HAAGA-HELIA
University of Applied Sciences

Business-to-business relationship as a support mechanism to customer relationship marketing. Case If and TRAL ry.

Essi Tenho

Thesis
Degree Programme in International Business
March 2014

Abstract

6.3.2014

GloBBA

Author or authors Essi Tenho	Group or year of entry 2009
Title of report Business to business relationship as a supprort mechanism to customer relationship marketing. Case If and TRAL ry.	**Number of report pages and attachment pages** 48 + 0
Teacher(s) or supervisor(s) Teppo Varttala, Tanja Vesala-Varttala	

The purpose of this case study is to explore the various outcomes of a business to business relationship, especially how it supports the marketing activities of the participant companies. The case companies are If, a Nordic insurance company, and TRAL ry, a Finnish trade union for BBA and MBA graduates.

The main objective of the study is to determine the different advantages the strategic partnership between If and TRAL generates. This means that both customer relationship theories, and collaboration and partnership theories are applied.

The data for the empirical part was obtained in two thematic interviews with the case company representatives, focusing on their views of the functionality of the relationship as well as the communication between the two parties. The study was conducted in whole during January and February 2014.

The discovered advantages of the relationship are comprehensive, varying from customer and member acquisition to member retention and visibility in media directed at the target audience. As both of the parties are satisfied with the outcome, it is obviously profitable to cooperate with a non-competitor company, and maintain and develop the partnership.

Keywords
customer relationship marketing, customer life cycle, strategic partnership, cooperation, nonprofit marketing

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1 Introduction

Business - any business - is essentially about supplying for the demand that is either existing or created. Without customers there is no demand and therefore no business, and no companies (Korkeamäki, Lindström, Ryhänen, Saukkonen & Seilinheimo 2002, 125).

Marketing is of utmost importance in terms of sustaining vital activities and ventures. It includes not only sales and promotion, but combines a "carefully designed, customer-oriented entity of functions." (Bergström & Leppänen 2007, 9.) Marketing of services can be costly and particularly difficult because of their intangible nature. The explosive increase in marketing rates has partly affected the companies so that they have started to pay attention to the stability and profitability of customer relationships. (Korkeamäki et al. 2002, 172)

The constant changes in the business environment are leading to different kinds of collaboration activities among and between companies. According to Chartered Institute of Management Accountants (2013), "joint ventures and strategic alliances offer the benefits of M&A – access to necessary resources – without the irrevocable commitment and time-consuming integration inherent to M&A. Collaboration and trust are key to getting the most out of these new relationships ---." This is backed up by Hakanen, Heinonen and Sipilä (2007, 15), who state that in the current competition network relationships play a key role in competition and survival.

If (a Nordic indemnity insurance company) and TRAL ry (a Finnish trade union) are also utilizing the power of many through collaboration with each other.

1.1 The commissioning parties

For clarity the commissioning parties are introduced separately in the following, as despite their collaborative activities they are two separate companies with their own goals and strategies.

1.1.1 IF Vahinkovakuutusyhtiö Oy

Founded in 1999, If Vahinkovakuutusyhtiö Oy (later If) is the Finnish part of a leading Nordic indemnity insurance company with 3.6 million clients, both consumers and companies. If handles roughly 1.4 million indemnity cases a year and has a very high rate of customer satisfaction. According to If, "the interest towards insurances is scant in general, and standing out in the media hassle is difficult. In order to stand out in media and to reach as big a target audience as possible, we focus on the biggest media (TV, big news papers etc)." (If 2014a; If 2014b.)

In 2012 there were 23 indemnity insurance companies in Finland, and If had the third biggest market share (26.0 per cent) after OP-Pohjola (29.4 %) and LähiTapiola (26.7 %) (Finanssialan Keskusliitto 2013). Stark (22 Jan 2014) describes the current situation in the market interesting. He expects the situation after the fusion of Lähivakuutus and Tapiola in 2012 to stabilize in the next few years. As there are now three big players in the market, the companies will most likely profile themselves differently to stand out. The smaller, flexible newcomers also provide an interesting flavor to the mix, and it is difficult to predict to which direction the market is moving. (Stark, H. 22 Jan 2014.)

1.1.2 Tradenomiliitto TRAL ry

Founded in 1996, Tradenomiliitto TRAL ry (later TRAL) is a trade union for BBA and MBA graduates. Their main purpose is to lobby for their members benefit and offer them services, as well as to increase the labor market's knowledge on the BBA and MBA degrees and on the know-how the graduates have. The main focus is on increasing the conspicuousness of the degrees and on promoting the graduates' position on the labor market. (TRAL 2013.)

Kouva (27 Jan 2014) sees that it is not lucrative for TRAL to compete against other trade unions, as they ultimately have a mutual goal of raising awareness on professional issues. Instead, he sees that not belonging to any union is the biggest challenge at hand.

TRAL works closely with Tradenomiopiskelijaliitto TROL ry (later TROL), which is TRAL's sub-organization for BBA students. TROL members have the prerogative of enjoying the student membership benefits for free, whereas graduated full members pay 30 Euros monthly. The third membership type, employment membership, is for student members who work during their studies. The membership fee for employment members is 96 Euros yearly, and they enjoy of more benefits than the free student membership, including the unemployment fund. (TRAL 2013)

1.2 Objectives of the study, research topic

The purpose of this study is to explore the dimensions of the relationship between If and TRAL, and identify the benefits the case companies receive from the relationship.

