending on the level or stages within the channel. Lancaster and Massingham (2011, 199) distinguish between the channels consisting of complete organization, channels involving agents which do not take title to the goods, and the channels where the physical movement is the same as the movement of the ownership of goods. They additionally claim that there is most likely an increase in efficiency when intermediaries are involved and that inventory stock-outs can be avoided as well as deliveries facilitated.

When companies decide to use an indirect distribution channel, and go along with intermediaries, the selection has to be made which type to use. Since several different types exist the differentiation and explanation of each type is stated separately in section 2.2. Through the understanding of the different possibilities companies should be able to settle on the proper intermediary for them.

2.1.3. Advantages and Disadvantages of the Distribution Methods

Crucial for businesses is to distinguish which method is the appropriate one for them. For that reason they need to evaluate their aim and their objectives.

However, regardless which method organizations decide to use, each decision will imply most likely some type of drawback as demonstrated in Table 1.

Table 1. Comparison of direct and indirect distribution channels.

	Advantages	**Disadvantages**
Direct distribution channel	• Direct and personal delivery of knowledge and expertise • Satisfaction of customers through direct discussions • More trust • Easier customization • Maintaining control • Better collection of information for database • Consumers save time and money on driving to the destination of purchase and on parking • Customers do not have to wait in a queue to pay for the goods	• Higher costs for marketing and promotion • Expenditures for shipment of various small units to a wide customer area • Possible misdirection of customers • Invasion of the customers privacy
Indirect distribution channel	• Bulk products are sold easier • Usage of intermediary provides various diverse values and advantages (see 2.3.3. for further information)	• Lack of direct contact with customers • Missing out on valuable information • Reduced end price of the products

The table is divided into the two main channel types, the direct distribution channel and the indirect distribution channel. Within these two types the advantages as well as the disadvantages are demonstrated. The table provides the possibility to take in the core aspects while still being able to understand the subject.

2.2. Types of Intermediaries and Participants

For certain distribution methods intermediaries are indispensable. Intermediaries can be defined as an organization or person linking together producers and end customers. Some intermediaries, such as wholesalers or distributors, add additionally a specific value to the product, like for instance storage or service support, or they provide credit facilities. (Fill & Fill 2005, 9, 195) Unfortunately, in this situation as well, a great variety exists. The participants within the channel of distribution depend on the type of intermediary. Generally it can be concluded that manufactures, wholesalers and retailers form the so called primary participant as they acknowledge their relationship in terms of dependence on each other as well as the risk they share (Sherlekar & Gordon 2010, 139). Hardy and Magrath (1988, 30-31) distinguish at large between agents, broker, commission house, dealer, distributor, facilitating agencies, jobber, manufacturer´s agent, merchant, middleman, principal, retailer, selling agent, and wholesalers, all being types of intermediaries. The most important once are explained in more detail in the subsequent paragraphs.

Ramachandra et al. (2010, 5.6) distinguish between two main categories of intermediaries. The first type mentioned are the merchant intermediaries where wholesalers, semi- wholesalers, retailers as well as distributors and dealers characterize this type of intermediary and are classified as buyer and seller at the same time. Wholesalers can be further differentiated into sub- classes but this differentiation is not of importance for this thesis.

In general it can be said that wholesalers function as intermediaries who buy specific merchandize in bulk from the producers and sell them further to subsequent intermediaries. The semi- wholesaler in reverse is the intermediary who buys products from the wholesalers or producers in smaller quantity and sells them to retailers or directly to the consumer. Commonly, semi- wholesalers offer a variety of lines of goods from different producers as it is required. (Ramachandra et al. 2010, 5.6)

Using a wholesaler might be more costly but might also be more convenient in terms of time and effort. Customers might rather go to a wholesaler when looking for a specific product instead of wasting valuable time on searching for it. This applies especially for business customers. Wright (2004, 263) suggests to use a wholesaler for the reasons to cut down time and costs, for convenience, for immediate delivery, for products with a specialized character, to save inventory space, for help and advice as well as the know-how and networking contacts, or for when local knowledge is essential. (Wright 2004, 263-264)

Wholesalers are commonly mediators which are usually interacting with other businesses rather than end customers. Their nature is similar to retailers but is also distinguish in several ways. The difference is that wholesalers pay less attention to promotion, to the atmosphere of the facility, and to the location. The trade area covered by wholesalers is normally of larger size than the one covered by retailers. (Kotler, 2003, 547)

It is additionally noted, that wholesalers usually maintain stock on behalf of the manufacturer. They can, therefore, be viewed as an extension to the production capacity of producers since they share the uncertainty associated with production by minimizing the amount of inventory manufacturers otherwise might need. The authors distinguish between two tasks of wholesalers, the upstream and the downstream tasks. Upstream tasks are for instance duties which include the reduction of uncertainty manufacturer’s experience. Therefore is the above expressed inventory situation considered as upstream task. Downstream tasks in contrast are supposed to reduce the uncertainty retailers or consumers might experience. Such uncertainties include the preference of easy and fast availability of products which can simpler be met through the inventory maintenance of wholesalers. The authors summarize the performance with the aspects that wholesalers reduce risks by increasing service in order to smooth the procedure of buying and at the same time facilitate the transfer of products through the marketing channel. (Fill & Fill 2005, 196-198)

Retailers can be divided into two groups as well, institutional and non-institutional retailers. At large, retailers are defined as the part of the chain which is responsible for meeting the requirements of the individual customers by breaking down the amount bought from preceding channels even further. Retailers generally possess a constant and close relationship with their clients. Institutional retailers are commonly, according to Ramachandra et al. (2010, 5.7), “consumer co-operative stores, fair price shops, department stores, chain stores or multiple shops and mail order houses" whereas non- institutional retailer can be observed as "street sellers, peddlers or hawkers".

Kotler (2003, 535-537) argues that retailers obtain their sale volume primarily through retailing. For this process it is not of importance how the products or services reach the client or where they are sold. A distinction can be made between specialty stores, department stores, supermarkets, convenience stores, discount stores, superstores, and catalog showrooms, all forming a major retail type. Additionally, corporate retailing is conducted which usually accomplishes economies of scale, superior spending capacity, better recognition of the brand, and employees which are better trained. The probably most known type of such is the franchise.

Distributors and dealers can be classified as intermediaries who deal with producers under specific agreements of the franchise business. It is common that such agreements limit and restrict aspects like location of business, the market to serve to, as well as the products which are handled. Additionally, restrictions concerning the payment, inventory, and resale price are laid down. (Ramachandra et al. 2010, 5.7)

Fill and Fill (2005, 9, 195) stated that distributors commonly sell directly to end customers rather than to other intermediaries. They supply both sides of the deal, the consumer as well as the original producer. The title to the product is fully taken and they commonly sell also products from other manufacturers. Additionally, advice and repair is provided when needed.

The second type, mentioned by the authors Ramachandra et al (2010, 5.7-5.8), are the agent intermediaries. This sort of mediator never takes possession or title of the product but rather fulfills the role of an assistant for producers, merchant intermediaries and customers through the transaction of sale and purchase. Their mission is to fix prices or to accumulate terms of sale and receive a commission, on the value of sale, for their work. Here again a distinction can be made by categorizing them into four classes.

Firstly there are agents who, in lack of any restrictions concerning the territory on the basis of conditions and certain terms, are provided with exclusive franchise with the intention of channelizing the entire assembly of a producer. This description is used when defining so-called sole selling agents. Then there are the selling agents, who are agents serving customers within a franchise system in a specific but limited market segment and who work solely for the organization. The third type is the commission agent who is in charge of booking orders, sending orders, dispatching merchandize as well as performing certain functions like the financial assistance, the investigation of the market or the recovery of dues. Finally there are brokers, forming the last type of agents. These types of mediators act as contact person for potential suppliers and buyers and receive brokerage for their services without taking any risk. (Ramachandra et al. 2010, 5.7)

2.3. Reasons for Choosing an Intermediary and Possible Disadvantages

Before businesses come to the decision whether to use intermediaries they are advised to investigate the benefits as well as the drawbacks of the use of middlemen. Through this process a better understanding and conclusion will be reached. The following section provides the advantages of intermediaries but also demonstrates the disadvantages of using mediators.

2.3.1. Benefits of Using an Intermediary

By working with an intermediary an organization ensures added value for the end-user. Products and services are collectively developed, each adding a certain kind of value before it is passed on and is presented in the end in the most convenient form for the final customer. Middlemen support businesses by diminishing various uncertainties and providing their expertise. (Fill & Fill 2005, 180-181)

The question whether a middleman is necessary or useful might occur fast when examining the possibilities of today and being overwhelmed by the decision. Also the subject that the producer of a product would usually be able to do everything what an intermediary does might come up. But regardless of the expertise of a manufacturer, the division of labor still favors the choice of using a middleman and demonstrates the first benefit of using an intermediary. Mediators in certain business fields or product ranges are typically more specialized and adept. (Vitale et al. 2011, 336)

A further positive motive is that local stock is often required in order to provide immediate accessibility such as for instant food stuffs. Another reason in favor of intermediaries is the circumstance of a small line of merchandize where businesses cannot afford an own sales force. In this particular situation it is easier and beneficial to use a middleman who sells compatible goods and has already existing, established relationships with the targeted clients. (Vitale et al. 2011, 353)

Further, organizations selling products with a low value per unit are most likely better advised to use a mediator since their target group is wide and the consumption is often rather in low volume than high quantities. Additionally, goods, for which the end of the life cycle is close, are better off when sold through an intermediate since those products usually are known well enough by the consumer and do not need any further or specific customer education. (Vitale et al. 2011, 353)

The geographic and dispersal of the customer is also an issue which can be tackled better when selling through an intermediary. Since logistics can be expensive when serving and satisfying customers who are spread within a wide radius companies might be better off using someone who already does business in this particular region. Also the shipment of products can be cheaper when sending a bigger amount to an intermediate who repacks the product for further sale rather than sending small packages directly to customers. This is particularly important when the merchandize is aimed at customers purchasing big amounts but also provides the possibility to be used in small quantities. In this case the company does not have to worry about the size and shipment but leaves it to the mediator. (Vitale et al. 2011, 353)

Supplementary, when entering a new marked abroad, it can be of advantages to use a middleman in order to inform customers about the product. Especially when offering goods for an explicit target group it may be difficult to reach them without the help of a medium and the existing customer base. This solution provides a faster and most likely an easier entry into the new market for the product and the company.

According to Kotler (2003, 506) it is additionally a matter of whether a business is financially able to carry out direct marketing. Intermediaries might help to promote the product with lower costs. He also mentions the feasibility of direct marketing and the limitation when offering only one or two small items. The existing contacts, the experience of the medium, the specializations as well as the scale of operation smoothens the flow of the product and is often more of value than what a business can achieve on its own.

Furthermore, transaction costs and the complexity are cut down when using an intermediary. Also the opportunity for errors is minimized. An additional benefit is that customers are more satisfied when the product is available in the correct quantity, at the right time and at the right place. All three aspects can be easier met when using an intermediate. (Vitale et al. 2011, 337-338)

Moreover, decisive risks can be reduced while using a mediator, such as the credit risk or the risk that something goes wrong since the responsibility is with the intermediary. Also the warehousing costs are covered by the middleman bringing down the costs for the business as well. (Bennett & Blythe 2002, 199)

Fill and Fill (2005) point out that while using an intermediary a company is able to focus on the core activities within the business rather than investing time in the contact to the end-user. Most of the businesses expand instead of relocating their operations wherefore their main and original activities still take place in the same manner as before. By using a medium those actions persist without the lack of competence while the intermediary takes over the new market share. (Fill & Fill 2005, 183) Sherlekar and Gordon (2010, 137) summarize the benefits by stating that intermediaries provide more efficient processes, offer guidance and support in arrangements and transactions, support businesses in the searching process, as well as offer help in the process or sorting.

Christopher (1985, 131) recognized the reasons to use a middleman in terms of time gaps, space gaps, quantity gaps, variety gaps and communications information gap. Certain items are consumed in regular intervals wherefore a constant offer is essential to close the time gap. The space gap concerns the fact that manufacturers are located at a specific area or place whereas their customers are spread out. In order to purchase the product it is more suitable for them to have a precise contact point. Intermediaries additionally help to support manufacturers in terms of the product quantity since the production is higher than the consumption and might lead to difficulties when selling to the client. Moreover, consumers typically demand various different products while manufacturer are commonly concentrate on just a view types of goods. Consumers would have to go to several different places in order to purchase all their products. Finally, the communications information gap concerns the issue that customers often are not aware of where the product they purchase is coming from and would for that reason not know the availability of the good.

2.3.2. Drawbacks of Using Intermediaries

Contrary to the advantages of distribution channels certain disadvantages are claimed as well. One large concern could be the deficiency of control over marketing, employees and sales. Additionally, misrepresentation of the product and brand value might occur or employees might defect to another company, possibly taking valuable and sensitive information with them. (Bennett & Blythe 2002, 199)

According to the research of Vitale et al. (2011, 354) it is adverse to use an intermediary when launching a new product or innovation since those goods require customer education in a very efficient way. Also technically sophisticated items require complex counsel for correct application and might be mishandled by the intermediary. One other concern is the difficulty with highly customized products for the reason that such goods require close contact between the design team, the engineering personnel and the manufacturing of the company. (Vitale et al. 2011, 354)

A totally different approach is the apprehension that intermediaries will not be needed as much anymore once technology is spreading even further. Already today intermediaries face the challenge to compete with the direct channel module of the Internet due to for instance lower costs. This results in wider usage of the Internet as distribution channel. (Aitchison & Stone 2002, 68-69)

2.3.3. Comparison of the Benefits and Drawbacks of Intermediaries Usage

In this section a comparison of the above stated arguments will be provided. With a direct assessment it is possible to evaluate the issues more effortless. Furthermore, Table 2 presents a fast and structured overview of the advantages and disadvantages.

Table 2. Advantages and disadvantages of intermediaries.

Advantages	**Disadvantages**
• Diminishment of uncertainties • Provision of expertise of the market, customers, business • Provision of local stock • Existing and established relationship with consumers • Wide target group which is beneficial for products with low value per unit • Better coverage of geographic and dispersal of customers • Support with offer of goods in new markets or countries • Faster and easier market entry • Cost savings in terms of logistic • Cheaper promotion • Coverage of warehousing costs • Companies can concentrate on core activities when mediators take care of their sales • Closure of time, space, quantity, variety, and communications information gap • Reduction of credit risk	• Deficiency of control • Misrepresentation of product • Transition of employees to another company taking valuable or sensitive information with them • Low provision of expertise on highly technological products • Low possibility of efficient provision of customer education • Intermediaries are not able to provide close customer contact in terms of customized goods • Advanced technology such as the Internet or mobile phones decrease the usage of mediators which are then just additional costs for companies

When considering those aspects, while creating a draft for expansion or business development, companies should be able to specify their needs in order to draw their own conclusion. It will never be possible to eliminate all disadvantages. Hence, organizations are advised to consider carefully which solution and decision will be the appropriate one for them and their business.

2.4. Choice of Distribution Channels

To decide on the right and appropriate channel of distribution might pose a challenge for businesses due to the fact that there are several aspects to take into account. The issue of the choice of distribution channels is investigated by various authors, demonstrated in the following paragraphs, providing insights and propositions. However, it depends on each company individually as well as the nature of the business to decide whether the aspects are of importance to them and which of the following features are of interest for their company. Yet, segmentation of the target clients is essential whereby the segmentation will have a major effect of the selection of the distribution channel (Blythe & Zimmerman 2005, 210).

Regardless of the choice of channel, organizations should be flexible and able to adjust to the conditions of the market, short and long term. Channels of distribution should be noticed as team work towards shared goals and, therefore, the distribution functions should be arranged in a way that it functions as one unit instead of a set of various or independent components (see Czinkota & Ronkainen 2010, 400).

2.4.1. Basic Selection Methods

One approach when selecting the appropriate channel of distribution is to identify the goals the business would like to achieve. It can be concluded, that there are three common goals all organizations share. Those are to maximize the access of the target market, to optimize value- added, and to have as low costs as possible. (Anderson, Narus & Narayandas 2009, 282)

The marketing specific approach, when selecting distribution channels, should not be the organizational and cost related aspects but rather the basic question of how products or services reach end customers in the best suitable way. Customers generally do not like to search for a product or service but prefer the good or service to play to them. When deciding on the suitable distribution channel it is essential that the channel answers the purpose of the expectations customers have. Nevertheless, the cost aspect is also important where it can be concluded that the expenses of channels are highest when using direct approach. However, in some situations the profit is less when using the indirect method. (Becker 1998, 528-529)

Cateora and Ghauri (2000, 361) mention four key aspects companies should address before selecting the distribution channel. They claim that the target market should be recognized, marketing goals such as volume, market share, and profit margin requirements should be appointed, financial and personnel commitments need to be specified, and control, length of channels, terms of sale, as well as the ownership of the channel must be identified.

