Marketing Plan for KJ Design

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The following thesis looked to produce a marketing plan for a small scale company to incorporate into their business management and continuing development. A small, local business operating in the design industry was identified and Kautto&Jones Design agreed to commission the thesis.

The aim of the thesis was to work in cooperation with KJ Design to create a marketing plan that could be effective in increasing brand presence and overall sales in a niche market that is in its early stages in Finland. Working with a limited budget, the desired outcome for KJ Design was to forge a concrete design sub-genre within the broader Finnish design industry and establish the company as the pioneers and prominent brand in a niche market that has been trending internationally for some time.

KJ Design commissioned this thesis in early Spring 2013. Their first quarter sales had suffered and the need for a well structured marketing plan that would improve their reputation and attract new customers was recognised. The thesis set out to assess the demand for concrete design goods and identify gaps in the Finnish design industry where concrete goods could offer a quality alternative to other materials and products appealing to Finnish consumers. A plan was then devised to categorise the most effective channels of communication, the most suitable market segments and the most efficient use of time and resources.

Using a number of contacts, social networking and other marketing techniques, the thesis urged KJ Design to appeal to interior designers, design/concept stores and restaurants/hotel chains. The reasoning behind this method was to get their products in to positions that would influence the design industry as a whole, thus, influencing consumer purchasing habits which would lead to increased sales and brand recognition and longevity.

Keywords
Marketing, Concrete Design, Five Forces, Social Media, Micro, Macro
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1 Introduction

The aim of this study was to compose a marketing plan for KJ Design. Thesis aimed to meet the requirements set by the commissioner to source market platforms which would optimise available marketing channels. The focus was on increasing their overall market presence and ultimately gaining more prospective clients helping the company get to where they wanted to be. Thesis intended to uncover unique points that may provide competitive advantages over any potential competitors. Marketing plan results can be referred to in future business, particularly when focusing on sales and marketing.

Relevant theories have been implemented from researching literature, statistics, reports and websites. KJ Design’s background history has been factored in and previous company marketing practices has been taken in to consideration for an improved marketing plan recommendation. Report aimed to produce a relevant marketing plan for a small-scale design company just starting out in the business world. The study has been conducted in cooperation, with support and with input from the commissioned company with the aim of creating a clear and structured plan.

Methods, knowledge and techniques throughout the thesis, along with continued study of literature, internet sources, investigative research and the support of industry insiders aided the compilation of this document efficiently. Once drafted, the theory of the report can be put into effect and the company could use the findings to their advantage. The following objectives have been discussed in the thesis: How to reach new customers, engage with them and how to provide a market strategy that provides competitive advantages for the company?
2 Case KJ Design

The commissioner, KJ Design is a Porvoo based concrete design company established late 2012. The main business idea is to design and manufacture furnishings and objects from concrete. Each product is unique and custom-made to client specifications. Their main products are concrete kitchen countertops, household and outdoor furniture and candle holders. Products combine aesthetics and practicality and are hand-made in Finland. KJ Design operates in the Construction and Design industries trading in a number of areas. Using the modern methods, KJ Design and its network companies produce hand-made, custom-designed concrete kitchen countertops, concrete dining tables and concrete bathroom sinks/wash-basins. (Kautto & Jones 2012.)

KJ Design aims to provide concrete products focused on design and individuality that are not currently offered by Finnish based companies. KJ Design identified a gap in the market for concrete products other than countertops and realised that concrete design is a trend that has been increasing in popularity steadily over the past few years in the international design industry. KJ Design’s mission is to establish themselves as a market leader offering designer concrete products that are functional and aesthetically beautiful. According to previous examples of designer products, if they establish themselves early enough and create a large customer base, they could be pioneers of the industry with some of their products having no direct competition at all. (Kautto & Jones 2012.)

By focusing on offering a diverse range of products and designs that are unique aimed at interior design, KJ Design could exploit a niche market and can establish themselves as a designer brand amongst the Finnish design community. Eventually, KJ Design could export their products to other European countries but first it is important that they concentrate on cementing a place in the Finnish market and build their brand, reputation and following.
3 Market analysis

Marketing plan begins by analysing the environment in which the business operates. The overall aim was to gauge the current industry environment and factor in expected economic, political, social and technological changes. External environmental factors include changes in competition, the economy, technology, and socio-cultural environment. These can be evaluated by using the demand and competitive analysis. (Enterprise Finland 2013.)

Essentially there are two relevant market environments that can be analysed when discussing this specific industry. The environments are labelled as Micro and Macro. (Marketing Made Simple 2013.)

The Micro Environment relates to the immediate and almost interactive and manageable factors. This is created by variables such as the business stakeholders, competitors, suppliers, intermediates and consumers. This environment is directly affected and formed by market growth and trends. Changes in consumer behaviour will cause potential new markets to open up which in turn dictate the direction shareholders and competitors will want to move in, leading to opportunities for suppliers to capitalise and further affect market prices and quality of materials. (Marketing Made Simple 2013.)

A Macro Environment is forged by more uncontrollable factors which may not be directly managed or even influenced by a single company and may even be beyond the reach of an industry as a whole. Instead, the macro environment relates to political issues, environmental elements, social dynamics and technological restrictions and developments. If these components are not satisfied first and foremost, there may not even be an industry for a company to compete in. (Marketing Made Simple 2013.)
3.1 Design Industry

“Design is what links creativity and innovation. It shapes ideas to become practical and attractive propositions for users or customers. Design may be described as creativity deployed to a specific end.” (Hunter 2013.) With this in mind, design goods are products or innovations which aim to better the lives of consumers either through practical use or through aesthetic satisfaction.