My main interest on the topic is focused on the relationship of these two actors – how they benefit from the situation and how it affects their marketing behavior – mainly on the customer relationship marketing front. The **research problem** is "**How do non-competing companies benefit from collaboration from marketing point-of-view?**"

The **investigative questions** are designed to support the problem, and they are as follows:

IQ1: What are the most strategic aspects of services marketing?
IQ2: What activities does the collaboration of TRAL and If include?
IQ3: What kind of results does the relationship deliver in terms of customer relationship marketing?
IQ4: What other synergies are gained through the collaboration?
IQ5: How could the companies develop the partnership to gain further advantages?

1.3 Demarcation, scope and limitations

As I had previously encountered a problem with confidentiality issues while planning to conduct my thesis survey to a bank, I wanted to make sure that no such issues arise this time. Further, having been an active member of the student association Talko for well over half of my study time, I have a significant interest and a basic knowledge on the association and trade union world.

In the beginning of the study, I had to limit the relationship to the one existing between TRAL and If only, although the mutual insurance company Kaleva also has a central role in the equation. Including Kaleva would simply have broadened the study too wide. Also, the relationship exists mainly between If and Kaleva, as there is really no communication between Kaleva and TRAL.

1.4 Research methods and structure of the thesis

The study is conducted as a single case study with the focus on the relationship between the two entities. "Case studies differ from other qualitative approaches because of their specific, in-depth focus on the case as an object of interest in its own right. The purpose of case study is to increase knowledge about real, contemporary communication events in their context." (Daymon & Holloway 2010, 105.)

As the study is about a partnership which is based on the parties view about each other, it is also important that the research explores the way the partners see each other. Creswell (2013, 48) suggests that interviews empower individuals to share their views in different matters by reducing the power relationship between the researcher and the participant. Therefore, I chose interviews to provide the flexibility needed in the study (Daymon & Holloway 2010, 166-167). The interviews are also enabling in terms of positioning the thoughts of the interviewees in a larger context (Hirsjärvi & Hurme 2004, 34), in this case also to ground them into the theory.

The theory part of the study has been divided in two chapters to ensure clarity. Chapter 2 offers a review of services marketing, more specifically on how it differs from marketing of physical goods, as well as the purpose, means and importance of customer relationship marketing. In chapter 3 the study concentrates on elaborating the dimensions and rationale behind collaboration, networking and partnerships.

The empirical part consists of three chapters: 4 introduces the methods, 5 displays the results of the qualitative research, and 6 demonstrates the results, recommendations, validity and reliability of the study.

2 Marketing communications

There are probably as many definitions for marketing as there are definers (Bergström & Leppänen 2007, 19). Vuokko (2010, 29) defines marketing as influencing certain target audiences and individuals. She also acknowledges that there are multiple target audiences and introduces different directions of marketing: marketing forwards (to the client), sideways (partners and networks) and backwards (suppliers and subcontractors). Another popular view on marketing is that it is both a way to think as well as to act, i.e. to organize the variety of functions and processes (Bergström & Leppänen 2007, 10; Grönroos 2005, 235).

According to Mäntyneva (2003, 10), marketing communications is traditionally seen as one-way communication, where the company as an active subject sends a message of their choice through the channel of their choice to a target group they assume to consist of current or potential customers. Instead, the companies should strive for two-way dialogue, where the customers have a chance to communicate their wants and needs. This is enabled by the adaptation of multi-channel communication. Companies should mould their marketing strategies to fit the customer, and not vice versa (Andreasen & Kotler 2008, 52).

2.1 Services marketing

Nowadays the development level of a country can be judged by the industry's orientation to products: the higher the development level, the bigger the share of services on the gross domestic product (GDP).

Services are by many ways different from traditional, tangible products. For example, due to their varied features, even defining services is a little bit tricky. Lovelock and Wirtz (2011, 37) define services as "economic activities offered by one party to another." They usually involve access to goods, professional skills or facilities, but the biggest difference to physical products is that it is rare for the customers to actually gain ownership on any physical goods when consuming services. (Lovelock & Wirtz 2011, 37.) Zeithaml, Bitner and Gremler (2013, 3) would define services simply as deeds, processes and performances that are performed by the provider for the benefit of the receiver. Quinn, Baruch and Paquette (in Zeithaml et al., 4) in turn state that services include "all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms that are essentially intangible concerns of its first purchaser."

In this study the services range varies from insurances provided by If to lobbying, education and consultation provided by TRAL. The nature of insurances is surprisingly similar to that of a membership in a trade union: people often purchase these services to cover themselves against misfortune: material, health-related or professional.

2.1.1 Things to be considered in marketing of services

Cowell (1995, in Jobber 2010, 822) notes that due to the special nature of services, they may require a different approach than physical products. Because of that, the popular marketing mix model of 4 Ps with focus on *product*, *price*, *place* and *promotion* is lacking in terms of dealing with services marketing. Therefore, when services are concerned, the marketing mix is adapted and extended by including three additional Ps: *process*, *physical evidence* and *people*. (Lovelock and Wirtz 2011, 44.)

Four distinct traits that cause certain marketing implications can be recognized in services: *intangibility*, *heterogeneity* (or *variability)*, *inseparability*, and *perishability* (Jobber 2010, 822-825; Zeithaml et al. 2013, 20-23).

- Intangibility means that services cannot be stored or inventoried, which causes difficulties in evaluation. Fluctuations in demand are therefore often difficult to manage. The price - quality relationship is also often complex, and tangible cues need to be added to marketing communications "in forms of metaphors and vivid images in advertising and branding."(Lovelock & Wirtz 2011,43)

- Heterogeneity (or variability) leads to difficulties in ensuring consistence in service quality and standardization.
- Inseparability refers to the simultaneous production and consumption of the service, and to the fact that the customer is often heavily involved in the production and may therefore have strong influence on the service outcome. It also provides great opportunities for customizing services according to customers' wishes.
- Perishability brings us back to the impossibility of storage and inventory. Also, as services cannot be returned, strong recovery strategies are needed for times when something goes amiss.