When selecting a distribution channel, organizations need to be aware of the fact that the choice will influence all other factors within the marketing mix such as the price and promotion. Additionally, the preference of the channel requires attention in terms of the involvement in long term commitments with new partners where it might create difficulties to terminate the relationship in case of intractable issues and conflicts. Therefore, the selection of the appropriate channel can be complex and of great challenge. (Sherlekar & Gordon 2010, 143; Jantan et al. 2003, 428)

As with options in general, all possibilities have to be viewed and explored and various factors need to be taken into account since channels of distribution affect also aspects like pricing and the quality of the product, the volume of work involved, and the extent of possible bad debt. Therefore, companies have to implement those factors into their decision. One vital aspect is the nature of the business due to the reason that certain products cannot be distributed through certain channels like for instance products which are high in value or bulky goods.

Further issues to consider are the costs of distribution, the share of the target market, image, size of the order, or warehousing. Businesses need to be aware of their best interest all in relation with their customer demand and the product. (see Bennett & Blythe 2002, 228-229)

An organization is also advised to investigate the targeted market through market research to understand it clearly. Kotler (2003, 2) claims that the increased buying power, the bigger variety of products and services available, the developed possibility to receive more information about all different kind of things, the ease of orders nowadays, and the option to compare most products in today’s market provide consumers with opportunities they did not know about in the past. Nevertheless, those aspects are essential to know in order to consider the right distribution channel.

Unfortunately, a decision made means not automatically that the decision is accepted by the channel or intermediary itself. It might happen that the chosen and available intermediary needs first to be convinced to incorporate and take in the products of the new company. Another issue to consider is the channel system common in the targeted country or market. Especially when an organization is functioning in several countries, the means of distribution might vary between the countries. (Kotler 2003, 510-511)

Concerning the channel system common in other countries, organizations need to reflect on the competition within that particular country. Competitors might, unfortunately, also determine the distribution channel since a particular pattern might already be set by them to which the target customer is used to and is familiar with it. Only specific benefits for consumers when using another channel or for instance cost savings might revise customers´ opinion. (Blythe & Zimmerman 2005, 211)

An additional facet is the result businesses aim for or how they want to manage their intermediaries. Kotler (2003, 511) and Frazier (1999, 235) describe the difference between the push and pull strategy when considering this matter. The push strategy is used when the brand loyalty is rather low and where the choice is made in the store through the product benefits. The pull strategy on the contrary takes place when the manufacturer advertises the products to animate consumer to ask the intermediaries for the goods and is used when the product is well known and has high brand loyalty.

However, to choose one method of distribution means not necessarily that it is a perfect solution. All varieties bring a certain disadvantage along with them. Kotler (2003, 512) explains that to handle complex goods and transactions, sales force could be used. Yet this method causes high expenses. The Internet is cheaper but provides not the handling of complex merchandise. Intermediaries on the other hand are able to create sales but deprive companies of direct contact with their clients. In this case a mix would be a good solution which might create more complications but might also be the best resolution. Müller-Lankenau, Wehmeyer and Klein (2006, 188) claim that consumers using various channels, so called multi channels, demonstrate more loyalty, spend more money, and are more profitable (two to four times) than single channel consumers.

Blythe and Zimmerman (2005, 211) additionally mention the culture as one feature to consider. They state that in some countries and, therefore, cultures it might be of a challenge to introduce a new product while selecting a new or dissimilar distribution channel. Also the configuration of the network and the possibilities might constitute a challenge since the country of choice is possibly not connected to for instance the Internet.

2.4.2. Objectives and Subjective Aspects

Certain objectives and subjective aspects are also of importance. Primarily there are the market factors. According to Rachachandra et al. (2010, 5.8) market factors include consumers, intermediaries, and competition, all influencing the distribution channel. When investigating the aspect consumer, organizations are to observe how many consumers there are in the particular market, how are they allocated within the geographical area, and what their purchase patterns are. For markets with a lower result in the above mentioned aspects a direct distribution channel might be the better solution whereas high populated markets are more suitable for indirect channels. The reason is that less people, a small geographical area, or low purchases all are less economical. To examine the intermediaries located in the target market companies are advised to check for their strength and weaknesses, to investigate which diverse functions they perform, and which facilities and privileges are desired by them. The inspection of the competition is essential in order to know what else is sold in the area and how in order to detect the best distribution channel. (Ramachandra et al. 2010, 5.8-5.9)

In addition, the channel depends on the type of market or the size of it. For consumer markets retailers are typically used whereas in business markets retailers are not necessary. Concerning the size of the market a distinction can be drawn between large markets with the use of various channels and small markets whereby direct channels might be more appropriate. Additionally, the frequency of the products usage by the consumer is essential and creates another aspect to consider. Their main recommendation however, is to investigate and examine the market through market research in order to classify their target group. (Sherlekar & Gordon 2010, 145)

The second factor is the product itself. The argument that the nature of the product matters for decisions was already mentioned several times throughout this report. Also the size, weight, bulkiness, and the aggregate state of the product are of importance (Benkenstein 1997, 2010). Various facets are mentioned by the authors Ramachandra et al (2010, 5.10) and are also pointed out by Becker (1998, 530). The first is the industrial or consumer product. If the merchandize is of industrial nature a direct distribution channel is recommended since clients for this type of product are commonly less in quantity and usually prefer direct contact with the manufacturer. Consumer products per contra are targeted at a great number of people wherefore indirect distribution channels are more appropriate. (see Ramachandra et al. 2010, 5.10; Becker 1998, 530)

Secondly there are perishable products which need fast processing and are, therefore, suitable for direct channels. The third product type is the standardized product such as branded or ISI markings. Those goods are usually sold through indirect channels since direct contract is irrelevant. Next of the product related factor is the value of units. If an organization sells more expensive goods it is common to use a direct channel. The reason is first of all the direct contact with the client and, therefore, closer and better relationship and secondly, the high unit value of the product covers the high costs for direct channels by far. (Ramachandra et al. 2010, 5.10; Sherlekar & Gordon 2010, 145; Benkenstein 1997, 2010)

Then there are technical products, such as computers or machines, for which direct channel distribution is advisable. Since this type of product usually involves technical know-how, it is common to send out skilled salesman who know the product and are, therefore, able to better accomplish advertisement and can demonstrate the product. (Ramachandra et al. 2010, 5.10; Sherlekar & Gordon 2010, 145)

Another product type is the seasonal product, which comprehend that the production and actual consumption is usually not coincide. This product range is generally sold through agent intermediaries. Next are products which are new to the market and consequently not known by the consumer yet. Aggressive selling is often needed wherefore middleman, and for that reason indirect channels, are worthwhile. Fashion goods on the other hand need fast processing before they are out of fashion. Consequently, direct channels of distribution are suitable before valued time is wasted. Goods with a certain breadth are also better sold through direct channels. This is because the breadth of those product lines enhances its ability to catch sale. Finally there are the goods with price stability. If a product changes its price frequently, direct distribution channels are useful as well. The problem otherwise could be that compensation loss to intermediaries occurs and the goods are not sold. (Ramachandra et al. 2010, 5.10-5.11)

The next of the governing factors mentioned are the company factors. It is also essential to look towards the producing company with its strength and weaknesses as well when selecting the true channel of distribution. Primarily there is the financial strength which might indicate which channel to use. If an organization is financially strong direct channels can be used as the business is able to sell without the support, financially or through facilities, of intermediaries. A financially weak organization controversially might possibly need the intermediary as support and should choose indirect distribution. The experience with intermediaries is the next aspect of the company factor to investigate. Companies which have been doing business through middlemen for a longer time already, and have therefore built a good relationship with them, usually keep up the business through mediators. Unsatisfying business with intermediaries might result in a switch to direct channel distribution instead. (Ramachandra et al. 2010, 5.11; Sherlekar & Gordon 2010, 145)

Also influencing the choice are the marketing policies. Advertising, delivery, after-sale-service, as well as pricing all take part in the decision process. The reputation of a business is an additional issue. Unknown businesses might face challenges to find intermediaries, especially in a foreign market. When the company, and their product, is known however, indirect distribution channels are easier to adopt. At last there is the desired market control as well as the degree of the control influencing the selection of the distribution channel. (Ramachandra et al. 2010, 5.11)

The last factor mentioned is the environmental factor. This factor implies economic, legal, and fiscal factors. When the economy experiences an inflation, intermediaries are in general more active whereas in a deflation they are rather shy and do not participate as much. Manufacturers though avoid middlemen in inflation times and depend more on them when there is a deflation in the economy. The legal aspects are also to consider when exploring the acceptable distribution channel. The last feature is the fiscal structure. Depending on the targeted country or market it might be easier to use a middleman, who knows the situation, rather than using direct channels, especially when there are various differences between states. (Ramachandra et al. 2010, 5.12; Becker 1998, 530)

2.4.3. Other Methods

Another technique to select the channel of distribution is by evaluating the question of what is ideal and what is practicable. Several steps provide an overview and support of this method. The first step for a company in this process should be the appraisal of what should be achieved by the usage of a particular channel or in other words, the determination of the channel objectives. Thereby included is the coverage of the target market effectively, the efficiency in terms of distribution as well as the costs of it, providing products close to the consumers, and customer service. (Karunakaran 2008, 175-176)

As second step the functions of the distribution channel need to be identified. This function may include the provision of market information, promotion, contacts, supply in assortments, price negotiation, physical distribution, risk taking, financing, selling, and flows of distribution. The next step consists of the action to match the product to the appropriate channel by for instance identifying whether the product is a convenience good, a special good, high in value, or a shopping product. Furthermore, the legal aspects of the target country need to be examined precisely. At last the competitors should be brought to focus in terms of their channel patterns while the strengths and weaknesses of their channels provide valuable insides and offer the possibility to get an edge over them. (Karunakaran 2008, 176)

Even though it has been stated previously that companies need to investigate the market and the consumer habits as well as look at how the competitors distribute their products in the same product line, it is possible to risk a different approach. Kotler and Keller (2001, 1090) believe that in some situations it is even essential to start a different approach by looking for new marketing chances. This method is convenient especially in cases of high costs related to channels used so far, meaning that companies have the possibility to come up with something new in order to save money in case they are not able to afford the distribution channel used by competitors. Typical success stories, where businesses internalized this method, are Tupperware and Amazon. The company should basically aim for the alternative which is the cheapest in the long term. (See Kotler & Keller 2001, 1090)

Additionally, when businesses come to the decision to go abroad it is not only enough to choose the channel of distribution but it is essential to examine whether the aspired method is provided in the target country and if the selected channel has the same acceptance there. In case an organization has previous experience in other countries already, it is advisable to use, when possible, the same method due to the reason that familiarity and know-how already exist which can be applied. But at large it is important to calculate the risk and measure the chances in order to detect the appropriate channel. (Backhaus, Büschken & Voeth 2003, 280-282)

When entering a new country, organizations have three possibilities when debating about the best choice of distribution channel. They can either adapt to the already existing system (adaption), remodel the channel of distribution (modification), or they develop and create new channels (innovation). Important however, is the awareness of costs and risks as has been mentioned before. (Meffert & Althans 1982, 161)

It is essential to keep a few aspects in mind when going out of the country. Due to the longer and mostly more complex logistics of the goods, the price of the merchandize will be affected. In addition, the type of marketing channel will have also impact on the end price the customer will have to pay and is, therefore, one factor to consider when selecting the distribution channel. Another issue to consider is the production or inventory. The proper channel might provide stability and, therefore, reduce fluctuations. (Albaum & Duerr 2011, 393-394)

2.5. Selection of the Intermediary

When a business has decided to use intermediaries, the next step is to find mediators before then screening and selecting them. In general there is the passive approach, when businesses wait until intermediaries contact them or the active approach where companies should investigate the market in order to understand it and learn what they can offer themselves and what is expected from the intermediary. Czinkota and Ronkainen (2010, 413) mention two different sources supporting businesses in their investigations, the governmental agencies and the private sources. The department of commerce, trade opportunity programs, international company profile, representative offices, or import promotion efforts are all home government or host government institutions providing assistance in various areas. Another useful tool is the source *yellow pages* which is common in many countries. The private sources on the other hand include trade directories, such as *Kompass* for Europe, *Bottin International* (worldwide), *Foreign Trade Exchange* for Northern Europe, and *Japan Trade Directory* (Japan), direct advertisement, trade fairs, chamber of commerce, banks, or independent consultants. (See Czinkota & Ronkainen 2010, 413-417)

The process of finding the prospective intermediary constitutes usually not an immense problem but to select the right mediator is more of a challenge to businesses. The subject of trust, volume, or underfinance might create difficulties. (Cateora & Ghauri 2000, 363-364)

De Burca, Fletcher and Brown (2004, 404-405) claim that intermediaries handle more than half of the global trade which emphasizes the importance of finding and selecting the appropriate mediator. The intermediary is the contact person to the client wherefore it is advisable to screen many different possible middlemen before selecting the desired number of people. One of the first criteria to investigate is the size of the targeted intermediary´s business. Depending on the nature of product, too big or too small businesses could mean either not enough promotion but rather just a listing of the product or adequate coverage cannot be secured. By inspecting several different intermediaries companies can narrow down their choice and are able to start comparing the most promising middlemen. This process can be done with the support of a grid stating the most important features. In Appendix 1 (adopted from De Burca et al. 2004, 404) such a grid is demonstrated as example.

When selecting the intermediary who matches the expectations and requirements of an organization, businesses need to give considerable thoughts to it for the reason that it might be difficult to change middlemen afterwards. If the choice turns out to be inappropriate later on, it might affect the growth of the business in the future as well as the market share. Therefore, it is essential to clarify the objectives of the company before selecting a mediator. Through the objectives businesses should be able to identify which type of intermediary to pick as the different types are explained in section 2.2. (Cateora & Ghauri 2000, 350)

When selecting intermediaries it is crucial to remember the connection manufacturers will have with the mediators to fulfill their basic objective of maximizing profit through the sale of their goods. In addition, organizations commonly require from their middlemen to function efficiently and economically when distributing or selling their merchandize. For that reason the basis to communicate and a certain connection with the intermediary is essential. (see Gill & Allerheiligen 1996, 50)

After listing all alternatives it is recommended to determine certain characteristics of the intermediary such as the experience, the development and growth of the mediators´ business, reputation, profit record and others (Ramachandra et al. 2010, 5.16). Companies must bear in mind that for the consumers the channel member is the company (Irani et al. 2011, 28).

Blythe and Zimmerman (2005, 212, 215) agree with other authors on the belief of the importance to carefully scan the intermediaries. They point out that the selection should not be made within a quick trip to the targeted countries to meet the target subject over informal discussions during dinner or even in a pub since those meetings commonly end in a poor selection and create a challenge to remove signed-on intermediaries afterwards. They also advise companies to involve already existing clients in the search for the appropriate middlemen and ask for their recommendations. Bennett and Blythe (2002, 230) claim that the intermediate should provide a firm financial foundation, a positive image in the local market, a solid track record demonstrating the success of selling comparable products, a wide patch to sell the goods, a moderate sales force, and a facility providing a sufficient space for warehousing.