In the modern world, cities expand to meet the housing demand of an influx of residents. This, in turn attracts more and more people away from the suburbs and countryside, ironically requiring furthermore expansion. Every bit of space needs to be used wisely and efficiently, personal space comes at higher price. Because house prices have risen sharply, many people resort to living in small affordable apartments or have very limited space and therefore do not have the luxury of gardens or open spaces, especially in capital cities which are the cultural hubs of a nation. (Statistics Finland 2013.)

This indication could result in a developing trend towards bringing outdoor features inside and a focus on raw materials. What happens in capital cities usually leads to a trend, this has a ripple effect which eventually filters out into the suburbs and countryside resulting in homeowners with a bit more space than their city dwelling counterparts, wanting the same design features that are trending in urban hubs.

Trends in design are currently focused on aesthetics which are rough and rugged offering a sense of the unpredictability of nature. Concrete may not be a natural material but it is certainly linked to the outdoors and is as close a texture to natural stone as can be manufactured. Concrete is also very easy to mould in to whatever shape or design the manufacturer desires. Modern materials and techniques allow for concrete to take on the form of many different types of rock and stone that look very much like the real thing. (Increation 2013.)
Perhaps mirroring present times to imitate the rise of urban establishments within natural and green areas, the design industry is merging natural and raw materials with industrial features and materials to produce dramatic contrasts. The marriage of wood, for example, with metal fittings is very popular and results in a very rustic and warming ambience. Luckily for concrete, it falls in to the faux-natural and also the industrial categories and so is a popular, effective and fairly low cost option as a design material.

Finland, like other Scandinavian countries endure long winters which in turn leave citizens waiting for summer and the freedom of the great outdoors. This could be the reason for bringing the outdoors inside in an attempt to create the illusion that nature can still be appreciated from the comfort and warmth of the home, even during the winters. Trends and fashion aside, the ease of production of concrete and its practicality and durability as a household material further justify the increase in concrete’s popularity.

There are many forms of design and many materials used to create design goods. Wood, metal, tile and concrete are some commonly used materials in the design industry; Wood is one of the oldest and most traditional materials used for design. Wood is versatile and can be used to achieve a wide range of finishes and styles. Using wood for design caters to all budgets and can be used to produce a variety of items and achieve a number of desired results. (Interior Desire 2013.)

There are many types of metals that can be used in design. The two most common forms used for design are Iron and Brass. Using iron for metal wall art is a common practice in conventional, classic and country chic designs. Iron offers an antiqued look when it is allowed to age naturally that is highly desirable and also durable. Brass is a unique metal in the sense that it is easy to work with and manipulate. It can be welded together to create sheets or pieces and has an aesthetically pleasing finish. It is also fairly simple to weld brass together enabling the manufacturer to create a number of designs. (Ramli 2013.)
Modern ceramic tile designs offer a designer a variety of colours, styles and textures. Available in many sizes and easily tailored, ceramic tiles can match existing décor effortlessly. Tiles are a popular choice for kitchen and bathroom decoration. (Lush Home 2013.)

3.2 Demand for Concrete

Demand relates to the needs of customers. People demand goods which enable them to live out their daily lives (necessity) and also goods to help treat and feel good about themselves (novelty/luxury). Supply is the means of providing desired products, and making them available to the customer. If demand for specific goods is reduced, then this will affect the supply of that product. Supply may also be affected by limitations relating to the cost of production and the material, time and resources available. Demand and supply are interdependent, if demand increases and supply stays unchanged it means a more balanced price and quantity. If however, demand decreases and supply stays unchanged, it means that the price of the product and the quantity available will not balance. (Sloman 2012, 32-41.)

If demand for a specific product such as concrete candle holders decreases, but the supply remains constant or increases, this will lead to a surplus of goods and therefore a reduction in price because there is not as much demand. Alternatively, the price of a product may be inflated if the demand for that product increases but the supply is reduced. (Sloman 2012, 32-41.)

Demand analysis focuses on the consumer ability and willingness to buy a certain product or service. Understanding the value for demand will help KJ Design to determine their target group and distinguish prospective customers and which magazines/articles/platforms their target group read/use. With the help of demand analysis it is easier to recognize the correct target market and customers who want to buy particular products. It also offers indications as to how much customers are likely to pay for concrete products, how many products they are willing to buy and how often they are willing to purchase. It is important to determine if the customer is likely to pur-
chase once or if a product is something that people want to purchase on a regular bases. (Bergström & Leppänen 2004, 66-69.)

Concrete is trending in Interior Design; it has been popular in a number of European countries for a few years and it is hoped that this trend filters through into Finland. (Fritz 2013.) “Concrete is an obvious choice and in recent months we have witnessed a huge rise in the use of concrete in interior design.” (Sheppard 2012.)

“The trends businesses are usually most concerned with are those related to their finances. Measuring increases and decreases in revenues, expenses, margins and profits are the lifeblood of businesses. Examining a company’s financial trend can help owners, managers and investors become aware of the company’s situation and needs as it plans for the future.” (Feigenbaum 2013.)

At the 2012 Tampere Asuntomessut (housing fair) concrete design attracted a lot of interest. According to Niina Korhonen (2012), a journalist for Aamulehti more and more bloggers praise the concrete products and use them as decor elements in their blogs. In the author’s opinion, new homeowners and homeowners who are renovating are likely to be the main share of customers for concrete countertops. If marketed correctly, it is possible that KJ Design can also appeal to restaurants, either supplying concrete dining tables or concrete countertops for bar tops or kitchen work areas.