The three additional Ps are utilized to address these dimensions. Special attention should be paid on the *process*. "Badly designed service processes lead to slow, bureaucratic, and ineffective service delivery, wasted time and a disappointing experience." Poor processes also make the job of the customer service people more difficult, which may increase possibility of service failure as well as cause lower productivity. Inefficient processes are often frustrating to customers, too, especially if the service staff does not have enough information on the process in terms of escalation or problem recovery. This brings us to *people*, who make all the difference. The service staff should be loyal, skilled and motivated in order to gain maximum competitive advantage. The recruitment, training and rewarding employees are essential in order to ensure high service quality. The *physical environment* has an intense impact on how the customer experiences the service, but also on the efficiency of the service process. Untidy or otherwise uninviting or disagreeable premises do not provide a professional and customer-oriented impression. (Lovelock and Wirtz 2011, 47-48.)

According to Grönroos (2005, 232), the "traditional view of marketing management may not apply where services are concerned." He therefore suggests a relationship approach to marketing.

2.1.2 Marketing channels

The central starting point of the marketing way of thinking is listening to the current customers' wants and needs, and developing new services based on those wants and needs (Bergström & Leppänen 2007, 10). The customer should also be at the center of marketing planning, as the operations of a company are communicated to the target audience by marketing (Vuokko 2010, 44). The customer should also be considered when choosing which marketing channel to use.

Depending on the tool and purpose, through marketing the company can create competitive advantage, bring products to the market, generate demand, and develop relationships that are profitable and satisfying for all parties (Bergström & Leppänen 2007, 20). Marketing should therefore be in the central focus of the entire company, not just the marketing department. It should also be integrated to other management functions. (Lovelock & Wirtz 2011, 49.)

There are many different channels that can be used for marketing, but direct sales and promotion are often considered the most important ones. They are supplemented and supported by sales promotion and public relations, including sponsoring and other relationship-based marketing activities. (Bergström & Leppänen 2007, 273; Vuokko 2010, 171) Some marketing activities do not influence the service directly, but are focused on influencing the customer in a way that influences the value perceived by the customer (Bruhn & Georgi 2006, 109).

Unfortunately for marketers, numerous consumers wish to position themselves outside of any type of marketing communication and do not want their contact information to be used for marketing purposes. This restricts the implementation and success of marketing communications. (Mäntyneva 2003, 11.)

2.2 Relationship marketing

Customer relationships are an essential resource for companies. Without a client base a company cannot function in practice. (Mäntyneva 2003, 7.) Further, in many industries such as insurances industry, the value of the firm is based on how many current customers they have. Roughly 10 to 20 per cent of a company's customer relationships are so called 'key accounts'. These customers bring in a large portion of the company's profit, so these relationships need to be tended extra carefully. (Bergström & Leppänen 2007, 375; Bruhn & Georgi 2006, 109.) Bergström and Leppänen (2007, 11) promote durable and profitable customer relationships, partnerships and networks, as well as relationships with owners, media and the community. According to them, creating, retaining and developing customer relationships as well as nurturing all the relationships of the company have become essential in marketing.

A company can increase its sales either by increasing the level of sales to current customers or by acquiring new customers (Bergström and Leppänen (2007, 417). Relationship marketing is a marketing orientation that suggests retaining existing customer relationships should have greater focus than attracting new customers. This is based on the belief that retaining current customers or recovering lost accounts is less expensive than the acquisition of new customers. (Bergström and Leppänen 2007, 407; Bruhn & Georgi 2006, 109; Jobber 2010, 826; Korkeamäki et al. 2002, 126; Zeithaml et al. 2013, 147.) In short, "the primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization." (Zeithaml et al. 2013, 152)

Another tool that is briefly discussed in the following chapter is customer relationship management (CRM), which highlights the purposeful management of customer relationships as well as enhances the efficiency of sales and promotion. These in turn reinforce the overall profitability of marketing. (Mäntyneva 2003, 9-12.) CRM is also a way of managing the entire company: it leads the operations of the company to a customer-oriented direction (Bergström and Leppänen 2007, 408).

Customer life cycle is a model often used in customer relationship management and marketing. It is aptly capsulized by Bruhn (2003, 45): "The customer relationship life cycle describes idealized phases that occur regularly in the relationship over time, and enables conclusions to be drawn for relationship marketing on the basis of the relationship's intensity." The customer life cycle is divided into three phases: acquisition, retention and recovery (Bruhn & Georgi 2006, 116). These may vary depending on the source, as some may prefer to utilize more phases instead. However, the model with three phases by Bruhn and Georgi (2006) more or less includes all relevant issues, so this study will focus on this perception.

2.2.1 Customer acquisition

The customer acquisition phase begins with *initiation*. In initiation the focus is on the potential customers, who do not have purchasing or communication history with the service provider yet. (Bruhn & Georgi 2006, 118.) The "potential customers" group consists of *prospects*, that have possibly provided their contact details and signaled they are willing to buy and that are targeted by marketing, and *suspects*, that belong to the target group but whose potential is unrecognized and that are most likely not targeted by marketing (Korkeamäki et al. 2002, 144).