Irani et al. (2011, 27) assert that the selected distribution channel as well as the intermediary has an effect on all decisions within marketing. Depending on the nature of the business it might be advisable to choose a middleman who carries a smaller collection of products instead of a big assortment. Additionally, mediators should be chosen not only by the geographical area they cover but also by the coverage of their customer segmentation. Furthermore, it is essential to screen the financial capacity but it should however not be exaggerated since in many cases less well financed intermediaries are more aggressive in their actions to sell and seem to be more hungry for turnover. (Irani et al. 2011, 30; Bradley 2005, 308-309)

Bradley (2005, 309) also claims that the customers served, the companies the middleman already represents, the application experience of products, servicing and after-sales service capability as well as the level and form of commission required should be considered. Since the after-sale aspect is an important factor companies should already in the recruitment stage locate intermediaries who understand the importance of it and are committed to customer service. Another selection list includes aspects such as the level of commitment, financial strength, specific skills in marketing, factors which are product related, the ability to plan things, as well as factors to facilitate and should be verified. Those features illustrate the so called core competences of intermediaries. (Irani et al. 2011, 30)

Besides the financial strength expressed through revenue, profit and loss, as well as the balance sheet, factors like the sales strength, including the number of sales agents and the competence within technical areas, or the product line, inclusive competitive or compatible goods, are also of importance. Further, the reputation concerning leadership, community standing, the expertise level and whether the mediator is well- established is essential. As mentioned before, the market coverage is also of great importance. This includes aspects like the geographical coverage with the indication of how many outlets per area exist, how much the industry is covered, and the intensity of coverage. (Irani et al. 2011, 33)

Employee relations, marketing orientation and the ability to plan are part of the management strength. Likewise, the sales promotion program and advertisement, training programs, including the willingness to allow employees to participate, or the sale compensation program, are important. Also the availability, the potential for conflict, the potential for long-term relationships, or other strength and weaknesses should be ensured before selecting an intermediary. Unfortunately there are some more facets such as the number of customers, the growth prospect, after-sales follow up, and willingness to share data. At last, after the required features are decided the evaluation and measurement of those is necessary in order to find the correct intermediate. (Irani et al. 2011, 33-34)

Since sales is the aim of every company, costs in relation to the sales need to be considered. The final price of the good is not the same as the price the product is provided to the intermediary. Therefore, it is essential to investigate the options of intermediaries in combination with costs of servicing them since major differences might occur. The motivation of the middleman is another crucial aspect to take into account when selecting the intermediary since the objectives of manufacturers and mediators are frequently dissimilar. Further, the growth prospects need to be considered in order to assure success. (Christopher 1985, 142-143)

Cateora and Ghauri (2000, 364) describe the following sequence when screening and selecting intermediaries. A letter should be sent to all discovered mediators including detailed information concerning the product as well as distributor requirements. Once the company receives responds a second letter should be sent out including more specific information such as the lines the intermediary handles, the territory which is covered, the size of the intermediaries company, and other background information. As next step the credit and references of the middlemen should be investigated and at last, a personal check of the most promising intermediaries should be undertaken.

According to Lettau (1989, 122-131) the quantity of intermediaries available, the location, the education and training, the facilities and equipment, the motivation, as well as control and steering are all features to consider when searching for the eligible intermediary. The amount of middlemen or stores is essential when companies produce merchandise for the high volume business where they want to reach a wide customer base. It is important, when dealing with such goods, to offer them in a wider selection of stores which need to be decided on carefully. The location usually determines as well the possibility to sell the product to a wide customer base and should, therefore, be chosen cautiously. Education and training implies whether the intermediary is able to sell the goods and how. Also the potential to compete with the competitors is a matter of education and training.

The facility on the other hand might have an impact on either how the client is comfortable there and would like to purchase the goods whereas the equipment is essential when dealing with products or services which require deeper explanation through the support of brochures, forms or models and samples. The motivation of the mediator means the person is willing to campaign for the goals of the business, the achievement of given sales figures, or to ensure the success of sales. At last, control and steering have the character of supporting intermediaries in their motivation and to display whether the achievement of goals is on the right track.

Hollensen (2001, 253, 490) notes that businesses should use the support of potential customers and their suggestions of suitable middlemen, contact trade associations, the chamber of commerce or government trade departments in order to obtain recommendations, or advertise the search in trade papers of the business field. However, the profile features of intermediaries as well as the screening method the author advises organizations to use are very similar than what was revealed by De Burca et al. (2004, 405).

2.6. Evaluation and Proposal of Model for Small-Sized Companies

Previous efforts to investigate the matter of distribution channels and the selection of intermediaries, as well as the subject of organizational decisions regarding vertical integration, multiple channels and their usage, distribution intensity, bureaucratic structuring of channels, or channel performance measurements have guided businesses throughout the years (see Anderson 1985; Dow & Jung 2011; Dwyer & Welsh 1985, Fein & Anderson 1997, Fein & Jap 1999; Frazier 1999; Frazier & Lassar 1996; Gill & Allerheiligen 1996, Grundlach et al. 2006; Irani et al. 2011; Valos & Vocino 2006). However, while the obtainable studies present a rational and reasonable foundation, specific concerns in relation to small sized companies and their possibilities still exists due to the fact that previous studies only concern overall investigation more suitable for bigger companies.

Furthermore, the overall topics and studies are mainly providing suggestions concerning their own study and further developments of their subjects, once again based on larger businesses. Some of these studies suggested to investigate the effect organizational culture would have on channel management, or the more detailed examination of the process companies go through when selecting intermediaries including research on costs involved (see Anderson 1985; Frazier 1999). Moreover, further issues of distribution intensity and value creation within multichannel marketing have been suggested for additional research (see Frazier & Lassar 1996; Sa Vinhas, Chatterjee, Dutta, Fein, Lajos, Neslin, Scheer, Ross & Wang 2010).

The most challenging aspect for small companies is, in the majority of situations, the cost factor. Especially when venturing abroad costs in relation to research and investigation of the foreign market create an immense issue. Additionally, the challenge of competing with already established companies and brands influences the project in general. For all the above stated reasons a model was developed in order to present a solution suitable for smaller companies. The model summarizes and introduces an appropriate method for them. Figure 1 demonstrates the aspects.

Since small companies often have to stand up to well-known brands and competitors, it is vital to provide a solution in order to manage among these brands and competitors. One essential method is certainly to use a combination of diverse channels. Particularly the social media should be considered due to the tremendous impact Facebook, Twitter, and other social media tools have on today´s marketing environment assisting and speeding up the important word of mouth. In combination with the Internet and social media, small companies should find intermediaries they trust in order to reach their customer base. Since small businesses are often not well known among retailers and other distributors it is essential for them to introduce themselves in person and directly, advisable through the phone or by direct visiting the intermediary. This method also enhances the chance of being listened to rather than sending an e-mail which might not be read at all.

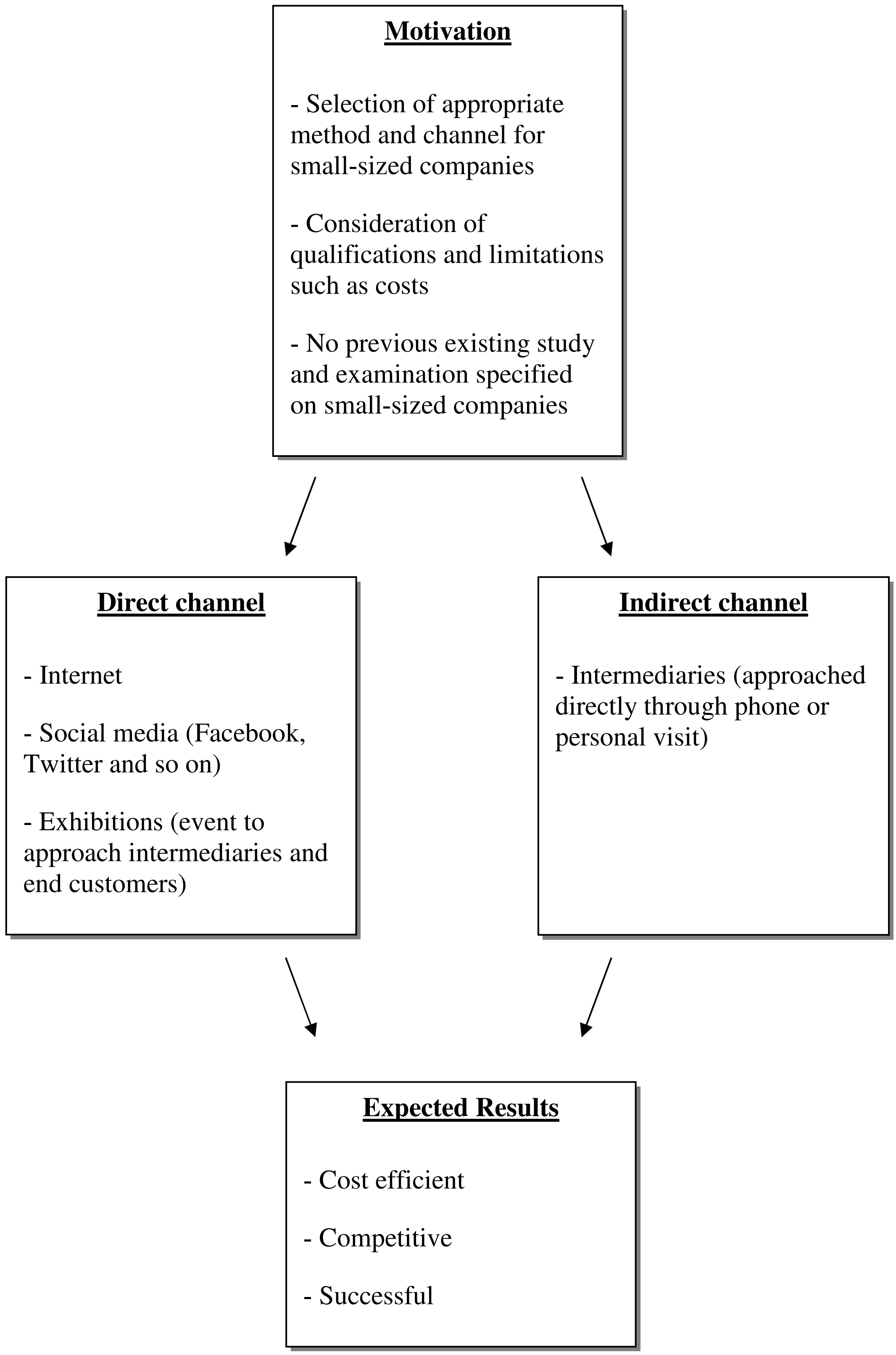

Figure 1. Decision model for small-sized companies.

Another method to approach intermediaries or customers directly is through exhibitions which are considered as very effective. By joining a trade show, business or end customers have the possibility to observe and feel the product which might be an important aspect when selling a new product or entering a new market. Also demonstrations are easily executed supporting the business in their introduction of the product and their company. However, this event might be costly and, therefore, not suitable for all small companies but is nevertheless something to seriously consider.

In Germany, 83 percent consider trade shows or exhibitions within the business to business communication as very important or important. However, because of the high costs companies face when joining and visiting such, it is essential to select the right one in terms of target market, amount and origin of other companies participating. (Handelskammer Hamburg 2012)

When small sized companies bear the mentioned factors in mind it should be achievable for them to reach their goal with rather low expenses but efficient. Depending on the field of business some will be more successful than others but nonetheless companies need to put some effort into it in order to reach their objectives. With the possibilities provided by today’s world and technology on a constant change it is vital to adopt and take out the most benefit as feasible.

3. DEVELOPMENT AND ANALYSIS OF THE RESEARCH TOOL

This chapter presents at first basic information on the method of the research and reasons for the selection and construction of this tool. Details concerning the creation and implementation of the questionnaires for the empirical testing are introduced in the second part of the chapter. Furthermore, essential data, received from the empirical testing, will be analyzed in the third section in order to provide the case company with informative and important results.

3.1. Basic Information

Before entering a new market, businesses need to conduct some type of market research, not least in order to detect and select the appropriate distribution channel. The more detailed reasons including selection advice was already provided in Chapter 2. The intention and aim of a research is to objectively identify, collect, analyze, and disseminate information in order to improve decision making and to recognize and solve problems as well as opportunities (see Hague, Hague & Morgan 2004, 11). Generally, a research is divided into diverse steps such as the definition of the research problem, the creation of a research plan, data collection, processing of the data and analysis, and in the end the elaboration of a summary and report. Those steps are commonly known as the stages in the research process.

However, marketing research has limitations. First of all, it is essential to know, that marketing research does not make decisions. The tool is rather a support for indorsing hunches and impressions and provides useful information in case of total lack of knowledge. The second limitation is that research does not guarantee success. As mentioned above, the intention to use market research is to improve the decision making and it usually is a helpful feature to increase the percentage of good decisions in a long-term perspective when marketing research is conducted but it assures not that for instance a product will be accepted and purchased in the investigated market on a constant basis or in high quantity. A further limitation is based on costs. To conduct market research various methods and tools can be applied. Yet, not all favored methods or instruments are affordable by the company. Especially small companies have often the problem of a low research budget. Basic surveys such as e-based questionnaires provide information at some point but usually fieldwork is also necessary, requiring traveling which is time and cost consuming.

Furthermore, failure can also occur when the research is badly conducted or unreliable, and results are misunderstood, misinterpreted, or wrongly analyzed. Moreover, disbelief in the research or blind optimism as well as political pressure also leads to failure.

3.1.1. The Research Plan

The research plan is usually drawn up in order to structure the whole process as well as indentify various stages. At first the research problem is defined and the objectives are set out which influence the choice of method and enable an appropriate study. The next step is the development of the research design, indicating the *how* and *from whom* information is gathered including the provision on the method of data collection and the instrument used, for example questionnaire and sample size. The next stage is the collection of the data, using the determined method. After the required information is gathered it needs to be analyzed. For qualitative analyzes this process is frequently done through the help of specific software whereas in case of quantitative research a coding system is constructed with which the data is analyzed. At last a summary or report is written or a presentation is prepared. (see Hague et al. 2004, 13, 162, 177)

For this study the research problem is to detect possibilities within distribution channels in order to support Oy Pomaco Ab to find their appropriate method into the German market. The objectives are thereby to investigate the security field in Germany as target market for the slash proof gear as well as open up opportunities for Oy Pomaco Ab to contact retailers for their aim of exporting and distributing their slash proof gear to Germany. For the research design, in particular for the question of how and for whom, the quantitative method for two different sample groups has been selected. The data will be collected through an online survey distributed through the program E-lomake, providing anonymity. The analysis will then be executed through SPSS and excel whereby comparisons and conclusions can be drawn. The results will be summarized in section four providing a conclusion and suggestions. An overall summary will then be provided in the last chapter of this report.

Nevertheless, the research plan has also particular restrictions. Those limitations include the geographical are, the target group, time, or socio-economic such as for instance age, income, or gender. Therefore, companies need to clarify and specify their objectives to minimize or eliminate as many restrictions as possible. (See Sabel 2011)

For the research conducted for Oy Pomaco Ab the geographical limitation applies. The sample group selected is based on the southern part of Germany. Also the target group itself implies a restriction since the field of business concerns the security business and the retailers providing gear for this target group. Time and socio-economic have however no impact on the research and do therefore not create limitations.

3.1.2. Research Methods

In general it can be distinguished between two main research methods, the qualitative research and the quantitative method. Qualitative research can be defined as a flexible method allowing respondents to express their views on certain issues. The sample size is rather small whereas the methodology is unstructured. The method is mainly used to get insights and an understanding of a certain matter rather than just measure answers. Most qualitative surveys are conducted through the telephone or in person. (See Sabel 2011)

The quantitative method concerns the measurement of a market where a sample of a population is selected in order to receive specific information from the respondents through a structured questionnaire. This type of questionnaire is usually easy to manage, provides typically reliable data because of the limited stated alternatives, and is simpler to code, analyze, and interpret. Common methods within the quantitative research are surveys through telephone, in person, and through mail or e-mail. However, some difficulties might arise with this method since respondents might not be willing or able to answer appointed questions because of the sensitiveness of them, due to lack of understanding or knowledge, or because the question is not logical to the respondent. (See Sabel 2011)

This survey was conducted by using the quantitative method. The reason is the aim of receiving various distinguished opinions and results in order to investigate the possibilities for the case company and the behavior of the German target group. Often secondary data is used beforehand which implies data collectable though statistics, information provided by businesses through copies of letters, minutes of meetings, or accounts of sales (Saunders, Lewis & Thonhill 2009, 256). Nevertheless, for this research only primary data was used which demonstrates new collected data. The reason for eliminating secondary data is mainly because of the absence of such. The questionnaires were consequently developed to meet the expectations of Oy Pomaco Ab as well as to detect the suitable method and possible contacts for the export of the slash proof gear.

3.1.3. The Research Approach

The case company exists already since the year 1962 but experienced a change of ownership in the year 2010. With the switch of ownership a new product line was developed and launched, the line of slash proof gear. Hence, the new concept is rather young and requires, due to globalization and the increase of international competition, the entry of new business markets in order to stay competitive. Consequently this research was conducted to support the company in their aim of entering the German market. The approach is separated into two investigations where both surveys are descriptive studies.