People in the capital area spent more on interior design than the rest of Finland. It has also been predicted that consumers in the near future will spend less of their income on improving the interior of their homes and more of the income on exterior renovations and improving their gardens (Koponen 2006). This may be due to the fact that Finland has an ageing population with a large proportion expected to retire over the coming years, meaning more people with more time and money to invest in a new home or improving their existing home and garden. This will alter current market trends.
The range of concrete plant pots and benches could appeal to interior designers (hired by private/commercial customers), office spaces, hotels, and local councils for their public spaces. According to Korhonen (2012), these sectors may be the most profitable and efficient customers for companies like KJ Design. If KJ Design manage to sign a contract with a hotel chain or a local council, not only would it secure lucrative deals which would bring in good profits but their products would be seen by a large number of people who visit the hotels/public spaces.

The ‘Connection’ range of concrete candle holders does not have a specific customer base rather it is targeted to anyone who may wish to purchase a candle holder for their own home or as a gift for someone else. The price per candle holder is assumed to be affordable to most and because they are generic and small, it is easy for the candle holders to be supplied to stores for them to sell. It may also be possible for KJ Design to implement a purchasing option on their website. The candle holders can easily be delivered by post inside Finland but also to other countries. KJ Design can also pitch their candle holders to restaurant/hotels.
3.3 PEST Analysis

PEST analysis is an abbreviation which stands for Political, Economic, Social and Technological features that concern the key external factors contributing to a company’s success. It is a strategic analysis tool to identify the macro factors affecting a business. PEST is a useful strategic tool for understanding market growth, business position, potential and direction for operations. (Mehrotra 2012, 2.)

It is important for KJ Design to recognise these external factors, because they are beyond their control and could be a threat to the business. However, these external factors can also turn out to be opportunities for businesses entering a market. It is therefore up to the business to weight out the threats and opportunities to make strategic decision. (Chapman 2010.)

3.3.1 Political

“One of the results of this successful design politics is the nomination of Helsinki with its partners as the World Design Capital of 2012 with the theme Embedding Design in Life.” (Anne Veinola 2012.) With KJ Design’s proximity to Helsinki and with the majority of their customers based in the city, they have the opportunity to build on the reputation that Helsinki has as a design hub. Design is actively being promoted by Finnish organisations and the title of World Design Capital 2012 will still be fresh in customer minds. If KJ Design took the right paths in terms of marketing, now is a good time to establish a brand and increase their customer base.

If KJ Design expanded their scope and focused on exporting their products internationally, they may be able to use the momentum gathered by the Helsinki World Design Capital 2012 title to increase their presence on the international market.
3.3.2 Economic

“Finland’s economy unexpectedly joined the Euro area in a recession in the third quarter as the region’s debt crisis weighed on business confidence and sapped investments.” (Pohjanpalo 2012) “With the overall economy likely to experience slow growth in 2013, the design industry, too, will see only modest improvement during the coming year.” (Berens 2013)

Due to the economic downturn, customers may be less likely to purchase luxury items as often. If the house market suffers due to the recession, it has a knock on effect. If there are not as many people buying new houses or renovating their homes, there may be less prospective customers interested in purchasing KJ Design’s concrete countertops. Even though the general population is spending less, smaller goods such as candle holders could turn out to trade well (Reuben 2012).

Finland is the most expensive country in the Eurozone, 25 % above the EU average, states the Eurostat (Yle 2012). Economic trends could affect the selling price of the concrete items and raw materials bought from the supplier. Economic trends will always affect the demand. (Sloman 2012, 32-33).

3.3.3 Social

There has been a major shift in people’s thinking in relation to the environment. Recycling has increased and more people are interested in living a sustainable lifestyle or purchasing products that are sustainable or made using sustainable methods and materials (European Environment Agency 2013). Concrete is actually a sustainable material. The main ingredient used in the production of concrete is limestone which is the most abundant resource on earth (Balogh 2013).

In 2011, Finland was the World’s fourth largest consumer of Fair Trade products per capita. Fair trade products are sold in over 120 countries. (Lehtinen 2012.) Consumers want high-quality, durable and eco-friendly items according to ‘Finnish consumers' perceptions of ethics’ - research conducted by Aalto University (2012.) Popularity of
ecological items has increased in Finland and continues to grow. Consumers of ecological products in Finland respect environment and follow the sustainable action/activities in the current world.

As referred to in heading 3.2 people in the capital area spent more on interior design than the rest of Finland. It has also been predicted that consumers in the near future will spend less of their income on improving the interior of their homes and more of the income on exterior renovations and improving their gardens (Koponen 2006). This may be due to the fact that Finland has an ageing population with a large proportion expected to retire over the coming years, meaning more people with more time and money to invest in a new home or improving their existing home and garden. This will alter current market trends.

The concrete that KJ Design uses is fairly standard; there are no unique additives that other forms of concrete do not also include. It is suggested that the company could raise awareness regarding concrete’s sustainability using the fact to their advantage, possibly resulting in an increase in customers. Consumers’ perceptions and buying behaviour are strongly affected by the differences in social conditions, religion, and languages. Language difference has especially great impact in the flow of business operations. (Basnet 2012.)

3.3.4 Technological

The methods that KJ Design uses for production are not advanced; all of their products are manufactured by hand in a small workshop. This stays true to their statement of “handmade in Finland” and may appeal to a niche market; however it limits their production and timescales.