In the beginning of the initiation phase the seller seeks to promote their products to the buyer who receives the data, and ultimately to acquire the customer (Bruhn 2003, 47). The acquisition phase of customer relationship can be seen as a turning point for the relationship, as the prospects either choose to become customers or they don't. When the relationship has been established, it is time to familiarize the customers and activate them to buy more of the company's products and services. (Mäntyneva 2003, 15.) *Familiarization* (or *socialization)* phase includes activities such as enhancing the recommendations of existing customers and stimulating the customers through further promotion, for example direct mailings or further discounts (Bruhn & Georgi 2006, 119).

When giving discounts, it is important to remember that the benefit gained by the company should be bigger than the loss of income. Companies often lower prices to achieve the following goals: gain new first-time customers, increase buying loyalty of their regular customers, and increase the amount of sales. Instead of discounts, the company can offer a deal where they include a benefit or an additional service to the product, making it more appealing to the customer but generating no significant costs to the company. (Bergström & Leppänen 2007, 229-232)

Since both customer acquisition and familiarization entail start-up costs, the acquisition phase is generally uneconomic for the company (Korkeamäki et al. 2002, 172; Mäntyneva 2003, 15). The start-up costs may be significant, possibly including activities such as sales commissions, rebates, advertising and promotion costs, administrative costs, and welcoming gifts or other sign-up prizes. These attracting costs can however be amortized over the years, so in the long run the profitability of the relationships increases more often than not. (Lovelock & Wirtz 2011, 339). Due to their service concepts, both a new customer for If and a new member for TRAL incur additional start-up costs in terms of establishing account settings and reviewing applications. It is therefore especially important to be able to divide the costs for a longer period of time. (Lovelock & Wirtz 2011, 340.)

As the existence of a customer relationship is most vulnerable at the early stages (Mäntyneva 2003, 21), customer acquisition often receives a lot of resources even though there is no certainty of the stability of the customer relationship. The customer should feel that they receive something more from their chosen provider than they would from a competing company, which can also lead to increased costs. (Korkeamäki et al. 2002, 140.)

2.2.2 Customer retention

In the retention phase the company aims for *growth* in the form of increased cross-buying, and finally *maturity*, which refers to maintaining the reached sales level (Bruhn & Georgi 2006, 116).

The most prominent advantage of a long-term relationship is the profitability point-of-view: the additional sales volume gained through the endurance of the relationship makes the relationship profitable despite the attraction costs (Mäntyneva 2003, 16). However, long-term relationships have several other advantages, too. A regular customer knows what to expect from the company and the product based on their earlier experiences, so they are less likely to be dissatisfied and to complain. Therefore, a customer that is engaged to a company or to a product will more likely forgive faults and errors. (Bergström & Leppänen 2007, 423-424.) Simultaneously, the customer's need for guidance and explanation decrease as the customer is familiarized with the service, which in turn cuts costs and effort from the company perspective (Bruhn & Georgi 2006, 111). Marketing is also more efficient and less expensive for the current customers, as there is already information available on them. For example the communication can thus be directed to the chosen target groups via the channel they are known to prefer and in the shape they are known to prefer. (Korkeamäki et al. 2002, 172.)

To ensure customer satisfaction and to feed loyalty, companies undertake different kinds of retention strategies. The efficiency of certain types of loyalty programs needs to be evaluated in detail, as customers tend to act and react very differently. According to Bruhn (2003, 51) "customer retention measures can be successfully implemented only if their effect on the customer can be predicted or regularly verified."

Different forms of alignment (voluntary, emotional retention) and bonding (formal, contractual retention) strategies are often cultivated both in long and in short term. Alignment can include for example low-price offers and employee retention to maintain the same customer representatives. The purpose of alignment is to promote positive image, build up trust and familiarity. Bonding, in turn, usually involves financial incentives and set-time contracts. Through higher level bonds, the relationship and services become more personal and customized, and the customer becomes a client. (Bruhn & Georgi 2003, 120-122; Jobber 2010, 829-830.) Zeithaml et al. (2013, 161-166) refer to these as 'switching barriers', but the logic remains the same: the barriers can be emotional (customer inertia, social bonds) or formal (switching costs, structural bonds or customization bonds). The quality of the relationship is usually directly proportional to the length of it (Jobber 2010, 826). The intensity of the relationship – how much cross-sales the company succeeds to make – can also act as a means of alignment, as the sacrifice of time and effort to move all the business to another provider can prove to be too much for the client.

According to Zeithaml (1988, in Bruhn 2003, 62), customers can disregard the benefits of the service and interpret the price of the product as the perceived value instead. They then evaluate if this perceived value is worth the perceived effort – all costs involved in the purchase (Bruhn 2003, 62). For example, decreasing marketing costs increases the customer gross margin. This in turn can be transferred to prices for the customer, resulting in smaller sacrifice from the customer's point of view and therefore in higher perceived value. (Mäntyneva 2003, 36; Vuokko 2010, 135.)

Bruhn (2003, 58) summarizes: "A relationship judged positively by the customer represents the desired outcome of relationship marketing measures, and the basis for successful effects of relationship marketing." He also highlights the importance of recognizing customer problems in a reactive manner as well as meeting customers' expectations proactively to the process of building long-term relationships. Promoting customer satisfaction, commitment, trust, and relationship quality are also on his to-do list. (Bruhn 2003, 50-51).

Although customer retention is the main concern of a company with focus on customer relationship marketing, it should be made sure that they invest enough in acquiring new customers, too (Korkeamäki et al. 2002, 155). New customers are needed in order to make up for the lost customers and changed buying behavior (Bergström & Leppänen (2007, 417). It is also good to keep in mind that a large customer base consisting of average consumers can react to changes in a conservative way and be resistant to them. The companies should not pass on opportunities to innovate, as that means giving up on the competition in the long run. That is why it is also good to gain new customers with fresh views. (Ståhle & Laento 2000, 17.)