The descriptive research design describes a relationship between various variables. This type of research is appropriate due to the circumstance that it is commonly used in distribution research and is characterized as being rigid and conclusive. It clearly defines what the researcher aims to measure while setting up the proper means of measurement. Furthermore, descriptive research requires an obvious specification of the execution in terms of who, what, when, where, why, and how. Additionally, it is applied in the research of market performance, market potential, market share, product and promotion studies, as well as pricing and competition studies. (Mishra 2008, 71)

3.2. Reliability and Validity

There are various possibilities how to design and create a survey or questionnaire. Hence, regardless of the method or survey instrument, it is essential to assure well performance of the tool. Moreover, accurate and useful data is important in order to provide credibility. This can be reached by several measurements such as sensitivity, generalizability, relevancy, reliability, and validity, where the most important once are reliability and validity. (see Litwin 1995, 4; Kumar 2000, 195)

Furthermore, reliability and validity are two diverse criteria when evaluating measurements but the concept should also be compared. As an example, to underline the statement, when a tailor is using a ruler and obtains the same measurements over time, it could be that the measure is not valid because the tailor is using a bent ruler which does not provide perfect accuracy. For that reason reliability is not sufficient in itself even though it is necessary for validity. (Zikmund 2000, 283)

3.2.1. Reliability

While a survey is conducted and data is collected, a certain amount of error possibly occurs. Random errors and measurement errors are the two most common once whereas subject or participant errors are additional types of error which all should be minimized (Litwin 1995, 5-6; Saunders et al. 2009, 156). When defining reliability in general, it can be concluded, that reliability is the extent to which measures are error free and result in consistent findings (Zikmund 2000, 280). This way the data will present a more precise reflection of the truth (Litwin 1995, 5).

In order to assess reliability a variety of methods can be used. The most frequent one is the so called test-retest method where the same respondents answer or complete the same survey at two separate points in time. This way it can be examined how stable the replies are. The two sets of responses are than compared in order to measure whether it is stable over time since both sets should obtain similar results. Other methods are the split-half method, the equivalent-from method, the alternate-form method, or the internal consistency method. (see Litwin 1995, 8; Zikmund 2000, 280)

However, these methods do not apply to this study due to the lack of time to follow through an appropriate check. This matter creates a certain limitation where the risk of random errors, concerning for instance the size of the sample, is taken due to cost and time issues. Furthermore, some measurement errors are often not visible until after the study.

3.2.2. Validity

Validity is the ability of the measurement tool to measure what it is supposed to measure or in other words, it determines how well the instrument computes what it sets out to compute and detect. It basically implies whether the results are what they appear to be about. In order to assess validity, various basic approaches can be used to deal with the matter of validity. Table 3 (adapted from Litwin 1995, 45), illustrated in the end of this section, provides an overview of all the validity types which are stated in the following paragraphs, including their characteristics and comments on their use. (Zikmund 2000, 281; Kumar 2000, 195; Litwin 1995, 33)

The first approach is the face validity. This type of validity is based on a review done cursorily by untrained individuals who do not participate in the research or do not have any interest in it. Those individuals could be respondents such as a sibling, parents, friends, neighbors and others to whom the survey or questionnaire is revealed in order to examine whether it looks understandable and correct to them. Hence, this type is the least scientific measure of the types wherefore many researchers do not even consider the face validity as a measure of validity at all. (Litwin 1995, 35)

The second type is the content validity which is often confused with face validity but constitutes actually an individual type. The distinction is the degree of knowledge concerning the subject of the survey. Whereas in the face validity the participating individuals do not have expert knowledge of the subject, in the content validity experts are analyzing the questions. Therefore, it can be concluded, that content validity is not statistical but rather an overall judgment of trained individuals. (Litwin 1995, 35)

The next type is the criterion validity which is a measure of the ability of a measure in correlation with other measures of the same construct. This type provides quantitative evidence on accuracy of the instrument used for the survey. There are two components of criterion validity, concurrent validity and predictive validity. The concurrent validity is based on two independent studies conducted for the same purpose and conclusion. One of the research may be an already conducted official research from which results are compared or used for the own study or both studies are conducted parallel where the correlation coefficient between the two data is calculated. The predictive validity is established when a future event, behavior, attitude, or outcome is predicted by an attitude measure. The predictive validity illustrates, therefore, the most important type for purposes concerning decision-making in for instance the measurement of brand preference or buying intentions. (Litwin 1995, 37-40; Kumar 2000, 195)

The last type of validity is the construct validity which represents the most valuable class of validity. However, it is also the most difficult way of the survey instrument assessment since it is not only complicated to measure but also to understand and to report. This type of validity is a measure of how well the research tool performs when in use or how meaningful it is over various years. In this type the convergent and the divergent validity are comprised. The convergent validity implies various diverse methods for acquiring the same information producing a comparable result whereas the divergent validity, also known as discriminant validity, implies the ability to have a low correlation with measures which are of dissimilar nature in terms of the concepts. (Litwin 1995, 43-44)

Table 3. Validity types and their characteristics along with comments on their use. (Litwin 1995, 45)

Type of Validity	Characteristics	Comments
Face	Casual review of how good an item or group of items appears	Assessed by individuals with no formal training in the subject under study
Content	Formal expert review of how good an item or series of items appears	Usually assessed by individuals with expertise in some aspect of the subject under study
Criterion: Concurrent	Measures how well the item or scale correlates with "gold standard" measures of the same variable	Requires the identification of an established, generally accepted gold standard
Criterion: Predictive	Measures how well the item or scale predicts expected future observations	Used to predict outcomes or events of significance that the item or scale might subsequently be used to predict
Construct	Theoretical measure of how meaningful a survey instrument is	Determined usually after years of experience by numerous investigators

Potential sources of errors could be that the definition of the research problem is not clear, that the wrong target group is addressed or the sampling is bad, that the questionnaire or interview is not well developed, that the skills to analyzes the results are poor, or that the information gathered is used for other purposes as it was indented to be used.

Regardless of the error type, certain issues can be minimized through a pilot testing beforehand but can often not be completely prevented. For this research both questionnaires where subject to a pilot testing for which the questionnaires were send to a number of independent people as well as examined by the supervisor before sent out to the respondent. The aim of the pilot testing was to minimize misunderstanding and reduce the prospect of errors.

3.3. Interview with Oy Pomaco Ab

The questionnaire for the case company was designed in order to receive specific answers which were partly needed in order to design the other two questionnaires. The first question concerns the estimated total in percentage of equipment for security guards in relation to the total assortment offered by the case company. The result of 45 percent demonstrates that the business with security guards covers almost half of the total and creates, therefore, the most important product line at Oy Pomaco Ab.

Secondly the company was asked how much they would like to export to Germany. The answer of 10 to 15 percent seems decent due to the fact that Oy Pomaco Ab would as a start begin slowly before entering with a huge goal and possibly fail to succeed with a higher amount. The next question was essential to ask because of possibly upcoming challenges the case company might face. Therefore, it was questioned whether previous experience with retailers exists. Since Oy Pomaco Ab sells their slash proof gear already through certain retailers within Finland this question was answered with yes.

The subsequent matter concerns the amount of the diverse products the case company would like to export. The conception of the owners would be to export approximately 20-80 polo shirt long-sleeved, about 150-250 gloves, roughly 20-80 long-sleeve shirts without collar, and in the region of 100-150 jackets. Furthermore, it was investigated whether the company visits trade fairs in terms of their products which was confirmed including the information that these exhibitions took always place in Finland.

Another essential aspect to question was whether Oy Pomaco Ab is familiar with the products of their competitors. The major brands mentioned by the company were HATCH, CPE and Damascus. The owners are also aware of the fact, that these brands are sold within whole Europe and would also create competition in Germany which was already demonstrated in the previous section when the retailers were asked what brands they sell.

The area the case company would like to export in is preferably western and northern Germany. This aspect however was not considered when addressing the retailers for the research because of the difficulty to find enough businesses at all. Unfortunately the retailer who is interested in a relationship with Oy Pomaco Ab is located in the southwest of Germany.

The last question addressed at the case company refers to the price the case company would like to sell the products to the retailers for. The question was raised in order to examine whether the prices are reasonable for the German market and were compared to the prices asked by the retailers especially in comparison to the similar goods. This comparison revealed that the prices seem reasonable and could possibly be absolutely accepted by the retailers. Nonetheless these would be terms the interested retailer and Oy Pomaco Ab would have to agree on themselves and is not part of this investigation.

3.4. Creation and Implementation of the Questionnaire

At first, essential information for the intended study was gathered through a conducted qualitative research with Oy Pomaco Ab. The results show that the slash proof gear line of the case company accounts for forty-five percent of the whole business which demonstrates almost half of the company´s total business. The goal of the company is to export about ten to fifteen percent of that to Germany. Another important piece of information was that the company has experience in using and maintaining a relationship with retailers. This emphasizes a realistic evaluation of the amount and price expected. Furthermore, the interview illustrated that Oy Pomaco Ab is aware of their competition and the main products of their competitors. All the information was supportive when the questionnaires were created and designed.

In general two questionnaires were created. One targeted at security guards as end-user of the products and the second one aimed at retailers. The decision to develop two independent surveys is based on various motives. The motivation for the survey addressed at security guards was to examine whether retailers are as distribution channel of importance for security guards in this business field. In addition it was intended to explore the purchase habits of the security guards as well as the demand for slash proof products in Germany.

The retailers on the other hand were addressed to meet the obligation set by Oy Pomaco Ab. The case company considers the option of exporting their slash proof products to Germany and would, therefore, like to use this study as basis and information pool for their intention. The analysis and results of both surveys can be examined in section 3.4 and 3.5 while suggestions are pronounced in chapter 4.

3.4.1. The Selection of Respondents and Methodology

The respondents of the questionnaire targeted at security guards were random individuals which were introduced by acquaintances after a request was posted through the social media tool Facebook. The request stated the motive as well as the aim of it. The proposed security guards were then contacted and solicited to support the survey by answering the questionnaire as well as forwarding the questionnaire link to colleagues and friends who work in the security field. This method is also called snowball sampling.

The respondents for the questionnaire targeted at retailers were selected through the received questionnaire answered by security guards due to the fact that their survey included a question concerning the business they use when purchasing their gear. Also retailers detected through the Internet, by means of the search tool Google, were made contact with. These companies were contacted through e-mail with the request of supporting the research by answering the questionnaire attached in a link. Furthermore, these organizations were additionally contacted through the phone in order to ensure that they have received the link as well as to provide a personal introduction. This step was necessary in order to guarantee them that the e-mail does not contain any spam message and is secure as well as provide certain professionalism.

Both surveys were conducted through e-mail for the reason that it provides fast and a wide geographical distribution as well as the characteristic of being low in costs and seemed, therefore, to be the most appropriate distribution method. Moreover, because of the country of choice and the associated phone costs to Germany in correlation to the amount of addressed individuals and businesses the phone as interview tool did not classify as appropriate method.

In view of the fact that the target country is Germany and the respondents are of German nationality, both surveys were conducted in the German language. This provides a more accurate result given that many Germans have difficulties with the English language and might have misunderstood some of the questions. Nevertheless, one drawback of this type of method might be the possible low response rate. Additionally, the lack of some sort of motivator might have influenced the quantity of responses since there was no specific impulse to answer the survey. Furthermore, because of the selection of the snowball sampling no control and overview of the overall figure of potential respondents or the sample size in terms of the questionnaire for security guards could be gained.

In order to eliminate or at least minimize contingent errors a pilot testing, which demonstrates a pretesting, was conducted. The purpose of the pilot testing is the identification of for instance confusing diction, response sets which overlap or imply gabs, and ambiguous instructions or answers. Often obvious errors are overlooked due to the fact that the initiator of a research is very close to the project. Therefore, the pretesting allows the initiator to correct these errors before handing out the questionnaire.

For the pilot testing four persons were selected who did not have any relations to the content and concern of the matter. In general the questionnaire was easy to read, understandable, and coherent. However, the pretesting revealed some minor issues concerning the layout of the questions, misspelling of some words, and the simplification of some expressions wherefore certain changes were implemented.

The questionnaires for the security guards were sent out on the 2nd of November 2012. Approximately one week later the retailer were contacted through e-mail which included the link to the survey. On the 13th of November 2013 a reminder was sent out to all security guard contacts. Further, the addressed retailers were contacted trough phone calls on the 13th of November as well. Most of the retailers however asked for a second e-mail before they responded.

3.4.2. The Structure of the Questionnaires

Both questionnaires were created in a program called E-lomake which provides the possibility to forward the link to the survey through e-mail where the respondents are able to enter the research by accessing the link. Through this method the questionnaire opens directly and is saved and forwarded back to E-lomake anonymous. Additionally, specific dependencies can be entered supporting the coherence of the survey.

The overall study consists of two questionnaires, one for security guards working in Germany and one for retailers in Germany who are selling, among other things, gear for the security business. Both surveys are illustrated in a mixture of all the question design options and do not provide a focus on one main style. Some questions are open questions where the respondents are asked to write down their answer themselves, a few questions are considered as list questions where various items or names can be stated or chosen, and a number of them are category questions. Also included is the ranking question type where the respondents are asked about their opinion in terms of importance, and the rest are rating questions. Also room for comments was made available.

In the beginning of the questionnaire for security guards an introduction provides essential information for the respondent concerning the research and states the research problem. The question related part is then divided into four main sections. The first section is called *General questions*, followed by the section of *Questions concerning the purchase of products* and the part called *Specific questions about your purchase and product behavior in case you need to purchase your working gear yourself*. The last segment is *Comments*.

One motivation, to structure the survey in diverse sections, was to group the questions by subject of concern. Further reasons were to create the illusion of a shorter questionnaire and to present a better overview and appearance. While the survey was designed specific matters were taken into consideration. The right order of the questions, the structure, the understandability, and the possibility of fast answers were taken into account.

The general questions section as the first segment contains in the beginning not as important questions for the study but rather two questions as opening, or also called warm-up questions, in order to present an easy introduction. The remaining questions of that part are topic related but still to a certain extent general. Question four in specific forms a special type of question as the answer decides whether the third part of the survey will be visible to the respondents or hidden. This type of questions is named filter question and fulfills the purpose of assisting the flow of the questionnaire (Saunders et al. 2009, 387). In order to not confuse the respondents and provide unawareness of the section a definite adjustment in the system was used.

The second part of this survey covers questions related to the purchasing behavior of the respondent. This section was also created with the above mentioned design considerations but also permits the respondent to refuse providing an opinion by presenting the option “no comment”. This element of the examination is important for the overall study in regards to distribution channels and the behavior in terms of new products in order to support Oy Pomaco Ab with information and suggestions for the future.

The third section was only displayed when the respondent selected “No” as answer for question four. The reason for hiding the question when selecting “Yes” is that this part only refers to the personal purchasing behavior and cannot be answered when the working gear is provided by the employer. However, this section provides essential information in terms of the product and price of the case company´s gear in relation to the possibility to sell the goods in Germany und reasonable conditions.

The last part is mainly the closure of the research where the space for comments offers the option to criticize or suggest specific aspects. Furthermore, contact data is provided in the event of feedback or other matters. Also the coherence of the questionnaire and the questions was considered and taken into account.

The questionnaire for the retailers is also grouped in sections. The first part includes questions under the heading *basic information*, whereas the second element is named *product related information in general*. The last part of the questionnaire is also the *comment* section. Nevertheless, one main differentiation occurs already in the introduction text where the link to the homepage of Oy Pomaco Ab is additionally provided in order to give the option to receive more details about the case company and their products available.

This survey implies various questions in regards to the theory stated in the first part of this report concerning the selection of the appropriate intermediary. Within the basic information component the degree of experience, the matter of competitors, as well as the size of the retailer and the professionalism is questioned. These factors are measured in this study through the questions of the amount of years the retailer is working in the business field, the number of competitors within a specific radius, the quantity of employees, and the attitude towards training of the employee.

The second part constitutes the largest section of the questionnaire. The main concern in this part is information in terms of the products sold and the actions of the retailer related to the product sales. In this area of the survey the theory facets in regards to distribution channels are investigated. Also the interest towards new products or the expansion of the assortment is examined. Furthermore, through questioning the activity in terms of advertisement is included in this section in order to inspect the reliability and motivation towards promotion. The last segment of the survey provides not only some room for comments or states the contact data for further questions but also inquires the respondents whether they are interested in working with Oy Pomaco Ab.

3.5. Analysis of the Questionnaire for Security Guards

The quantity of response from the security guards was satisfactory when considering the facts that this survey was conducted in addition to the main survey and was distributed by snowball sampling. Unfortunately it is not possible to provide the response rate in percentage because of the unknown amount how often the questionnaire was sent forward by the directly addressed security guards and how many of those forwarded questionnaires were answered. However, four individuals received the link of the questionnaire which they were asked to send forward to colleagues and friends within the security field. In total twenty-seven responses were received.

3.5.1. General Questions

The first question of the survey refers to the age of the respondents. In order to avoid uneasiness by answering a possible sensitive question it was decided to use response categories where the respondent can select a structured range instead of referring to the exact age. Therefore, the respondents only had to select whether they are younger than twenty, between twenty and thirty, between thirty-one and forty, between forty-one and fifty, between fifty-one and sixty, and older than sixty. The result can be viewed in Figure 2.