Delivery of products is done, at present, by KJ Design using a company van. This limits their delivery capabilities and also drains on time and resources. They currently have no confirmed process or channels for international delivery, or even national delivery on a large scale or for long distances.
3.4 Competitive Analysis

Porter's Five Forces model is a framework that focuses on five key points (figure 1.) that affect the competitive effect and allows KJ Design to analyse the competitive position in the industry. Porter identified five competitive forces that affect all industries and markets. Therefore, the business strategy should seek to weaken the competitive forces that may threaten KJ Design's success. (Porter 1998.)
3.4.1 Supplier Power

Suppliers are very important in this industry. If a concrete design company does not build a strong relationship with a supplier who is able to offer the highest grade materials, it will have a detrimental effect on the quality of the finished product. Suppliers who have built a reputation for providing high quality materials can demand higher prices and may even be able to choose who they wish to trade and cooperate with. If a supplier likes and believes in a product that they think will sell well, they can offer discounted rates in order to increase their own sales and build their own brand (Porter 1998).

The concrete design industry in Finland is relatively small and extremely premature meaning that there are a limited number of companies who are competing for the best materials and prices. In other industries, this could be advantageous for the design company because their suppliers will not have many other companies to sell their product to and will therefore need to keep their rates low. The concrete design industry, however, is different because there are minimum specialist materials required that are solely unique to the concrete design industry, rather the materials required are already sold by suppliers to construction firms on a much larger scale.

The demand for materials from concrete design companies is miniscule for concrete suppliers when compared to the large units they ship to the construction industry on a daily basis. The concrete design industry would collapse should suppliers cease trading. It is no overstatement, however, to suggest that suppliers would barely notice if concrete design companies ceased trading because it would have such a small impact on sales. Therefore it is safe to suggest that suppliers in the industry hold the power, hence the need for design companies to have great networking skills allowing them to build excellent relationships and contact lists.

Suppliers can either choose to stay loyal to a single company and offer them exclusive rights to their materials/products, or they can flood the market with their products so that every competitor will have access to the same materials, hence, the possibility of a number of companies being able to offer concrete designs that include the same high
quality ingredients as other design companies. This could starve KJ Design of their competitive advantage because they are no longer able to claim that their product is of a higher quality than others (Porter 1998).

3.4.2 Buyer Power

The Finnish market for concrete design is relatively small at present, although it seems to be displaying growth; it is still very much in the early stages. It can be assumed that the majority of consumers in Finland are still unaware of concrete as an option for interior design and instead choose for more traditional materials and furniture. It is also cheaper for consumers to purchase from large retailers rather than an independent design company. KJ Design have the difficult task of convincing as many people as possible that concrete is a great choice for design, and must attract consumers away from traditional materials and bigger retailers. The best way to do this is to make their products more accessible and affordable to customers, thus, the consumer holds the power in determining the price they are willing to pay for such products. This will also lead to an increase in volume and frequency of purchases (Porter 1998).

3.4.3 Product and Technology Development

Design as an industry is powered by innovation. It is impossible to forecast whether a specific material or product will still be at the forefront of the industry in five or ten years from its conception because there will be new products released over the years that will challenge the position of concrete design and could offer better quality or value for money. It is highly important to anticipate rival’s moves and create possibilities by forecasting business trends from aboard. (Wood 2011, 39-41).

The design industry is influenced directly by trends and fashion, so what is considered popular and fashionable now, may be outdated within a year or even months. Some products do stand the test of time and are able to develop periodically as trends change, constantly appealing to consumers (Wood 2011, 39-41). Whilst concrete is a relatively inexpensive material and the manufacturing methods used to create high quality design goods are fairly easy and affordable, technological advances may enable
similar products to be produced that could cut production costs and time and also increase output and still offer the same quality, perhaps even to a greater standard.

3.4.4 Competitive Rivalry

Operating in the design industry, competition is not as vicious as a lot of other industries. The success of a design company is in large determined by the quality, aesthetics, ingenuity and uniqueness of their product; therefore, it would actually be damaging to the success of a business if they produced a product that was extremely similar to that of another brand, even at reduced prices (Porter 1998).

Author suggests that it would actually be more beneficial for competitors operating within the industry to cooperate with each other in building a market presence and raising awareness for concrete design products. Concrete design companies in general face a much larger competitor in the form of the design industry as a whole.

3.4.5 New Market Entrants

New entrepreneurs/companies are constantly a potential threat to existing businesses. New competition can lead to a possible fall in prices and loss of market share, which can put burden on established companies. Concrete design is a growing trend (Korhonen 2012). Whilst it has been in the limelight for a number of years internationally, it is still yet to explode and gain popularity in Finland (Sheppard 2012).

With an increased awareness of concrete design, more entrepreneurs will be looking to experiment with the material for design purposes and eventually will want to break in to the industry hoping to establish their product as the forerunner in concrete design on the Finnish market.

The advantage that new entrants will have over existing companies is the ability to use the research, methods and market popularity already built and established by pioneers of the product. This offers an easy point of entry for new companies who do not need to waste as much resources on product development, market research and advertise-
ment. Instead, new companies, although it is still necessary to work extremely hard to compete with established brands, will be able to focus on offering their product which has been manufactured using materials and methods already developed by the industry, to a market that is already interested in such a product (Porter 1998).

Even though KJ Design do not have a large number of rivals at present, it is still advisable to devise a plan considering what actions to take and how to avoid threats before any new rivals emerge on the market.

3.4.6 Direct competitors within the market

At this current moment KJ Design has only one direct competitor, Sisustusbetoni Oy, a family business established in 1983. When established, the company was called Trioplan Oy. The company's name was changed to Sisustusbetoni Oy in 2010, when the production of concrete designs began. The company produces coated concrete products primarily for interior applications such as kitchen countertops. Manufacturing spaces are located in Tuusula and Southern Estonia. (Sisustusbetoni Oy 2012.)