2.2.3 Customer recovery and loyalty

Customer recovery phase includes *threat*, *dissolution* and *abstinence* phases, in other words it deals with the termination of the relationship. In the threat phase the customer starts looking for alternative service providers and comparing offerings. Dissolution phase deals with the customer's decision to stop using the provider's services, and in the abstinence phase the customer no longer uses the services. The customer can be won over again, should there be a change in the situation that first triggered the threat phase. (Bruhn & Georgi 2003, 117.)

Loyal customers are typically profitable because the relationship no longer suffers from the costs of acquisition (Mäntyneva 2003, 18). In theory loyal customers with lengthy relationships with the company should therefore be rewarded, but in practice a loyal customer can sometimes be a bad customer. There might be for example some promised benefits concerning the price or services, which might put a strain on the profitability of the relationship. (Bergström & Leppänen 2007, 431.)

Investing in customer satisfaction does not necessarily guarantee the customers' loyalty to the company (Bergström & Leppänen 2007, 430; Korkeamäki et al. 2002, 141; Mäntyneva 2003, 23), as studies show that also satisfied customers may change providers. The reason is often that the clients perceive that the value created by the provider has decreased. This indicates that it takes value creation in every step of the customer life cycle to retain the customers. (Korkeamäki et al. 2002, 141.) On the other hand, even dissatisfied customers can keep on buying either because they are too lazy to switch the provider or because there are no better options around (Bergström and Leppänen 2007, 430).

2.2.4 Marketing implications of customer life cycle

Jobber (2010, 826), provides the following potential areas for the use of relationship marketing activities:

- where there is an ongoing or periodic desire for the service by the customer (e.g. insurance or theatre service versus funeral service)
- where customer controls the selection of a service provider
- where the customer has alternatives from which to choose

The best way to control the customer relationships is to apply the marketing instruments according to the customer relationship life cycle phases (Bruhn 2003, 133). Companies usually strive for one-to-one communication in customer relationship marketing. This means tailoring the offering and marketing communications to the different needs and wants of the various segments. (Bergström & Leppänen 2007, 409; Bruhn 2003, 43.) Understanding the background of buying behavior guides the companies to make product and marketing decisions (Bergström & Leppänen 2007, 121). Any potential customer is most likely to receive a wide range of information on different services and choices, so it is up to the marketers to convince the customers that their product could best satisfy the customers' needs (Bruhn 2003, 133).

It is often justified to utilize a marketing mix constructed of multiple channels to reach potential customers. By using different means of communication individually, it is possible to approach both the potential new customers and the customers that are already buying. In terms of profitability, it is important to define how much should be invested in customer acquisition and how much in developing the existing relationships. (Mäntyneva 2003, 19-20.) There has already been a shift from individual marketing campaigns to more long-term marketing schemes that build customer relationships. For example customer loyalty programs and customer events are means of customer relationship marketing. (Bergström & Leppänen 2007, 17; 26-27.)

2.3 Marketing of nonprofit organizations

Nonprofit organizations are private organizations, associations and unions that are not profit oriented (Vuokko 2010, 15). Instead of financial goals, nonprofit organizations have an emphasis on their mission: why and for whom they operate. Their purpose is to fulfill important social service and value expressive needs that are not fulfilled by the private and public sectors. (Andreasen & Kotler 2008, 27.) Most of them are membership organizations that strive to work for the values, benefits and needs of their members, but might also seek to educate and offer expert knowledge and training, for example on cultural development and social awareness. Although these goals may not comply with maximizing revenue and nonprofit organizations are not in business for monetary purposes, they still need funds to finance their operations. Many nonprofits raise money through membership fees and donations, and often rely on purchases and stakeholder support as well. (Andreasen & Kotler 2008, 22, Jobber 2010, 855-859; Vuokko 2010, 18-21.)

Marketing is increasingly important to many nonprofit organizations due to their need of generating income in an environment of competition (Jobber 2010, 856-859). For nonprofits, the goal of marketing is to link the organization to its stakeholders, and the marketing way of thinking can be adapted and developed to reach the organization's goals and fulfill its needs (Vuokko 2010, 20-21).

2.3.1 Challenges of nonprofit marketing

According to Jobber (2010, 856-859), nonprofit marketing is distinguished from marketing of profit-oriented organizations by many features. The challenges for nonprofits often lie in scarce resources and scant funds for marketing, which can result in inefficient marketing. Also, some parties may disagree on the necessity of marketing, as it is not central in the operation of nonprofits. (Bergström & Leppänen 2007, 23; Vuokko 2010, 113.) Despite the sometimes divided views, nonprofit marketing is not as a rule considered radical anymore, and in the 21st century especially social and cause-related marketing have been growing on a rapid rate (Andreasen & Kotler 2008, 27).

Nonprofit marketing is notably more difficult than that in the private sector, starting from the nature of the target audience. The marketer needs not only recognize and address the customer as in the private sector, but the other stakeholders need to be considered, too. Especially if an organization relies heavily on outside funding, they need to market themselves to the sponsors. This in turn creates a so called two-audience challenge. (Andreasen & Kotler 2008, 22; Jobber 2010, 856-859.) These other audiences include for example potential members, local decision-makers, sponsors, and external customers that purchase their services (Vuokko 2010, 30).