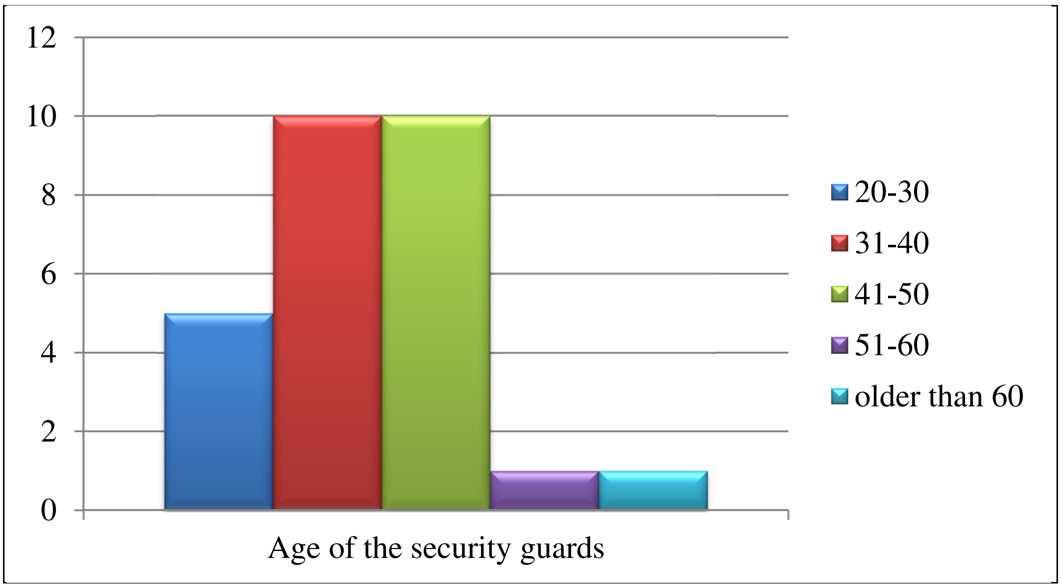

Figure 2. The age of the respondents.

The question was mainly used in order to provide an easy entrance to the questionnaire but also to evaluate the reliability of the answers because of their age in relation to experience and stronger as well as wiser opinions. The answers demonstrate that no respondent is younger than twenty, five out of the twenty-seven respondents are between twenty and thirty years old, ten are between thirty-one and forty, and additional ten are between forty-one and fifty. Between fifty-one and sixty as well as above sixty was additionally selected each by one person.

When examining the answers of the other questions in association with the age factor it is conspicuous that one question seems to have some sort of a relation to the age. The question whether the respondents explore other options for their working equipment or look for improved offers concerning their working gear by themselves regardless if the employer provides the gear is answered with no by all of the twenty to thirty year old security guards.

One explanation for this result could be that all five of them receive the gear from their company. However, the other seventeen guards who also get their working gear provided by their employer still said they partly look additionally for other possibilities or range of products. Therefore, the result of the twenty to thirty year old respondents seems to have a relation to the age and could cause the assumption that due to their young age and short experience of between two and eight years of working years as security guard they show not much interest towards other options at the moment. Nevertheless, this seems to be the only recognizable difference compared to the answers of the other twenty-two guards.

The second question is about the work experience questioned by the approximate number of years the security guards work already in their profession. The respondents were asked to provide the answer themselves by stating the rounded amount of years in a digit. The lowest number demonstrating the amount of working years is two years whereas two guards have experience within this business field for about thirty-five years. When relating these years of experience to the age it is noticeable that the person with only two years of experience is between twenty and thirty years old and the two respondents with about thirty-five years of practice are the two oldest respondents where one is between fifty-one and sixty and the other is older than sixty years old.

The result of the mean, indicating the average experience in years of all results, is 15.81 years whereas the median, specifying the value in the middle, is 15 years and the mode, which is the value that occurs most often, is 13 years as demonstrated in Table 4 and through the histogram in Figure 3.

To know these figures might be useful when examining all answers over all to see whether the answers are reliable. As mentioned before, when all respondents would have been too young or too old the results could have possibly impact the overall study. Excessive respondents of too young age might be not experienced enough to provide complete reliable data due to the short duration of working years whereas too old respondents might not consider all posibilities of today as for instance aspects such as the Internet as information tool.

Table 4. Mean, median and mode of work experience.

N	Valid	27
	Missing	0
Mean		15,81
Median		15,00
Mode		13[a]
Std. Deviation		8,828
Range		33
Minimum		2
Maximum		35

It is, therefore, positive to have a fairly smaller number of years concering the experience but still not too little. 15.81 seems decent when considering that today individual have to work approximately between forty and fifty years and when bearing in mind that the Internet and newest technology appeared not too long ago but affects still the thinking of the older generation.

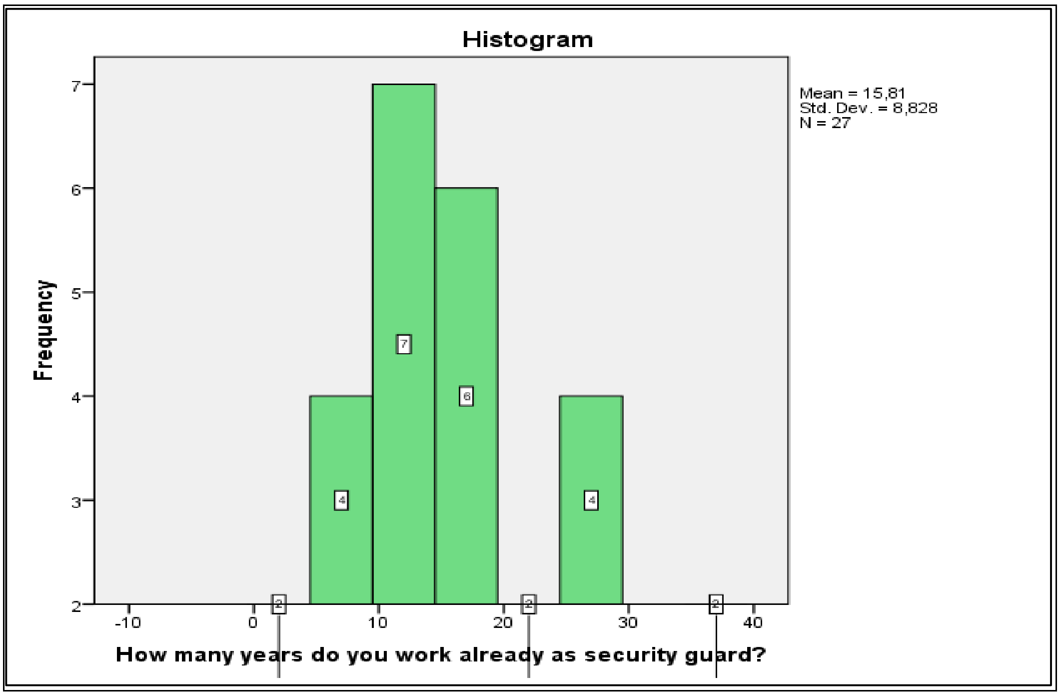

Figure 3. Histogram of work experience.

Additionally this question is helpful to identify how trustworthy the answers are due to the fact that those security guards who work in this business field for a longer time period have more experience and, therefore, most likely stronger opinions than the ones who work for a shorter period of time. The amount of years the respondents work within the business field however is extremely diverse ranging from two years up to thirty-five years of work experience as security guard.

The third question concerning whether the guards have specific requirements in terms of the gear was demanded in order to see if the product of the case company would have to fulfill certain regulations in order to be acceptable by the security guards. Two third of the respondent, which equals eighteen respondents, answered yes, generating 66.67 percent, whereas nine persons, or 33.33 percent, said no.

However, even though 66.67 percent said yes, only three of them provided an answer concerning what the requirements are which was required when answer yes was selected. It was considered to force an answer by creating the answer as mandatory. Yet, the decision was dismissed due to the reason that it was feared that the respondents would not continue with the questionnaire but refuse to continue further with the survey.

One respondent however said that they are required to wear the gear provided and delivered by a specific retailer chosen by the employer whereas the other two people who provided a specification of the requirement said that the color of the gear is defined and is limited. Unfortunately they did not specify what the color or colors need to be. Therefore, all three answers do unfortunately not provide efficient information for Oy Pomaco Ab.

When asking the guards about the provision of the working gear twenty-two guards answered that they receive their gear from the employer. The five respondents who do not receive the gear from their employer stated that they do not get allowance for purchasing it either. The result confirms that employers within this business field usually support their employees concerning the specific and distinguish working gear within this field of business most likely due to the fact, that the gear is specific and does not enable the employees to wear it some other place besides at work.

One respondent explained that they have an amount of 200 Euro provided by the employer from which they are able to purchase the gear from their contracted supplier of the security gear. If the order would exceed the 200 Euro, the guards would have to pay the amount above this sum out of their own pocket. In case the guards do not use the whole amount the not used sum forfeits. It can be presumed that the other companies have the same or similar systems.

When the respondent answered the question with no, an additional question showed which was otherwise hidden from the security guards who said yes. This question concerned the matter of whether the respondents receive a yearly budget to use for ordering or purchasing their gear in case they do not get the gear provided by the company and how much money they receive in case of subsidy. This question was also abnegated by all five security guards. In addition it is recognizable that the five respondents who said they do not receive their gear from the employer also stated no when questioned whether they have specific requirements concerning the gear. When evaluating those two answers in relation to each other it can be assumed that these five guards most likely work freelance or as entrepreneurs. Another presumption could be that all five work for the same company. For the reason that the replies are anonymous this assumption can however not be proofed.

The next question asked concerns the satisfaction of the gear they wear. The question was designed as a rating question where the opinion about the satisfaction of their gear in use was collected. The respondents were able to select one out of four different statements which are “very satisfied”, “satisfied”, “not satisfied” and “not at all satisfied”. The answers “not satisfied” and “not at all satisfied” were not selected by anyone whereas “satisfied” was picked seventeen times which is 37.04 percent of the respondents and “very satisfied” was selected ten times indicating 62.96 percent. The result could indicate that the consulted security guards are satisfied with the current available selection of gear and do not necessarily need a new product. However, this is just an assumption and is not proofed by the survey.

In order to detect whether the guards even need products like the once provided by the case company, the question whether they need to be protected by slash proof gear was proposed. The majority of the respondents, in total nineteen, stated that they need to be protected whereas eight said they do not need to be protected. This provides a good base for the case company due to the fact that the gear they sell and would like to export fulfills the highest protection rating possible concerning the prevention of injuries caused by an attack with a knife or other sharp object and would, therefore, meet and suit the demand.

3.5.2. Questions Concerning the Purchase of the Products

The second section was created to investigate certain behaviors more closely. The first question of this segment requests whether the guards seek for information about new products or the gear in general themselves, regardless whether they get the gear provided by the employer. The result of this question is fairly surprising due to the fact that the majority receives the gear from the employer and, therefore, does not need to examine the range of products. Nevertheless, sixteen out of the twenty-seven search for information themselves.

Moreover the channel they use to gather this information was asked for by providing certain distribution channels such as the Internet, retailers, magazines, colleagues and friends, trade fairs, or others including space to name the channel if not provided by the questionnaire. The result is provided in Figure 4 which indicates that the Internet is in ten cases information pool, retailers are used in five cases, magazines in twelve cases, colleagues are questioned in ten cases, and in five cases the information is gained through exhibitions.

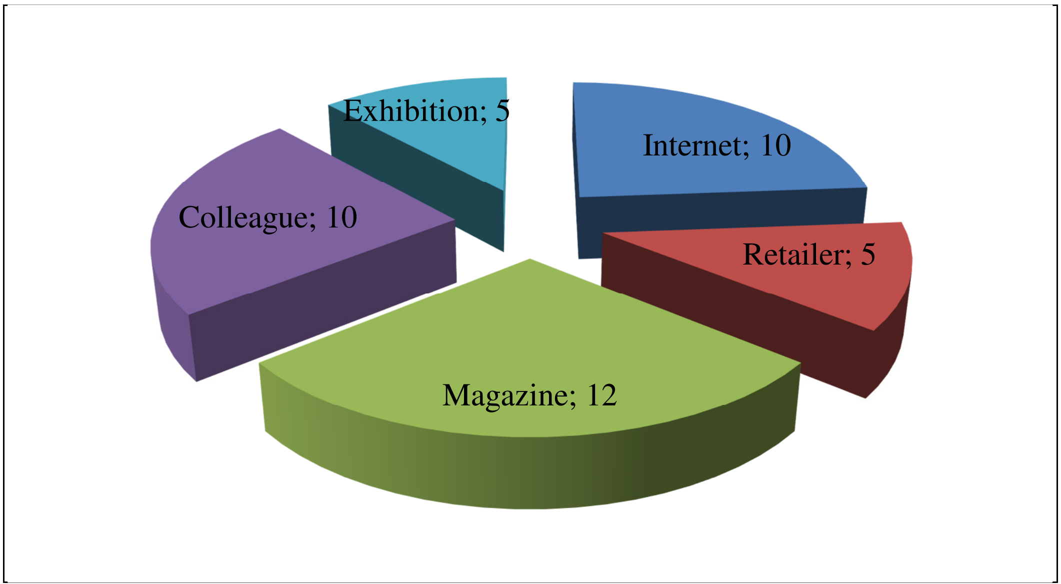

Figure 4. Information source for the working gear of the respondents.

The result proofs what is stated in the second part of this report, especially concerning the wide usage of the Internet. Even though this question concerns only the information search, it can be concluded, that the guards would use those channels also when they would have to purchase the gear themselves. Also high rated is the magazine as information source. The reason for this result could be that apparently numerous guards read magazines related to their business field and most likely get provided with such by their employer.

When examining more closely the results of the five respondents who do not get the gear provided by the employer, it can be concluded, that their information pool is most likely also the place they purchase the gear from. Four out of those five use the Internet as information tool, all use specific magazines concerning the business field, four visit retailers for that purpose, and four ask colleagues or friends for advice. Two also visit exhibition to gain knowledge and receive information about new products.

Also questioned was whether the respondents accept and trust recommendations concerning the working gear given by colleagues or friends. This question was again designed as rating question. It was possible to select between the answers 1= always, 2= sometimes, 3= seldom, and 4= never. As Figure 5 proves, one respondent selected never as answer, no one chose seldom, twenty-four respondent said they sometimes do, and even two relied they always trust their colleagues in terms of recommending products.

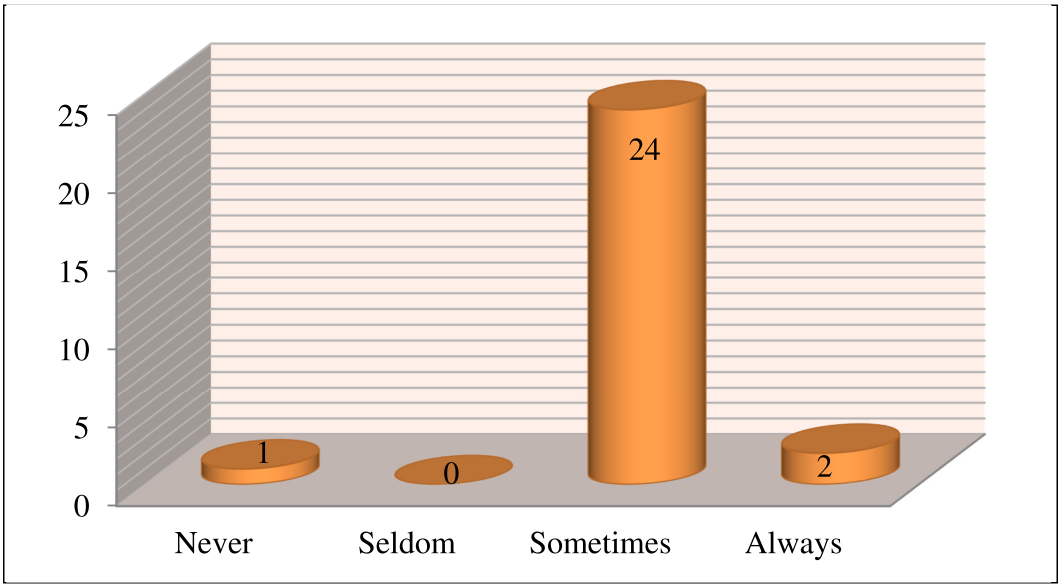

Figure 5. Trust in recommendations from colleagues and friends.

Furthermore, the question was raised if the contestants recommend goods themselves. The provided answers were yes and no once more from which twenty-two selected yes and five selected no.