Sisustusbetoni OY specialise in countertops but do not currently offer concrete benches, plant pots, tables or candle holders in their product range. Trading since 2010 under the current name and offering their present service, Sisustusbetoni OY have the advantage of being the established brand in the market, although there are gaps in the market for KJ Design to exploit and target customers wanting other forms of concrete products as well as attracting countertop customers. (Sisustusbetoni Oy 2012.) Sisustusbetoni Oy only uses one platform (website) as a marketing channel. The company does not currently operate on any social media marketing platforms.
3.5 SWOT

SWOT is a simple and widely used method for the analysis of businesses. This analysis will help determine KJ Design’s internal factors: strengths and weaknesses, and its external factors: opportunities and threats in the future. SWOT helps the company to evaluate their own actions and to identify a sustainable niche in the current market (Mind Tools 2012).

KJ Design has a number of major advantages as a business; it is able to operate fluently both in Finnish and English, uses modern methods and quality materials, and has a lot of ideas and creativity. Products are hand-made in Finland using as much local material as possible. Each product is unique and custom-made to client specifications. Their strength lies in their unique designs. Products/services may be priced slightly higher, but quality is guaranteed rather than compromised because they are made by hand and not manufactured in a factory. It will be difficult to compete with huge corporations supplying generic furnishings/services that may be of lesser quality for lower prices but the products appeal to a niche market. Similarly, operating on such a small scale is strength because they are able to keep costs low and manufacturing is a simple process focusing on a small number of products per day.

The major strength of KJ Design is the timing of which they have chosen to launch their brand. Concrete is trending in Interior Design; it has been popular in a number of European countries for a few years and it is hope that this trend filters through into Finland (Fritz 2013). KJ Design indicates that they have already forged a number of very useful contacts in the industry. According to them, they have a good relationship with a prominent interior designer in the Helsinki area, who not only purchases their products but actively promotes their products to her customers and industry insiders. KJ Design has also built a relationship with a writer/photographer/editor who publishes her work in a number of national design magazines. A number of their products and one or two articles centred on KJ Design have been published in four national magazines.
The main weakness for KJ Design is their lack of available funds for marketing/branding. If funds were available to invest in marketing, KJ Design could increase their reach massively and attract a lot more customers. If they invested in branding, they would also be more likely to retain customers who are interested in purchasing a branded product or a collectible.

KJ Design use Facebook as one of their main channels to spread information and engage with customers. Facebook is free for businesses, however most of their Facebook followers are under the age of 30 which unfortunately may not be the right target for the company; concrete production is an expensive process and their business is hoping to target mid to high-end customers.

The biggest opportunity KJ Design has is the possibility of exporting their goods to the European market. If they started to trade internationally their profits could grow exponentially and their reputation as a Finnish design company could be confirmed. To be able to operate internationally, they would need larger premises. This is an opportunity for the future, KJ Design have discussed the idea of moving to a larger property should operations move into a bigger scale. KJ Design, co-operating with its network companies, could use innovative methods and materials to create and design products and services that no other company in Finland are able to offer.

It is possible for KJ Design to form mergers with other companies who offer different services, for example, a kitchen design company who design and manufacture kitchen sinks/cupboards and a deal could be made to offer KJ Design products and the other company’s products as a package. Similarly, if KJ Design branded a specific product effectively, they could eventually sell the rights of that product to a larger company to use in their portfolio.

The biggest threats facing KJ Design are lack of customer interest in its products and competition from similar companies who may establish themselves in the future. The other threat to KJ Design is the possibility that the popularity of concrete design could just be a ‘Fad’ and a trend that lasts only a year or two. If the interest in concrete de-
sign decreases, KJ Design will find it difficult to attract new customers with their old catalogue of products.

Another threat could be the continuation of their suppliers. Because KJ Design have developed their products with a specific type of concrete from a specific supplier, it would be wise to consider a back-up plan or a back-up process/recipe for making products should their supplier cease to exist and no longer be able to trade.
4 Marketing

As the world of marketing changes with the times, the strategies for marketing must evolve to keep up to date. The outdated 4 P’s system of marketing strategy has been replaced by the new and improved 4 E’s of Marketing (Fetherstonhaugh 2009). In authors opinion the 4 E’s are more relevant and compatible with marketing in the modern world.

4.1 Target Market

The age structure of the population has an important impact on the demand for products that KJ Design offers. Focusing on certain demographics and creating advertising that would appeal to the desired target-market would be beneficial. Prospective customers could be private builders, construction designers, schools, governments, interior designers or local retailers. The opportunities are vast, however the risk for KJ Design is the lack of segmentation or customers being segmented wrongly which could result in a loss of sales. (Consultancy 2012.)

The target group selection affects all planning and direction. KJ Design could design some items exclusively for a particular segment, for example candle holders marketed to a wide range of customers leading up to and during the Christmas season and then concentrate on the high-end customers after the festive period. (Keller & Kotler 2006, 126-127.)

It is essential for KJ Design to decide and understand whom they want to market their products to and with whom they want to/should engage in social media. KJ Design has not set any specific target group, but it is advisable to do so. Before producing more specific concrete designs KJ Design should learn about their target group’s consumption habits and buying behaviours.
4.2 Everyplace

With many channels for promotion; SMS, social media websites, video games and product placement such as TV, Movies, and Internet video clips, brands need to ensure they have a presence in all possible of them (Graves 2013).