Another great challenge is the distinctive behaviors the nonprofits aim to influence. The target audience might not be interested in the company's offering, and for example in the trade union field the membership can often be seen as insurance to be used when something negative happens (Kouva, T. 27 Jan 2014). Further, "since many of the changes to be marketed involve intangible social and psychological benefits, it is often difficult to portray the offering in media presentations." (Andreasen & Kotler

2008, 24) On the same note, Rotschild (in Andreasen & Kotler 2008, 23) points out that “in order to establish and maintain a behavior, there must be a positive reinforce --- In many non-business cases, neither positive nor negative reinforcements are perceivable.”

2.3.2 Target audience centered marketing

Andreasen and Kotler (2008, 5) suggest that nonprofits should look at marketing the same way the private sector does: the marketers influence the customer behavior towards a desired direction. They also argue that all organizations should strive towards a target audience centered approach in order to gain superior performance. According to them, target audience centered organizations work hard and turn every stone to achieve their goals within all their stakeholders (Andreasen & Kotler 2008, 41)

In the target audience approach, the marketers should recognize the importance of the customer behavior and understand the reasons behind it. They should then base the marketing planning on these findings. It is important that the mindset of audience-centeredness is applied throughout the organization and that the people are committed to it. (Andreasen & Kotler 2008, 47.)

As nonprofits are usually focused on a certain customer segment, there is often both primary and secondary competition of their target audiences. One way of standing out from competitors is to be the price leader on the market. However, the price leader can also be “the sacrifice leader”. Minimizing the sacrifice the customer perceives in joining or participating – in other words minimizing the social risk in joining – can make a difference. (Vuokko 2010, 49; 135.)

2.4 Marketing of insurance companies

Operations of insurance companies are legislated by the state of Finland and supervised by the Financial Supervisory Authority (FSA, Finanssivalvonta). FSA supervises the procedures and relations between the insurance companies and their customers, including customer information, marketing, customer relationship procedures and insurance terms. Compensation decisions are not in the scope of FSA. (Finanssivalvonta 2013.)

According to section 1 of the 31st chapter in the Act on Insurance Companies (29.8.2008/565) an insurance company needs to provide the customers with all the information that may be relevant in the decision-making process of the marketed product. They are not allowed to give out untruthful or fallacious information or use otherwise questionable conduct. Marketing that does not include the necessary information to guarantee the customers' financial safety shall be deemed improper.

For insurance companies, the important thing is to remember that the customers do not choose their insurance provider based on one thing only. It is not necessarily the cheapest price, best description of services or the most persuasive insurance salesman who seals the deal. The insurance companies need to build an image of trust, as the customer has to believe that in the event of disaster they will get the help from them. (Bruhn & Georgi 2006, 109.) The customers want the service to be fast, reliable and fair.

3 Collaboration

The climate in the business world is forever changing. With mergers and acquisitions, centralization of operations, concatenation and joint ventures, it is an endless list of consolidation and realigning in order to adapt to the rapid change in the market. (Korkeamäki et al. 2002, 18; McDonald & Woodburn 2007, 7.) Gaining and maintaining competitive advantage is as crucial as ever, and with the numerous competitors in the market it is harder and harder to establish an advantage that cannot be copied.

Competitive advantage is about being able to create superior value to the customers. Added value can be created only through innovation and timely strategic choices. The companies should not be afraid of making great changes in the logic of their value creation processes and even to the way they operate (Ståhle & Laento 2000, 20). Since creating value is often costly and time consuming, many companies are globally choosing to collaborate in order to reach their goals. Cooperation can involve different activities that result in "pooling the skills and resources of two or more firms to overcome problems and take advantage of new opportunities (Jobber 2010, 742)."

3.1 Partnerships and networking

In literature the terms "networking" and "partnerships" often overlap. For example, Pirnes (2002, 33-34) points out that business cooperation and business networking are very close to each other in theory as well as practice, as cooperation is always an element in networking. Cooperation itself can be focused on a single partnership rather than a whole network, but both of these collaboration types are driven by the value chain approach of creating added value. (Pirnes 2002, 33-34.) Considering the similarity of the descriptions as well as the fact that the relationship between If and TRAL is initially a part of a small network – Kaleva was excluded in the demarcation process – both of the terms are equally relevant and therefore used interchangeably in the following chapters.

Hakanen et al. (2007, 44-45) describe networking between two or more parties as long-termed, goal-oriented, continuous, and regular cooperation that is based on interaction and trust. They also point out that the range of different business relationships and cooperative activities is so wide that it is nearly impossible to define a certain universal structure to networks. Networking as a term is generally used to describe the collaboration and engagement of independent parties (Hakanen et al. 2007, 15). The intensity of the collaboration can vary from strictly defined agreements and rules to largely voluntary and loose cooperation (Pirnes 2002, 7). In a wider scale, networking means all shapes of economic and social collaboration that a company exercises with external and internal partners (Bergström and Leppänen 2007, 256).

There are several partnership modes that can be applied to different situations (Pirnes 2002, 25). They are classified based on the amount of cooperation and sharing. A tactical partnership is very open by nature: it has a possibility to grow in time, and the outcome cannot be as accurately defined as in an operative partnership (Ståhle & Laento 2000, 86). Operative partners have their own goals that they can reach in a cooperative relationship, whereas a strategic partnership offers the parties significant strategic advantages and results in interdependency (Vuokko 2010, 241-242). Extended enterprises take advantage of all external resources, such as networking, clusters, strategic alliances, joint ventures, partnerships etc. (Hakanen et al. 2007, 16).

3.1.1 Motives for partnering up

A partnership is a way to utilize, manage and maximize information capital, in other words to add value to it (Ståhle & Laento 2000, 76.) Partnerships are formed because of many reasons (Pirnes 2002, 25), and despite the challenges and hardships of partnerships, many organizations find cooperating more attractive than facing the competition alone (Ferguson 1999, 213). The ultimate goal is to create a win-win situation by making use of the strengths of the other parties (Hakanen et al. 2007, 15). This means that no free-riders are allowed, and only the organizations that have something to offer are welcomed in the networks (Ståhle & Laento 2000, 25).