By investigating the correlation between the respondents who trust recommendations and who give recommendations, it can be noted, as indicated in Table 5, that the correlation between those two is R= -0,405. This indicates a negative correlation meaning that the respondents do not trust recommendations as much as they provide recommendation themselves. However, the significance level of 0.05 was not reached since it actually is only 0.036. The figure constitutes that the correlation is, therefore, acceptable since it did not exceed the significance level of 0.05. The 1 displayed in the table is not decisive since it occurs only when correlating the factors with each other. The N on the other hand demonstrates that all twenty-seven answers were used when calculating the correlation.

Table 5. Correlation between accepting and providing recommendations.

		Do you trust recommendations from colleagues and friends?	Do you recommend products yourself?
Do you trust recommendations from colleagues and friends?	Pearson Correlation	1	-,405*
	Sig. (2-tailed)		,036
	N	27	27
Do you recommend products yourself?	Pearson Correlation	-,405*	1
	Sig. (2-tailed)	,036	
	N	27	27

*. Correlation is significant at the 0.05 level (2-tailed).

Also included in this segment of the questionnaire was the request of naming those retailers the respondents or their company uses. Unfortunately, only nine filled in this space and provided the possibility to contact their retailers. This low amount could have been prevented when an answer would have been required mandatory. However, the decision to not make an answer compulsory was made due to the aspect, that possibly not all respondents know the retailer when the employer is providing the working gear and would have been in that case not able to complete and save the questionnaire. Therefore, the risk of not receiving an answer was taken in order to receive the other data and prevent that respondents would not send the survey back at all.

3.5.3. Specific Questions about the Purchase and Product Behavior

This section of the survey was only displayed when the respondent selected “no” when asked about whether the employer provides the working gear. Because only five stated that the gear is not provided by the company, this section was only filled in by five individuals. However, this division of the questionnaire was created in order to detect the probability whether the gear of Oy Pomaco Ab would be purchased by the guards considering how much money they spend in average per year, how many pieces of the gear they own at the same time, how often they purchase those pieces per year and if they would be prepared to spend more money on enhanced products. In total the results were fairly similar.

The amounts spend on new gear each year varied from 80 euro up to 150 euro resulting in a mean of 112 euro. The answer concerning the question about how many jackets the security guard owns at the same time indicates that four out of the five respondents own only one jacket and one owns two jackets at the same time. Gloves on the other hand are commonly utilized more often and wear out more easily which clarifies why two of the guards have two pair at home and three even have two or three pair of gloves at home. Moreover, the total of shirts, as being a gear worn on the body and in contact with sweat, varies from four to six and above six owned at the same time. All results can be viewed in Figure 6.

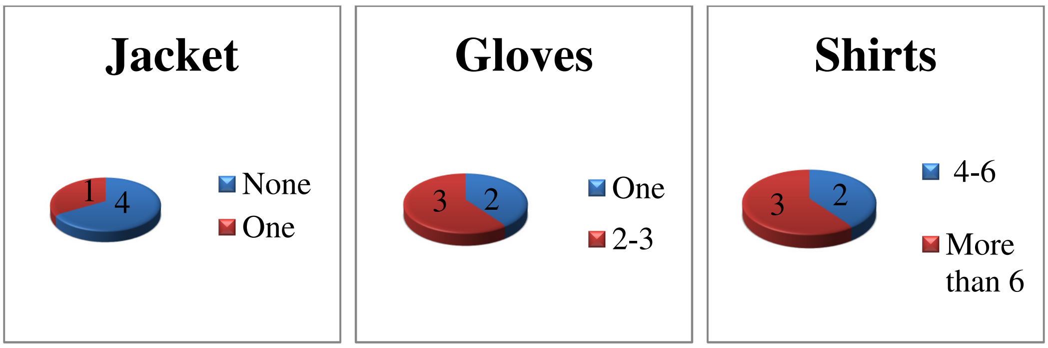

Figure 6. Average possession of jackets, gloves, and shorts owned at the same time.

The results of the frequency of purchase concerning those products demonstrate that none of the five respondents purchase a jacket every year and also the gloves are more seldom purchased than the shirts. Two respondents do not purchase gloves every year and three buy a new pair once per year. The shirts however are purchased either once per year, as stated by one respondent, two to three times per year as declared by one person or even four to six times per year as specified by the other three contestants.

When the question was raised whether the respondents would be prepared to spend more money on an improved product, four answered with yes and only one respondent answered with no. Nonetheless this result is essential because of the fact that the gear of Oy Pomaco Ab is most likely more expensive than most of the other gear provided by retailers and would otherwise not being purchased.

The result of the willingness to accept a higher price in relation with the age of the contestants was examined with a crosstable and is demonstrated in Table 6. The reason for the examination of the relation is to investigate whether the age has an impact of the willingness. However, due to the low response rate concerning the question whether the security guards would be prepared to spend more money on their gear not many answers could be examined.

Table 6. Correlation between the age and willingness to pay more.

		Would you pay more for improved products?		
		No	Yes	Total
How old are you?	31-40	0	1	1
	41-50	1	1	2
	51-30	0	1	1
	Older than 60	0	1	1
Total		1	4	5

a. Does your employer provide your working gear for you? = No

Table 6 illustrates that the age and the motivation do not have any coherence. Even though the assumption could be drawn that younger security guards would not be as ready to spend more money than older guards with more experience concerning quality the figures state something different. Unfortunately, this result was only supported by five respondents and provides, therefore, not necessarily good validity and reliable data. Yet, four out of the five guards stated that they would be willing to accept a higher price on a qualitative enhanced product and one selected no as answer. Consequently it can be said, that the result of only one out of five is still an acceptable number if it would be an continues pattern when asking more respondents.

3.5.4. Comments

In the end of the survey space for further comments or suggestions was provided. Besides the one respondent who explained the budget system of the employer, no one else used this opportunity, leaving this part of the questionnaire empty. Furthermore, nobody took the possibility of contacting the survey conductor for further information or feedback concerning the result of the study.

3.6. Analysis of the Questionnaire for Retailers

As stated before, the retailer names were received either through the sent back questionnaires from the security guards or through direct search on the Internet. In total eighteen retailers were contacted from which sixteen answered and submit the questionnaire. Therefore, the respondent rate is 88.89 percent with means that 16 out of 18 answered the survey. Considering the assortment of the retailers as not suitable for every individual but only for people working within certain business fields, the amount of responses is satisfying and provides reliable data.

This study is the main and important part of the research but creates at the same time only a fraction of the suggested overall research. As with numerous studies certain limitation are included. The results of the investigation addresses only the provision of general and cursorily information concerning the retail business but does not include profound facts in regards to price, creditability of the retailer, reputation, profit record, warehousing, and all the other aspects as instructed in section 2.5 of this report.

3.6.1. Basic Information

The first question on the questionnaire for retailers, or more to say the question providing an easy entrance, concerns the amount of years the retailer works already in the business. Figure 7 visualizes the answers.

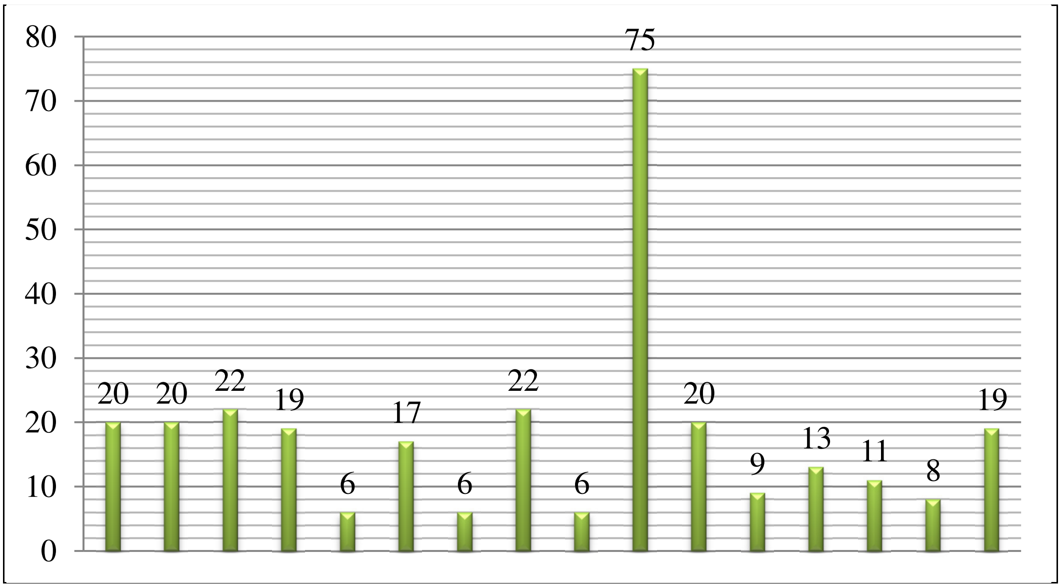

Figure 7. Work experience as retailer.

The pillars indicate the number of years the retailer works in the business field already where the amount of years can be seen on top of the pillar. However, one retailer answered with seventy-five years of experience which most likely is the number of years the company as such exists rather than the number of years the retailer works as such.

When examining the quantity of customers more closely it can be perceived that retailers operating for a longer period have more regular customers than those retailers who have operated less years. In general the amount of monthly customers appears fairly high. However, this could be explained due to the fact, that when inspecting their business through their Internet webpage it can be learned that all of them have a specific relation to either a certain force such as the police and security and that they also offer additional gear for other professions or also various smaller products which are most likely ordered more often, resulting in a higher purchase rate. Moreover, some of the retailers sell their products to additional selected countries, within whole Europe, or even internationally and consequently have a wider customer base. The calculation of the mean, median and mode can be viewed in Table 7.

Table 7. Mean, median, and mode of average customer amount per month.

N	Valid	16
	Missing	0
Mean		1965,63
Median		1900,00
Mode		2900

The calculation yields that the average amount of customers of all retailers is about 1965 consumers. Yet, it is essential to bear in mind that not all customers are clients of the security section and that the target consumers not always just purchase this specific gear. Nonetheless, it is a fair number concluding in a chance for Oy Pomaco Ab to sell their gear. The median of 1900, as figure in the middle, or the mode of 2900, as most occurring number, does not display any valuable information in this case and can, therefore, be dismissed. Overall, the amount of clients varies and the same amount only occurs once. Yet, those figures are supposable only estimations by the retailers which were rounded. Further, because of a different demand each month those numbers are assumingly not constant every month either.

The next question on the survey refers to the amount of competitors the questioned retailers have within a radius of 50 kilometer. The result appears as moderate at first, however, for the population figure of Germany of over 82 million inhabitants and the closeness of villages and towns in correlation to the population weakens this outcome slightly. As Figure 8 indicates, nine out of the sixteen retailers, or 56.25 percent, do not have any competitors within the questioned radius. This puts the retailer in a good market position. Two vendors have one competitor in the radius of 50 kilometer whereas three have two to three competitors. One respondent even said to have more than three competitors. The remaining retailer did not provide any information on that question. It can consequently be assumed that the five retailers who have one or more competitors in a rather close radius operate in high-density areas most likely in bigger cities where competition is stronger and where there is a higher demand of the products offered. Furthermore, when investigating the webpage of the addressed retailers it can be noted that some of them offer also police gear or military gear. Therefore, the competition could also only affect those business areas rather than assortment of security gear.

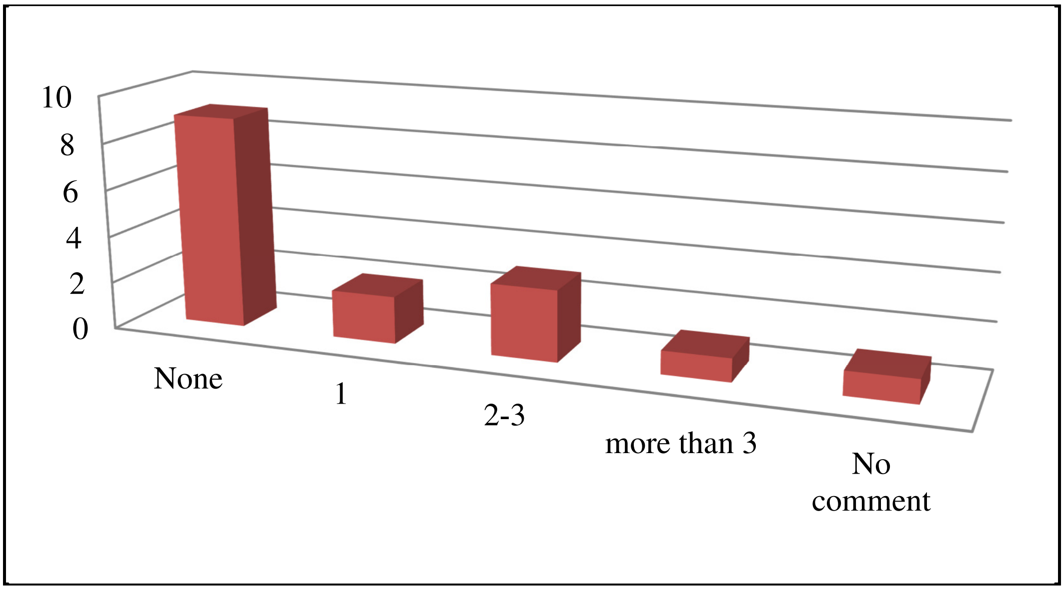

Figure 8. Amount of competitors within 50 kilometers.

The subsequent two questions concern the people working for the retailers. First the respondents were questioned how many people they employ in total in their business followed by the question how many of those employees work in the customer service. The questions were raised in order to detect how well the demand is met. By offering good customer service strong customer relationships can be built, reinforcing customers´ trust and loyalty. The result of the amount of employees concerning each question is demonstrated in Figure 9 where the two answers can directly be seen in relation to each other.

However, customers´ trust and loyalty is not only met through customer service but also through various situations and behaviors of employees working in areas which are not visible to consumers or through employees who do not work in direct contact with the customer. As indicated, only a small amount of people work directly in the customer service whereas more employees support the business of the company through, packing of the goods, logistics and warehousing, administration, and other business areas not visible at first sight. All these areas are also essential when providing a functioning and well organized business in order to gain and obtain the trust and loyalty of consumers.

Due to the fact that it is not known how many people work in the other areas or which areas there are in the particular companies, it is not possible to evaluate how many employees have an actual impact on the issue of trust and loyalty of customers. Nevertheless, one of the main areas still is the direct customer service and it can, therefore, be concluded that it is essential to train those employees in terms of a correct service and about perfect product and products range knowledge.

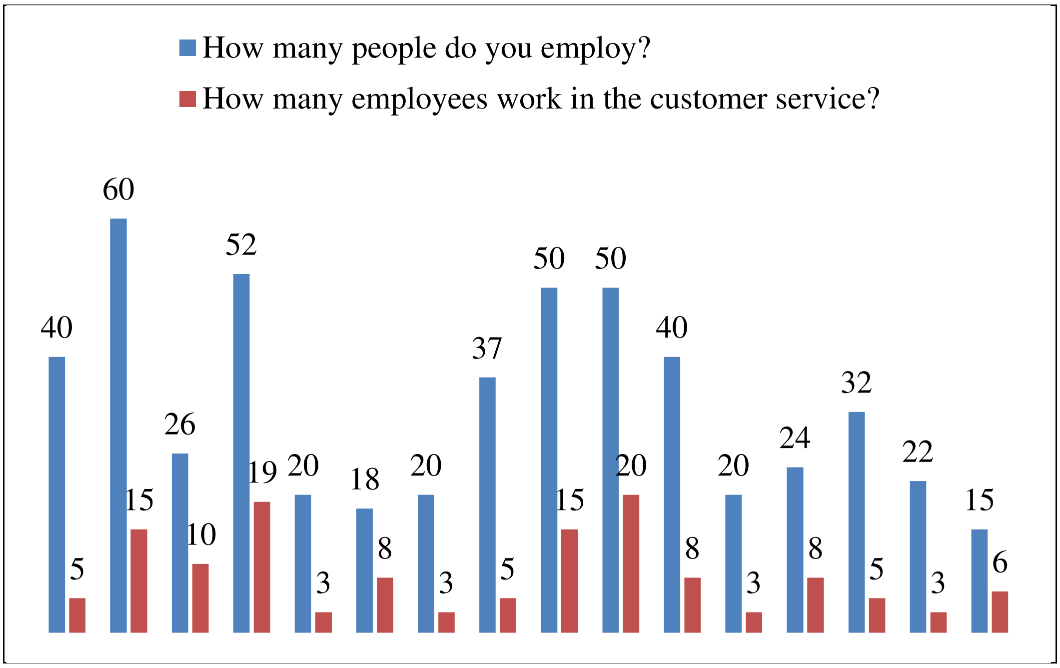

Figure 9. Comparison of total employees and employees working in customer service.