Social media marketing is a way of using social media platforms for marketing purposes. Social media marketing is, in comparison to traditional media marketing, a dialogue or engagement process between producer and consumer. Social media marketing refers to activities started on social media web sites such as YouTube, Facebook, Twitter, LinkedIn, Google+, content discovery sites, social news site and forums with the goal to spread a message or content in virally through the social web to gain attention, visibility and traffic. (Advanced Media Productions 2012.) Social media helps raise awareness and develop a brand. Such platforms are cost-effective and great channels for delivering information (e-Business Express 2013).

One of the main aspects when creating the demand for a product is to ensure it is visible to a wide audience. In order for KJ Design to achieve this, the content of a website should be search-engine friendly and easily found on social media platforms. Consumers/customers can be attracted via many social media and internet platforms; for KJ Design it is essential to decide which platforms are ideal for their company and which could be the most effective for reaching customers (Kelly Kautz 2011).

Social media marketing can be characterised as interactive and engaging, in comparison to traditional marketing. Currently KJ Design has a functional website although customers are as yet unable to purchase directly via the website. KJ Design also operates through Facebook, currently having a respectable number of subscriptions, but no paid advertising/promotions through Facebook have been purchased by the company. “Facebook in Finland is certainly the most popular social media platform and #61 in the ranking of all Facebook statistics by country.” (Socialbakers 2013.)

Both of the entrepreneurs are technologically minded. They have the skill and knowledge to use social media to their advantage. They can update company
information and communicate with their customers instantly. Social media marketing is a great way to connect with customers but this can only be achieved by adopting new ways of thinking, following current business trends and new operating models.

Nearly every SME in Finland has a Facebook page and/or a blog and with over 4,6 million internet users in Finland (88.6% of the population) in 2012, according to Internet World Stats (European Travel Commission 2013), marketing on the internet is extremely effective in Finland. Facebook offers different solutions for companies, some solutions with no cost and some with varying costs, depending on the needs of the company. Similarly, the popularity of blogs has grown considerably in a short period of time. Studies show that half of the Finnish internet users read blogs (Viestintätöimisto Suodatin 2013). This could prove to be an opportunity for KJ Design.

Due to a lack of funds, it is important for KJ Design to increase their presence in as many channels as possible. It is recommended to have accounts or pages on all of the relevant social media platforms. In the author’s opinion, should their budget allow, it is extremely important to purchase place advertisements in local and national newspapers/magazines, consider Google advertisement and Keywords and attend industry relevant trade shows. Similarly product placement is an effective tool for promotion. KJ Design could aim to sell their products to local councils or city hotels/restaurants. By doing this, a large number of the public can be reached and the costs would be relatively low for KJ Design.

Getting samples of their products into large stores or specialist design stores could take KJ Design products to customers who are looking for a similar product. Reciprocating promotion is a good method for selling; if a seller stocks their products, then KJ Design will promote that seller via their Facebook page/Website/Blog. Displaying the name, logo and contact details of KJ Design on the side of the delivery van is a mobile and cost effective method of promotion.
KJ Design should concentrate on making the purchase easier for their customers. Currently they do not provide the opportunity to order online.

4.2.1 Advertising

Advertising is a method for promoting a brand, service or product aimed at delivering a message to an audience on a mass scale using various channels in order to stimulate a demand. Traditionally, advertising is not interactive and is non-personal, instead it is hoped that the message being advertised will be viewed by a large number of people, a high proportion of which will be interested in the product/service being promoted. (Wood 2011, 150.)

Advertising usually demands a fee from the marketer. Prices depend on the channel used, location of the advert, placement, type, size and the timing of a promotion. As technology evolves, so do the methods and effectiveness of advertising. It is assumed that in the coming years, advertising will become more interactive, will be able to be more efficiently directed towards a target audience and will allow consumers to react to an advertisement immediately. (Wood 2011, 153.)

KJ Design is operating on a limited budget so there are currently not a lot of funds available for advertising. There are channels that are more affordable to KJ Design, such as Newspaper/Magazine placements, Google AdWords and Facebook Ads, all of which should be considered in order to increase brand awareness and boost sales. It is recommended that KJ Design contribute to blogs, websites, articles, and magazines that cover related and similar topics. It is free to submit articles written by KJ Design to other organisations who may be willing to publish the article, including a link to the KJ Design website in exchange for desirable and interesting content. Flyers, brochures and posters are another form of cost effective advertising and if distributed in the right place, are an efficient way to target a local audience.
4.3 Experience

The old strategy was to focus solely on a specific product, now it is aimed towards the entire customer experience (Christopher Graves 2013).

For KJ Design, focusing all of their efforts on promoting concrete kitchen worktops solely would not be enough. Whilst they may get a customer looking for that specific product, they lose potential customers who are searching for similar but not specific products. If KJ Design is able to promote their brand and entire catalogue of services, then they cast a much wider net for prospective clients. Clients may be looking for high quality, hand-made, customised, Finnish products they cannot get anywhere else. If KJ Design can market their name as a brand who offers such services, they strengthen their position in the market. Tailoring their designs to meet customer needs will satisfy customers who appreciate a personal touch. A finished product should be branded with a removable label/logo, packaged and presented well, delivered personally and accompanied by product care instructions and a warranty resulting in a positive customer experience.

4.4 Exchange

As prices become more competitive and less effective at influencing purchasing decisions, brands must look for ways to attract the attention of customers and offer rewards for their time invested (Fetherstonhaugh 2009).