The most important motive for cooperation is that cooperating brings advantages to the organization and its stakeholders. The motivation can also come from the customers' wishes, and therefore the partnership may be a result of customer oriented approach. (Vuokko 2010, 243-244.) Creating and maintaining good, active and efficient contacts among the parties is the lifeline for any partnership. The success of the partnership depends on the advantages achieved and the added value each entity gains. (Pirnes 2002, 26.)

Bergström and Leppänen (2007, 256) highlight the impact networking has on marketing of the companies. The cooperation benefits every member of the network because the companies act as marketing channels and references for each other's products. Utilization of networks in marketing can be done in many ways: exchanging information on the market and competition, executing mutual marketing activities, or selling each others' products (Bergström & Leppänen, 29).

3.1.2 Materials of the perfect partnership

In order to build a working partnership, the participating entities need to really want to invest in the relationship (Bergström & Leppänen 2007, 257). In an ideal partnership the flow of information plays a crucial role: the info needs to flow efficiently and flawlessly between the parties (Pirnes 2002, 27).

Ståhle and Laento (2000, 26) recognize three main elements in partnerships: information capital, added value, and trust. Each of the three components directly affects the other two, and the management of them defines a company's ability to build successful partnerships. One should not overlook the importance of thorough groundwork, either. It is essential that everyone is clear about their expectations for the partnership. Clear and similar vision as well as mutual and equal benefits form the basis for trust and open interaction. (Hakanen et al. 2007, 17; Ståhle & Laento 2000, 81)

Even though the aforementioned comprehension of the quality and purpose of the partnership is fundamental, no partnership can be successful without actual knowledge on building partnerships (Ståhle & Laento 2000, 81). A good partner is one that is context-sensitive, has excellent communication skillset, and masters expressing their feelings and experiences in balance with using factual information (Ståhle & Laento 2000, 62).

As in any relationship, it is the people who eventually make or break the partnership. This is well acknowledged by Ståhle and Laento (2000, 58), who state that the most critical interface of a partnership is the interaction between people. The interaction that takes the relationship forward takes place in both organizational and individual level, and there's always room for human error.

To sum it up, Austin (2000, in Andreasen & Kotler 2008, 430) introduces seven C's of strategic collaboration as follows:

- *Connection* with purpose and people: the success of collaboration is based on the key people's personal and emotional connection with the alliance's purpose and each other
- *Clarity* of purpose: the purpose of the collaboration needs to be crystal clear
- *Congruency* of mission, strategy and values: the closer the collaborators are in their mission, strategy and values, the greater the potential of success is
- *Creation* of value: combining the various resources in an efficient way to create superior value in a high-performance collaboration
- *Communication* between partners: if the communications processes are not in order, it does not matter how great the personal relations and value creation are
- *Continual* learning: adapting to change and developing the relationship as things change
- *Commitment* to the partnership: empowering all levels of the organization to institutionalize the collaboration process

3.2 Nonprofits and profit-oriented companies

Currently there is a growing interest in cooperation between nonprofit organizations and profit-oriented organizations. The corporations have realized the potential lying in the collaboration with nonprofits in forms of sales benefits and volunteering opportunities. Therefore, companies are on the lookout for ways to become more closely involved with nonprofits. (Andreasen & Kotler 2008, 10; 405.)

Vuokko (2010, 240) states that as the traditional line between nonprofit and profit sectors is crossed, new challenges are formed in terms of cooperation and aligning motives. That is in line with Andreasen and Kotler (2008, 405), according to whom partnering with a profit-oriented organization is not without a risk for nonprofits. Especially attempts to generate sales on cause-related marketing may often be heavily criticized.

4 Methods

The purpose of this chapter is to illustrate the data collection process for the empirical part. For the study, 3 qualitative interviews were conducted, and some additional questions and clarifications were posed afterwards via e-mail.

4.1 Interviewees

The interviewees were chosen based on their expertise and knowledge specifically on the relationship between If and TRAL. I chose to interview two people from If, as their current Account Manager has been in the position for less than a year, and so I wanted to have a wider perspective to the topic.

- Hannu Stark, Account Manager at If, is the primary contact of the relationship with TRAL. In the current position since June 2013.
- Tomi Kouva, Service Manager at TRAL, is the primary contact of the relationship with If. In the current position since May 2012.
- Merja Laaksonen, Key Account Manager at If, has been a very important player in the development of the partnership, and has experience on being the Account Manager for the TRAL account for 9 years before Hannu Stark was assigned the account.

4.2 Planning the interviews

I acquired the contact details of the interviewees primarily through Merja Laaksonen, who I had the initial contact with while planning the study. It was very easy to approach the chosen interviewees via e-mail, as they were very cooperative and open-minded towards the topic. I agreed the interview times and places with each interviewee individually to fit their schedules in order to cause as small a disturbance as possible. The initial agreed time limit for the interviews was 1.5 hours, which I estimated to be plenty.

To ensure a timely progress during the interviews, I sent a draft of the interview questions to the interviewees a couple of days in advance so that they could familiarize themselves with them. I opted to go for a semi-structured interview, as I did not want to have too strict limitations, and I wished to keep the interview process as relaxed as possible. According to Daymon and Holloway (2010, 168-169), there should be room to branch out the follow-up questions to go deeper into the subject at hand. However, I wanted to be prepared and thus make the interview situation more comfortable for the interviewees. This is why I did not want to have a completely unstructured interview with only a general list of the key points, either. Hirsjärvi and Hurme (2003, 77) point out that in a thematic, semi-structured interview the focus is on people and how they are interpreting, feeling and experiencing things. This is exactly what I wanted to achieve, as communication and interaction between people is one of the key points in collaboration theories.