When investigating the proportions in percentage of the relation between the total employees and the amount of people working in the customer service it can be learned that the retailer with the eighteen employees where eight work in the customer service indicate that 44.44 percent of all employees work in the customer service whereas only 12.5 percent of the total employees work in this area at the retailer illustrated at first in Figure 9.

Furthermore, the subject of training provision was raised with the result that fifteen out of the sixteen retailers confirmed the matter with yes and only one retailer said no. This reveals that most of the retailers take the matter of good customer service seriously which is only possible when the employees function as well educated contact persons in terms of knowhow concerning the products.

3.6.2. Product Related Information in General

After the section basic information was covered the second section had to be answered in order to provide information about the products offered by the retailers. The first question within the second section concerns the channels the retailers use in addition to their shop to offer their products. By the survey provided answers were the Internet and trade fairs as well as “others” where it also was possible to select more than one answer.

The respondents were also asked to provide the further distribution channel in case they selected “others” as well. Figure 10 shows the answers chosen in percentage whereby all respondents selected the Internet as additional channel, five respondents said they also sell their goods at trade fairs as supplementary distribution channel and six retailers stated they use some other channel in addition as well.

All six retailers who selected “others” stated that they additionally offer their products in their catalog which is sent out after the date of issue to the companies operating with them as well as directly to customers who request the catalog. Furthermore, some of the catalogs are also displayed on the webpage of the company. The results prove the strong impact of the Internet today since all respondents mentioned the Internet as additional marketing channel.

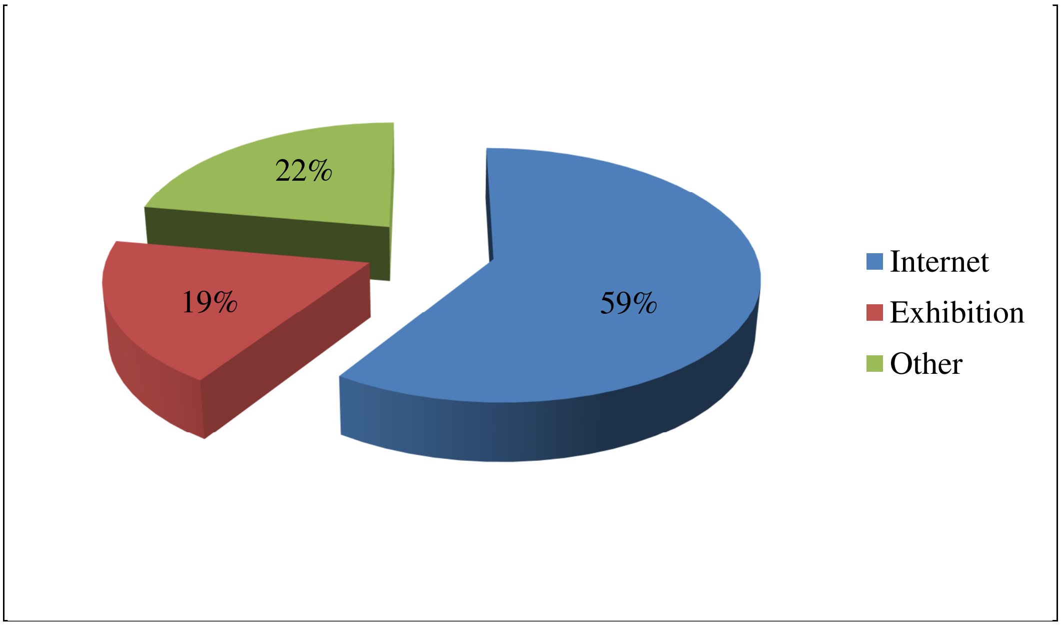

Figure 10. Additional distribution channels of choice.

When interviewing the retailers whether they read up on new products on a regular base, only ten respondents said they inform themselves whereas the other six stated that they do not gather information on new products. This result is vital information since it confirms that manufacturers or companies in search of retailers should and cannot wait until someone discovers their product and contacts them but need to be proactive in order to distribute their goods further.

Often retailers offer already a wide product assortment and do not necessarily need new products. However, considering the result that ten retailers are on the search for new ideas regularly verifies that some companies appreciate new inventions and improved goods. Nevertheless, it is recommended that organizations interested in a relationship with a retailer should get in touch with them themselves to ensure awareness of the product and correct understanding.

The next question concerns from where the retailers obtain the information or from where they get informed about new products. When analyzing those answers it needs to be remembered that only ten out of the sixteen respondents read up on information themselves. Nonetheless, the answers provided by the questionnaire were the Internet, exhibitions, direct approach from businesses, and others as sources to select from where it was possible to choose multiple answers. It was also requested to note down which other sources are used in case they were not mentioned among the provided ones.

Interesting to notice is the selection of the answers overall. As mentioned previously, only ten respondents answered the preceding question with yes which demonstrates partly the basis for this question. All of those ten retailers selected at least two answers. Five said they use trade fairs as a source whereas four said they gather information from the Internet.

One respondent chose all three answers while all then respondents said that they are approached by organizations directly. One respondent even mentioned, after selecting the forth source "other", that information is obtained from visits abroad. However, it is not specified from where abroad the information is acquired. This does unfortunately not constitute too useful information for this research.

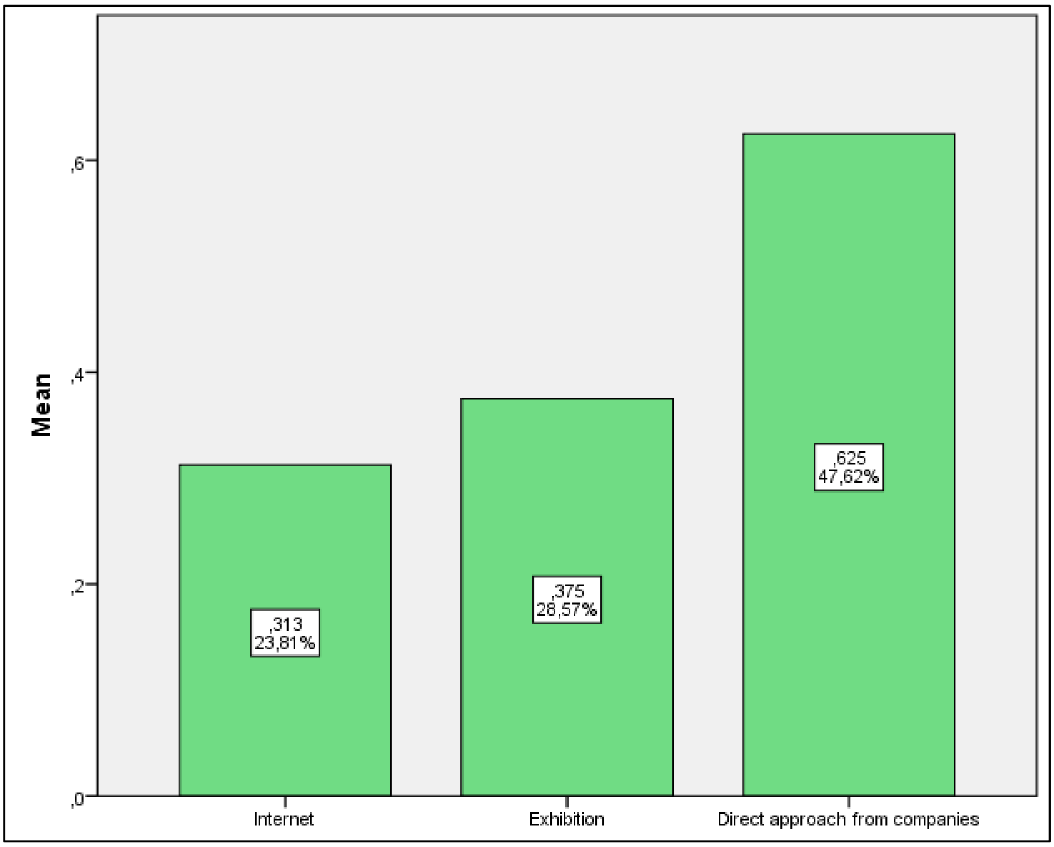

Figure 11. Information search concerning new products.

When calculating the mean of the provided answers, as demonstrated in Figure 11, it can be learned that out of 100 percent 23.81 percent of information is gained through the Internet, 28.57 percent of knowledge is gathered through exhibitions, and 47.62 percent comes from the direct approach of companies. Through the graph it is also clearly visible how important it is for manufacturer or other producing companies to contact retailers themselves instead of awaiting until a retailer contacts them.

The next question was once more a rating question when the retailers were requested to rate how important they believe certain distribution channels are for their type of business or industry field. With this question they were able to select between 1= very important, 2= important, 3= no evaluation, 4= not very important, 5= unimportant.

At first the respondents were asked to rate the significance of the trade fairs as marketing channel. The results are demonstrated in Table 8 which illustrates that three retailers, representing 18.8 percent, believe that exhibitions are very important as channel of distribution and 8, embodying fifty percent, consider trade fairs as an important distribution channel. Five retailers however, selected no evaluation which unfortunately represents 31.3 percent out of 100 percent. Nevertheless, the outcome reflects a strong opinion and also confirms the statement, mentioned on the homepage of the Handelkammer Hamburg and also declared in section 2.6 of this report, that 83 percent of businesses in Germany consider trade shows or exhibitions within the business to business communication as very important or important (Handelskammer Hamburg 2012).

Table 8. The importance of exhibitions as distribution channel.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very important	3	18,8	18,8	18,8
	Important	8	50,0	50,0	68,8
	No evaluation	5	31,3	31,3	100,0
	Total	16	100,0	100,0	

The next channel to evaluate was the Internet. As already elaborately posed in section 2.1.1, the Internet demonstrates the channel with the uppermost growth of interest and usage and is seen as one of the biggest revolutions of trading goods. The result, when analyzing the questions outcome, emphasizes all the statements as all contestants selected very important forming 100 percent compliance. The result is also confirmed through the online presence of all respondents.

The last marketing channel the contestants had to evaluate was the industrial retailer. Various businesses offer this type of channel for distributing and selling their goods. Hence it was chosen as an additional channel for assessment. The result of this judgment is far less significant than the other two distribution channels evaluated. Table 9 shows that six respondents, forming 37.5 percent, anyhow think it is important while eight, or fifty percent, did not appraise this channel of distribution at all. Two even stated that they believe this type of channel is not very important which reflects 12.5 percent of the overall answers.

Table 9. The importance of industrial retailer as distribution channel.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Important	6	37,5	37,5	37,5
	No evaluation	8	50,0	50,0	87,5
	Not very important	2	12,5	12,5	100,0
	Total	16	100,0	100,0	

When investigating the mean, as demonstrated in Figure 12, it can be seen that the Internet which was evaluated with 100 percent implies the mean of 1. The trade fair has a mean of 2.125. This means that the average of all sixteen answers composed of very important, important and not evaluated is 2.125. When excluding the option of "not evaluated" but only considering the option "very important" and "important", the mean would be 1.727. When taking the mean of 1.727 as true result it can be concluded that the importance of exhibitions should not be underestimated. Nevertheless, due to the low number of respondents in general and especially the number of answers excluding the "not evaluated" this result can not necessarily be considered as reliable. In order to receive good and true numbers as well as reliable figures it would be indispensable to examine this matter further by interviewing a larger sample.

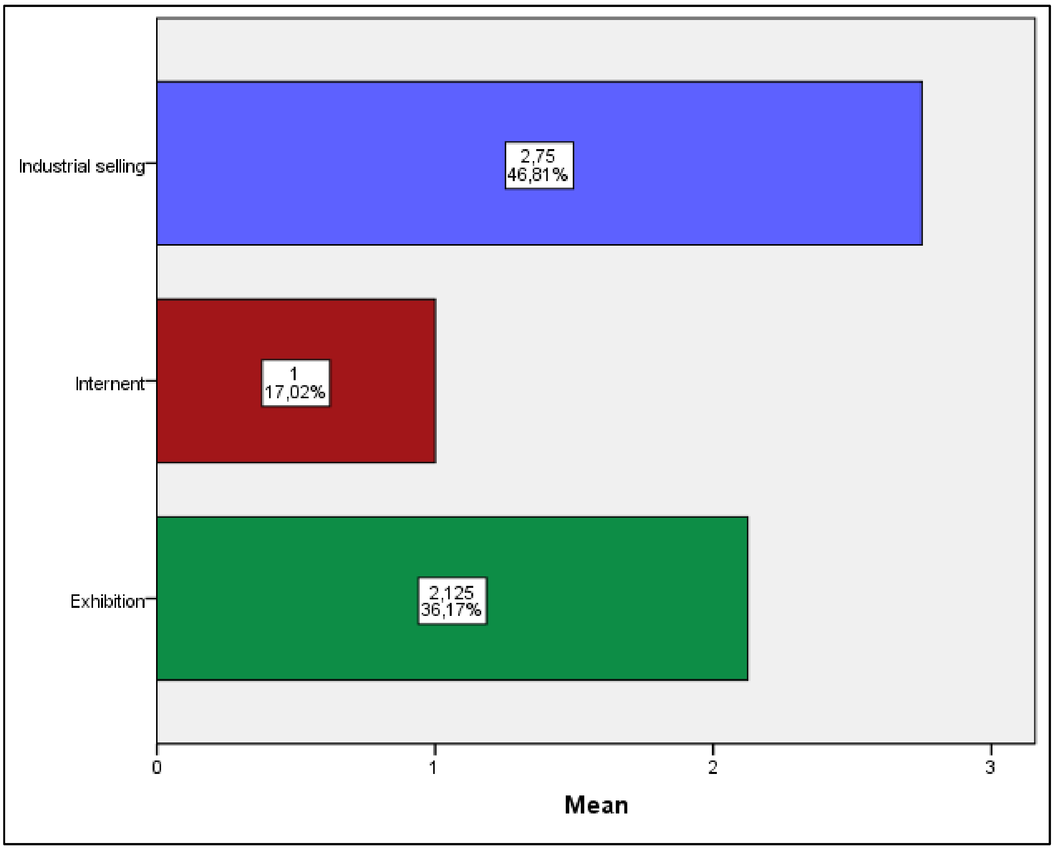

Figure 12. The mean of industrial selling, the Internet, and exhibitions according to a rating scale.

The next question asked concerns the brands the retailers in question have in their assortment. The respondents were requested to state the brands of gloves, polo shirts, T-shirts, and jackets. Various retailers sell goods produced under their own company name. Yet, they usually sell additional well-known brand names.

Mentioned for the gloves were brands such as 3M Thinsulate, Hatch, 5.11 Tactical, Go-On, Mechanix, Waer, MFH, Mil-Tec, NfD, Pulsar, MLE, Fulda, MTP, TacFirst, Sector, Damascus, VEGA, Blackhawk, and COP. The polo shirt brands include Snap, Hakro, Heat Gear, Under Armour, Mil-Tec, Varianten, TacFirst, 5.11Tactical, Switscher, and Alpha. Declared T-shirt brands were Hakro, Under Amour, Mil-Tec, 5.11Tactical, TacFirst, MTP, Switscher, Mehler, and Blackhawk. The jacket brands offered are ColdGear, Mil-Tec, Helikon, MFH, Leo Köhler, TacFirst, 5.11Tactical, MFA, Sector, GK, Alpha, Carinthia, and Glock.

All the brands mentioned are overall brand names regardless of the requirements of usage as well as despite their quality and price.

After receiving the answers it was noticed that the question as it is unfortunately is almost useless. At least to inexperienced individuals who are not familiar with the brand names are not able to tell whether the companies producing those brands produce and sell slash proof gear which is the main matter of concern in this research. In retrospect it would have been better to question the retailers first if they even sell slash proof gear and afterwards requesting the naming of the brands of those products.

The only results which are useful concerning this question are the brand names mentioned for the gloves. A questionnaire addressed to Oy Pomaco Ab reveals that the case company is aware of their strongest competition which is for the gloves Damascus, Hatch, and CPE. Two out of those three, namely Damascus and Hatch, were also stated by two retailers. Nevertheless, an investigation of the retailers´ webpage revealed that several of the addressed and contacted retailers offer slash proof gloves. TacFirst for instance is another brand specialized in products protecting the bearer through very high cut and slash resistance. Also 5.11 Tactical produces and offers slash proof gloves, as does MLE, Blackhawk, and VEGA who have in the most cases Kevlar as material used.

When questioning the retailers whether they would be interested to take new products for security guards into their assortment the result was devastating. Only one respondent answers with yes whereas all other fifteen said no. The question should not only have had included the answers “yes” and “no” as provided answers but also the possibility to select “not at the moment”. This would have indicated whether the retailers are generally not interested in new products or if they are just satisfied with their assortment as it is at the moment but are not completely averse to an approach by manufacturers and taking in new products.