KJ Design can look for ways to cut costs which may influence a customer to buy their products, but they need to attract customers first and foremost. They can do this by creating offers and promotions on their products, for example, if they get 500 likes on Facebook within 2 months, they will give away one of their products to a Facebook member or a number of members. Similarly using Twitter, if customers “Re-Tweet” a post, they will receive a gift card redeemable on KJ Design products.
Selling to stockists, it would be advisable that KJ Design sell at a rate that will be discounted (or part refunded) if the stockists sells an agreed volume of product within agreed timescales. Discounted prices can also apply when selling direct to customers if they choose to purchase more than one product at the same time. Alternatively, KJ Design can work in conjunction with other companies to offer discounts on their products when a KJ Design product is purchased (this can also be reciprocated).

4.5 Engagement

Promotion alone is not enough in the modern world. Brands must win the hearts of customers and appeal to consumer passions and interests (Fetherstonhaugh 2009). “Branding is one of the most important aspects of any business, large or small, retail or B2B. An effective brand strategy gives you a major edge in increasingly competitive markets.” (Williams 2013.)

KJ Design has developed its brand with limited funds. They have designed their own logo which is displayed on their website, Facebook page and business cards. They “mark” all of their products in some form. The company name and a serial number are scribed into the base of each product. The markings remain out of sight so as not to affect the look of the product but if they establish themselves as a popular brand; it is possible that they could fix a permanent label/marking to the product to claim ownership of the product. Their ‘Connection’ range of concrete candle holders are fixed with an adhesive bearing the company name which may easily be removed at the customers’ discretion. The adhesives are discreet, non-permanent but fairly low quality.

If KJ Design were to build a big enough customer base and reputation over a number of years, they could establish themselves as a Finnish design favourite. In the case of KJ Design competing in the same category as other major Finnish design brands such as Pentik, Marimekko and Iittala, to be mentioned in the same breath would be the most desired result of a great marketing and branding campaign. The brand and the company, however, are extremely young and in the early stages of building a following.
For KJ Design to appeal to customers it has targeted, only promoting and advertising their brand through traditional channels would not get the desired results. KJ Design needs to interact with their customers. One effective way would be to write and maintain a blog or video diary of the products they offer, manufacturing methods and posts about industry news or topics they personally find interesting. This would provide a personality for the brand and help customers relate to the brand.

Another effective method would be to offer workshops on concrete design. They could even charge customers to attend the classes. Although they may lose customers because their attendees will then be able to produce their own concrete designs, KJ Design will also gain a positive reputation and may become the industry pioneers.

Public relations are a key issue. It is advisable that KJ Design engages with their local community and maybe even donates one of their products to the local community, such as a bench for the local park. This would gain positive publicity and also get their product in to positions people will see them.
5 Budget, Timetable & Responsibilities

A marketing plan should be well constructed but in order for a plan to be effective, it must be controlled and managed well. This is where it becomes important to discuss and allocate a designated individual who will take responsibility for enforcing and following a marketing plan. The execution and effectiveness of the plan can be monitored by the individual and if the desired results are not being achieved, it can be recognised and adapted. It is important for KJ Design to designate clear and specific responsibilities within the company, especially for marketing. The management team should discuss and decide who will be responsible for marketing via social media. The team member allocated this role should be made clear of their precise areas of responsibility and be provided the resources and time to focus their efforts on promoting the brand using social media channels. (Evans 2012, 46-48.)

It is recommended that the responsible person should ensure that the company website, Facebook page and any blogs or other forms of social media are updated on a regular basis with relevant content and the most up-to-date information.

Whilst the responsibility should be designated to a specific person, in the author’s opinion it would not be adequate for that person alone to be the sole contributor. Content that has influence from more than one person offers variety and keeps the information fresh, providing a different viewpoint. A single contributor would result in a narrow implementation (Ruikka 2012).

The marketing budget for KJ Design is small; however, they do have some outlets for marketing which are either free or minimal costs. The channels should be used as much as possible and should be utilised regularly, perhaps on a schedule. It is advised that KJ Design track the success/effectiveness of their promotions via social media sites, in order to recognise the peak times when their posts reach the most potential clients.
This information is easily obtainable using Facebook pages to promote their services, or a Blog service. Facebook has an Insight function that allows page users/admins to see how many new likes they have had in a certain time period or which posts had the highest response rate and reach. Similar data is recorded and is accessible to Blog users.
6 Follow-up

Follow-up concerns communication and the maintaining of customer relationships after a purchase. It could be as simple as a phone call enquiring about customer satisfaction or it could be a loyalty reward scheme. Keeping old customers is cheaper than finding new ones. In many industries, it costs five-to-ten times more to acquire new customers than it does to keep existing customers. This does not mean that focus on marketing should be reduced; however, it does mean that the importance of loyalty and satisfaction of a previous customer should not be underestimated (Gandhi 2012).

If customers agree to it, it is important to keep a record of each customer with the most basic information stored on a database. Using the database, it is possible to use the details to send promotional material and newsletters informing customers on offers and deals.

Loyalty reward schemes are effective ways to keep a customer satisfied. If a customer purchases the product a number of times, the information can be stored on a database and the customer can be offered a discount on their next purchase, or they can receive special rates as a reward for their repeat custom (Gandhi 2012).

In author’s opinion “Word of mouth” is a very effective form of marketing that should be taken into consideration. If the focus is on keeping the customer happy, ensuring a quality service, the satisfied customer will promote your company to people they know, in turn leading to new customers (Underkofler 2009).

KJ Design could implement a reward scheme for loyal customers or for referrals via customers. If a new customer is referred to KJ Design by an existing customer, the existing customer could be rewarded with a free/discounted product.

Using a number of contacts, social networking and other marketing techniques, the thesis urged KJ Design to appeal to interior designers, design/concept stores and restaurants/hotel chains. The reasoning behind this method was to get their products into positions that would influence the design industry as a whole, thus, influencing con-
umer purchasing habits which would lead to brand recognition and increased sales and hopefully brand longevity.

Here below are author’s key findings & suggestions for KJ Design.

<table>
<thead>
<tr>
<th>FINDINGS (F)</th>
<th>SUGGESTIONS (S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F1:</strong> Most of their Facebook followers are under the age of 30 which unfortunately may not be the right target for the company. (Please refer to sub-heading 3.5 SWOT)</td>
<td><strong>S1&amp;2:</strong> Customise focus of marketing channels to target an older audience who are more likely to be home owners.</td>
</tr>
<tr>
<td><strong>F2:</strong> Focusing on certain demographics and creating advertising that would appeal to the desired target-market would be beneficial. (Please refer to sub-heading 4.1 Target Market)</td>
<td></td>
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<td><strong>F3:</strong> What happens in capital cities usually leads to a trend. (Please refer to sub-heading 3.1 Design Industry)</td>
<td><strong>S3&amp;4:</strong> Saturate the inner city market and build a following in urban areas. Eventually the trends will filter out in to suburbs and countryside.</td>
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<tr>
<td><strong>F4:</strong> People in the capital area spent more on interior design than the rest of Finland + Ageing population. (Please refer to sub-heading 3.2 Demand for Concrete)</td>
<td></td>
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<td>F5:</td>
<td>S5:</td>
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<td>At the 2012 Tampere Asuntomessut (housing fair) concrete design attracted a lot of interest. According to Niina Korhonen (2012), a journalist for Aamulehti more and more bloggers praise the concrete products and use them as decor elements in their blogs. (Please refer to sub-heading 3.2 Demand for concrete + 4.2 Everyplace)</td>
<td>Aim to get products in Trade shows and send free samples to bloggers and magazines.</td>
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<tr>
<td>Design is actively being promoted by Finnish organisations and the title of World Design Capital 2012 will still be fresh in customer minds. (Please refer to sub-heading 3.3.1 Political)</td>
<td>Use the momentum of the successful 2012 Design Capital campaign in Helsinki to promote products and Finnish design as a whole.</td>
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<th>F7:</th>
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<tr>
<td>The general population is spending less, smaller goods such as candle holders could turn out to trade well (Reuben 2012). (Please refer to sub-heading 3.3.2 Economic)</td>
<td>Although the candle holders sell for a fraction of the price of kitchen worktops, they are easier to make, sell and are a lot more affordable to the majority of customers. Promote and aim to sell as many candle holders as possible, not just for income but also to promote the KJ Design brand.</td>
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<tbody>
<tr>
<td>Concrete is a sustainable material. The main ingredient used in the production of concrete is limestone which is the most abundant resource on earth (Balogh 2013). (Please refer to sub-heading 3.3.3 Social)</td>
<td>Capitalise on the sustainability of concrete. A lot of people remain unaware that concrete is more ecological than other materials in design. Promote the positive aspects of concrete on the environment and sustainability.</td>
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<tr>
<td>F9:</td>
<td>S9:</td>
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<tr>
<td>It is safe to suggest that suppliers in the industry hold the power; hence the need for design companies to have great networking skills allowing them to build excellent relationships and contact lists. (Please refer to sub-heading 3.4.1 Supply power)</td>
<td>Research the market and find the most useful concrete suppliers for KJ Design. Focus on establishing an effective working relationship.</td>
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<th>F10:</th>
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<tr>
<td>The advantage that new entrants will have over existing companies is the ability to use the research, methods and market popularity already built and established by pioneers of the product. (Please refer to sub-heading 3.4.5 New Market Entrants)</td>
<td>To minimise the risk of competitors copying construction methods, it is advisable to keep processes and construction recipes/methods secret.</td>
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<th>F11:</th>
<th>S11:</th>
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<tbody>
<tr>
<td>The target group selection affects all planning and direction. (Please refer to sub-heading 4.1 Target Market)</td>
<td>Promote the candle holders before the Xmas season starts. They would make great Xmas gifts or even be a nice decoration for the home over the Xmas period.</td>
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<th>F12:</th>
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<tr>
<td>Due to a lack of funds, it is important for KJ Design to increase their presence in as many channels as possible. (Please refer to sub-heading 4.2 Everyplace)</td>
<td>Consider allocating a small amount for KJ Design’s budget for paid advertising. Although trying to save money wherever possible, in the long run, paid advertisement could prove to be very profitable for KJ Design.</td>
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<th>F13:</th>
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<tbody>
<tr>
<td>A finished product should be branded with a removable label/logo, packaged and presented well, delivered personally</td>
<td>Consider branding KJ Design products with a label that may be removed and packaged and presented nicely. Small</td>
</tr>
</tbody>
</table>
and accompanied by product care instructions and a warranty resulting in a positive customer experience. (Please refer to sub-heading 4.3 Experience) touches are the difference between a memorable product and a product that is easily forgotten.
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7 Attachments

Attachment 1. Leaflet for KJ Design from InDesign - course

Kauto & Jones Design

“Suomessa valmistettua käsityötä”
ljdesign.fi
Kauto & Jones Design

Suunnittelemme sekä valmistamme unikkeja betonituotteita ja sisustuselementtejä asiakkaidemme vaativiin sisustustarpeisiin. Tuotevalikoimamme kuuluvat betonitasot, -ruulet ja -huonekalut. Tuotteemme valmistetaan tilaustyönä asiakkaan toiveiden mukaisesti korkealaatuisista materiaaleista.

Toteutamme mielellämme niin pienia kuin suuria projekteja!
Estetiikka ja käytännöllisyys kohtaavat


Ota yhteyttä - lopputuloksesta pidät varmasti!
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