One important aspect to consider when in search of an appropriate retailer was the matter of advertisement of the goods. For that reason the question whether the retailers advertise their products was requested. The answer is satisfying as thirteen out of the sixteen retailers (81 percent) advertise their assortment and only three (19 percent) stated they do not.

It might have been interesting to know where they advertise the goods. However, this would have been irrelevant for this study and was, therefore, not requested. Nonetheless, when examining the Internet webpage of the retailers it can be noticed that several of them are connected to certain social media instruments such as Facebook or Twitter.

The last question, but probably the most important one for the case company, was the question whether the respondents would be interested in working with Oy Pomaco Ab. Even though the result is not satisfying at all due to the very low interest one retailer did show interest and provided contact data for the case company in order to get in contact.

This contact provides Oy Pomaco Ab with a starting point. Unfortunately some of the retailers expressed their lack of interest additionally through sending a reply e-mail. In these e-mails they thanked for considering them as retailers but declined the collaboration.

At last the correlation between various questions was investigated. The overall results can be observed in Table 10. The factor N specifies again the amount of the considered questionnaires which was in this case sixteen out of sixteen.

The strongest positive correlation, a correlation of R = 0,780, exists between the questions how many people do you employ and how many employees work in the customer service. This result can be explained by the fact that those two questions relate to each other and have closely related figures as well.

		How long do you already work as retailer	How many customers do you have in average per month?	How many direct competitors do you have in a radius of 50km?	How many people do you employ?	How many employees work in the customer service?
How long do you already work as retailer	Pearson Correlation	1	,640**	-,078	,411	,604*
	Sig. (2-tailed)		,008	,773	,113	,013
	N	16	16	16	16	16
How many customers do you have in average per month?	Pearson Correlation	,640**	1	,356	,434	,665**
	Sig. (2-tailed)	,008		,177	,093	,005
	N	16	16	16	16	16
How many direct competitors do you have in a radius of 50km?	Pearson Correlation	-,078	,356	1	,322	,349
	Sig. (2-tailed)	,773	,177		,224	,185
	N	16	16	16	16	16
How many people do you employ?	Pearson Correlation	,411	,434	,322	1	,780**
	Sig. (2-tailed)	,113	,093	,224		,000
	N	16	16	16	16	16
How many employees work in the customer service?	Pearson Correlation	,604*	,665**	,349	,780**	1
	Sig. (2-tailed)	,013	,005	,185	,000	
	N	16	16	16	16	16

Table 10. Correlation table comparing various questions with each other.

Another strong positive correlation at R = 0,665 is displayed at the correlation between how many customers do you have in average per month and how many employees work in the customer service. This result shows that it is essential to have employees in the customer service in order to satisfy the customer demand.

One other correlation figure necessary to be mentioned is the negative correlation of R = -0,078 resulting from the questions how many direct competitors do you have in a radius of 50 kilometers and how long do you already work as retailer. The negative result arises from the circumstance that the figures of the existence of the retailer is rather high compared to the figure of the competitor which is rather low.

3.6.3. Comments

This questionnaire also provided in the end space for comments which was, as on the questionnaire for security guards, not used and left empty. Furthermore, nobody took the possibility of contacting the survey conductor for further information or feedback concerning the result of the study.

4. CONCLUSION AND SUGGESTIONS

The analysis of both surveys as well as the examination and explanation of the results were in detail presented in Chapter 3. In Chapter 4 conclusions will be demonstrated as well as suggestions for the case company provided. Both studies conducted revealed various aspects useful for the further proceeding by Oy Pomaco Ab.

4.1. Essential Aspects of the Results

Concerning the questionnaire forwarded to the security guards, it can be accentuated that the results support the idea of Oy Pomaco Ab to sell their slash proof gear through retailers as intermediaries. The examination exposed the fact that numerous companies use retailers as suppliers for their working gear. However, also the importance of the Internet as information tool was confirmed and emphasized. Regardless of the age of the security guards or the working experience in years, it was discovered through the survey that they are overall satisfied with their gear and would not necessarily need new products among the already existing ones.

Yet, most of the respondents said they search for new products on their own. Hence, it is possible for the case company to get noticed and to create a new brand in Germany. Unfortunately, this objective requires very good marketing to get noticed among all the products of competitors. The intended price seems also to be realistic and might be accepted by the end-user.

The survey aimed at retailers on the other hand revealed only a partially satisfying result. Even though sixteen questionnaires were sent back, only one retailer showed interest in a working relationship with Oy Pomaco Ab. Nevertheless, this result should not only be seen as drawback but rather as chance to enter the market and to go forward from there.

The questions leading into the subject provided nonetheless some insights and demonstrate the professionalism of the retailers questioned. The experience within the business field as well as the amount of customers illustrated that the retailers fulfill some of the requirements suggested in the theory part of this report.

When focusing on the results and conclusion of the two diverse questionnaires, it needs to be noted that most aspects only touched the surface and would, therefore, be more specified accomplished in a more advanced study of the retailers. Due to certain limitations the surveys demonstrate a rather small outline. Nevertheless, a basic idea and understanding is provided and could be continued or repeated in an expanded research. On the other hand, due to the low positive response, it might not be advisable but rather useful to select retailers suitable and contact them as mentioned above.

Also certain improvements in terms of the questions could be implemented in case of a repetition of the studies. First, the possibility to enter questions as obligatory questions should be applied in order to ensure results from essential questions as it was not used in these surveys and led, therefore, to unsatisfying results. Also the request for specification should be implemented in an improved way since certain comments were not specific enough to be of usage for the study. Additionally, some questions turned out afterwards as not thought through correctly such as the question on the retailers´ questionnaires about the brands they currently sell. Instead it should have been asked first whether they sell slash proof gear at the moment and if they do, they should have been asked to name these.

Usually a questionnaire in general offers only one change to collect data. However, as stated by Litwin (1995, 6) no tool is perfect and some type of errors and mistakes consequently occur during the whole process. No study exist which is perfectly reliable and when a study is conducted by a person not specialized in this field, the risk of errors is consequently higher (Litwin 1995, 7).

4.2. Suggestions for the Company

While developing the tools and conducting the surveys certain improvements and suggestions evolved. As demonstrated and explained in the created model, it is advisable for small sized companies, such as Oy Pomaco Ab, to combine direct channels and indirect channels. This combination could be a strong Internet presence such as a well a developed homepage in various languages plus the usage of Facebook, Twitter and Co to spread the word. While doing research for this report it was noticed that several retailers as well as security guard networks are represented in Facebook which could constitute a positive idea for Oy Pomaco as well. In addition, Oy Pomaco Ab is advised to reconsider the target group and widen the usage of the gear by addressing other professions such as police, fire brigade, ambulance, or even the construction business. Basically all professions in contact with sharp items could form a target group and would widen the prospect of absorption of the slash proof gear.

Furthermore, the strong reaction and rejection when approaching the retailers for this study demonstrated that it is advisable for companies to contact their target themselves rather than using some kind of middleman to do it for them. As explained in the theory part, intermediaries might decline the collaboration at first and need to be convinced. However, some might have been more interested when addressed by Oy Pomaco Ab directly. This approach should additionally, and as explained in the model before, take place through a phone call or even an introduction in person at the retailers' premises. Oy Pomaco Ab is advised to follow the guidelines set in section 2.5 and try to contact retailers according to the suggestions in section 2.5

A further suggestion is the visit of exhibitions targeted, amongst others, at the security business field. One example for such a trade fairs in Germany taking place in the year 2013 is the "Enforce Tac" taking place in March 2013 in Nuremberg (Nürnberg), Germany. It is not necessarily obligatory to represent Oy Pomaco Ab with an own stand but might be useful to visit the fair as guest and socialize with other businesses, preferably with retailers represented at the exhibition.

4.3. Summary of the Thesis

The aim of the thesis was to investigate the possibilities of distribution channels as well as explore the potential market in Germany for the slash proof gear within the security business. To select the appropriate channel and method is of great importance and forms an essential aspect when selling goods. As we have already learned, a distribution channel is the important element place and represents the mean to forward goods from the producer to the final link in the chain, the end customer.

Within recent years technology has influenced the application of well known methods concerning product distribution where especially the Internet attracted notice and created a new channel of distribution. Nevertheless, the Internet does not necessarily form the most important aspect even though it is gaining of importance. The first approach organizations need to consider is whether they would like to use direct channels of distribution or indirect channels. After a business has decided on this factor it is necessary to investigate the possibilities within those channels further. The report mentions various options and describes all aspects extensively. Furthermore, ideas on how to select the appropriate channel were presented.

Another key aspect of the thesis was the subject of intermediaries as connection to the end-user when using indirect distribution channels. Various types were demonstrated, the benefits and drawback of the usage of mediators, as well as the correct selection of the suitable middleman. In the end of the theoretical part a model was developed in order to support small sized companies and to provide an applicable solution for them.

The empirical part was designed in order to investigate the second objective of the thesis. Two questionnaires were developed, one addressed at security guards and the other one sent to retailers in Germany distributing the gear for the security business. Before the questionnaires were sent out a pilot test was conducted in order to minimize errors and misunderstandings possibly implemented in the questionnaires. After adjusting the surveys and applying suggestions for improvement and changes, the surveys were sent out through e-mail.

The response rate for the retailer survey was 88.89 percent which demonstrates a useful and satisfying result. The retailers were addressed directly whereas the security guards questionnaire was spread through the snowball sampling and does, therefore, not provide a precise response rate. A reminder e-mail was additionally sent out to the addressed security guards and the retailers were in addition contacted through the phone in order to ensure and confirm the respectability of the study. This way the response rate could be improved.

The questionnaires were designed in E-lomake whereas the results were analyzed with the help of excel and SPSS. The outcome provided essential information for further actions and did result in one contact interested in a working relationship with Oy Pomaco Ab. Nevertheless, some drawbacks had to be accepted for which certain suggestions were pronounced.

In a nutshell, the whole research provided valuable information and insights for future studies as well as for the case company. Various weaknesses and strengths were detected and can be used as basis for future actions. When implementing the experiences and suggestions it is strongly believed that Oy Pomaco Ab can succeed in their aim to export to Germany.

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APPENDIX 1. International agent selection criteria (De Burca et al. 2004, 404)

		Distributor 1	*Distributor 2*	*Distributor 3*
Criteria	*Weight*	*Rating Score*	*Rating Score*	*Rating Score*
1. Financial soundness				
2. Marketing management expertise				
3. Satisfactory trade, customer relations, and contacts				
4. Capability to provide adequate sales coverage				
5. Overall positive reputation and image				
6. Product compatibility (synergy or conflict?)				
7. Pertinent technical know-how at staff level				
8. Adequate technical facilities and service support				
9. Adequate sales infrastructure				
10. Proven performance record with client companies				
11. Positive attitude towards the company's products				
12. Trading area or region covered				
13. Excellent government relations				
14. Warehousing and storage facilities				
15. Experience in representing foreign firms				
16. Willingness to promote product/service				

Scales

Rating	Weighting
5 Outstanding	5 Critical success factor
4 Above average	4 Prerequisite success factor
3 Average	3 Important success factor
2 Below average	2 Of some importance
1 Unsatisfactory	1 Standard value

APPENDIX 2. Questionnaire for security guards

Questionnaire security guards

This questionnaire is part of the bachelor thesis “Creating retail business in the German market for slash-proof gear for Oy Pomaco Ab" for the International Business studies at the University of Applied Science in Vaasa/Finland. Oy Pomaco Ab would be interested in hearing your needs and interests concerning specific products in order to establish long term business relationships with interested retailers.

Oy Pomaco Ab is a Finnish company located in Vaasa. The business was found in 1962 and is specialized in the sales of gear for security guards, employees of infrastructure companies, sport shooters, and hunters. The export ambitions concern at the moment only their main sales area, the slash proof gear for security guards.

Your answers of the questionnaire will of course be handled anonymous and are confidential.

Please take a few minutes to answer the questions.

Thank you!

General questions

1. How old are you? Under 20 20-30 31-40 41-50 51-60 Older than 60

2. How many years do you work already as security guard? (Please enter just in digits)

3. Are there any specific requirements concerning your working gear?

No Yes

If yes, please specify:

4. Does your employer provide your working gear for you?

No Yes

If not, do you receive a yearly budget for it?

No Yes If so, how much in Euro do you receive? (Please enter just digits)

5. How satisfied are you with your current gear? (1= very satisfied, 2= satisfied, 3= not satisfied, 4= not at all satisfied)

1 2 3 4

6. Is it essential to wear slash proof gear for protection in your working environment?

No Yes

Questions concerning the purchase of products

7. Do you catch up on news and innovations concerning your working gear regardless whether your employer provides the gear?

No Yes

8. From where do you receive information concerning your working gear of your industry?

- Internet
- Retailer
- Magazine
- Colleagues/friends
- Trade fair
- Others
- No comment

In case of "others", from where?

9. Do you trust recommendations from colleagues and friends? (1= always, 2= sometimes, 3= seldom, 4= never)

1 2 3 4

10. Do you recommend products yourself?

No Yes

11. Please note down suppliers you or your employer purchases the gear from:

Specific questions about your purchase and product behavior in case you need to purchase your working gear yourself

12. How much money do you in average spend for your gear within one year?

(Please enter just digits)

13. How many of the following products do you own in average at the same time?

	Non parallel	1 piece	2-3 pieces	4-6 pieces	More than 6 pieces
Security jacket(s)	☐	☐	☐	☐	☐
Security gloves (in pairs)	☐	☐	☐	☐	☐
Long-sleeved shirt(s)	☐	☐	☐	☐	☐

14. How often in one year do you purchase the following products?

	Not every year	Once per year	2-3 times per year	4-6 times per year	More than 6 times per year
Security jacket(s)	☐	☐	☐	☐	☐
Security gloves (in pairs)	☐	☐	☐	☐	☐
Long sleeve shirt(s)	☐	☐	☐	☐	☐

15. Would you pay more for improved products?

No	Yes
☐	☐

Comments

Further comments:

If you have further questions or would like to get informed concerning the results, please contact …..

Thank you for your time and effort!

APPENDIX 3. Questionnaire for retailer

Questionnaire retailer

This questionnaire is part of the bachelor thesis “Creating retail business in the German market for slash-proof gear for Oy Pomaco Ab" for the International Business studies at the University of Applied Science in Vaasa/Finland. Your answers conduce to the support of the thesis and enable the company Oy Pomaco Ab to establish contacts for a business relation with interested retailers. The information also helps the company to export their slash proof gear to the German market.

Oy Pomaco Ab is a Finnish company located in Vaasa. The business was found in 1962 and is specialized in the sales of gear for security guards, employees of infrastructure companies, sport shooters, and hunters. The export ambitions concern at the moment only their main sales area, the slash proof gear for security guards. More information is provided on the homepage http://www.pomaco.fi/?p=13&s=0.

Your answers of the questionnaire will of course be handled anonymous and are confidential.

Please take a few minutes to answer the questions.

Thank you!

Basic information

How long do you already work as retailer? (Please answer in full years, rounded up)

How many customers do you have in average per month?

How many direct competitors do you have in a radius of 50km?

None One Two to three More than three No comment

How many people do you employ?

How many employees work in the customer service?

Do you provide training for the employees?

- Yes
- No

Product related information in general

Where, besides in your shop, do you sell your products? (More than one answers possible)

- [ ] Internet
- [ ] Trade fair
- [ ] Others

In case of "Others", which?

Do you read up on new products within your product assortment on a regular base?

Yes	No
☐	☐

From where do you obtain information about new products? (More than one answers possible)

- [ ] Internet
- [ ] Trade fair
- [ ] Directly from companies
- [ ] Others

In case of "Others", which?

How important do you think the following distribution channels are for your type of business? (1= very important, 2= important, 3= no evaluation, 4= not very important, 5= unimportant)

	1	2	3	4	5
Trade fair	☐	☐	☐	☐	☐
Internet	☐	☐	☐	☐	☐
Industrial selling	☐	☐	☐	☐	☐

Which brands do you currently offer for security guards for the following products?

	Brand (Please mention all, separated with a comma)
Gloves	
Polo shirt	
T-shirt	
Jacket	

Would you be interested to take new products for security guards into your assortment?

Yes No

☐ ☐

Do you advertise your products actively?

Yes No

☐ ☐

Comments

Would you be interested to work with Oy Pomaco Ab?

Yes No

☐ ☐

Please provide your contact data:

Further comments from your side:

If you have further questions or would like to get informed concerning the results, please contact ….

Thank you for your time and effort!