I planned the interview questions based on the theory I had studied as well as around the investigative questions I had chosen for the study. I started the first draft of the first interview by outlining two main focus areas: relationship marketing and the collaboration between If and TRAL. I then listed a few open-ended questions under each of these topics based on the theory of their respective fields to get as complete an overview as possible. After the first interview I modified the draft before each of the consecutive interviews based on issues noticed during the interviews. For example, on relationship marketing I eliminated some questions as leading or excessive, as I noticed that the discussion would have flown more naturally without them. Also, as the interviewees work in different companies and there are differences in their targets, some of the questions posed to If did not seem relevant for TRAL and vice versa.

4.3 Interviews

The initial interviews were conducted as individual face-to-face interviews during the end of January and in the beginning of February 2014, and further clarifications and complementary questions were posed later via e-mail to ensure that no relevant issues were overlooked, vague or misunderstood. The interviews were conducted in Finnish, as that was more comfortable for the interviewees. The interview schedule was as follows:

- Hannu Stark, 22 Jan 2014, If's premises in Niittykumpu, Espoo
- Tomi Kouva, 27 Jan 2014, TRAL's premises in Pasila, Helsinki
- Merja Laaksonen, 13 Feb 2014, Ruoholahti, Helsinki

The interviews were recorded in order for me to be better present in the interview and to avoid excessive note-taking. I did make some notes on points I found interesting or that were emphasized in one way or another. I used an application on my mobile phone that was placed on the table, so the sound quality was good and the recording did not affect the interview in a disruptive way. I did not think of testing the sound quality before the first interview, but fortunately the microphone was strong enough. For the second and third interview I made some adjustments, i.e. changed the position of the phone so that my questions were not as loud as the interviewees' answers.

The interviews lasted roughly 45 minutes, so the reserved time of 1.5 hours was slightly overestimated. I believe a higher level of preparedness would have brought the time up to an even hour, as I came up with additional questions after the interview, when completing the theory part. However, I did agree with the interviewees that I could request for additional data via e-mail, so I was able to pose those questions afterwards. This was a great asset also because the second interview raised thoughts I did not have during the first interview, and it would have been too time-consuming to reserve another interview just to clear these issues.

The additional questions were sent to the interviewees on 15 February, and the answers were received as follows:

- Tomi Kouva (TRAL) – 17 February
- Hannu Stark (If) – 21 February

4.4 Analyzing the data

As suggested by Daymon and Holloway (2010, 179), I transcribed the interviews as full text, so as not to miss anything important, even though Hurme and Hirsjärvi (2004, 140) deem it as laborious and slow. I saw it as the easiest way to get everything right, as I can refer to the full transcription of what was actually said. The transcripts are in Finnish, as that is the language the interviews were conducted in. This, of course caused that I needed to translate everything while writing, which I did not see as a big problem.

As I had categorized the questions in the interview drafts, the organizing of the data was fairly easy. There was some bouncing back and forth during the interview, but I used different colors to indicate the parts belonging under a certain topic, so they were easy to return to later on. As the areas of interest were defined already before the interview, it was then easy to ground the results of the interviews to the theory I had studied.

Analyzing the relevance of the data was also mostly effortless. The interviewees spoke very much to the point, and the concise time spent on the interview ensured that the time was put to account. Also, there were not great contradictions in the answers I received, so it was not necessary to question the answers provided.

5 Empirical part

The empirical part is built the same way as the theoretical one: it first introduces the marketing routines of If and TRAL separately, and then moves on to the collaboration and its implications to the companies.

5.1 If

Cooperation with organizations and trade unions has for years been considered such an important area of business that If has established an entire organization for organizational cooperation. The roots of collaborating with trade unions go back at least two mergers. If's experience is that members of trade unions and professional organizations rank the insurance benefits – discounts as well as professional liability and legal insurances only offered for union members – available for them through insurance cooperation as one of the most attractive benefit after lobbying. The members and their families are also an attractive target audience for If. (Laaksonen, M. 13 Feb 2014; Stark, H. 22 Jan 2014.)

5.1.1 Marketing

The core of If's marketing philosophy is their excellent claims handling services, which they see as their strength compared to competitors. They know that the most important thing in the insurance sector is the way the situations following damages are handled. The quality of claims handling is the way the reliability of the insurance company is tested and proven, and that is what the customers are paying for. (If 2014b; Stark, H. 22 Feb 2014.) According to Stark (22 Jan 2014), over half of the claims are handled within 24 hours. "People do not usually think about insurances when everything is OK. The insurance companies are tested when things go sour, and the customers want to get their misfortunes handled in a timely manner."

If is focusing their advertising and promotion on the biggest media channels – TV and newspapers with wide circulation – and aims to differentiate themselves against competition by not concentrating to the misfortune itself, but to the things that follow.

“Don’t you worry about a thing” and “Relax, we’ll help you” are the catch phrases of If’s ads. The goal of the advertisements is two-fold: the customers get an image of fast service, and the employees are also spurred to be even better at claims handling. (If 2014b.)

5.1.2 Relationship marketing

The customer acquisition process varies a lot depending on the customer. Many trade unions that collaborate with If provide them with contact lists of their members who have not forbidden direct marketing. It is easy to initiate contact with these prospects: the call center can give them a call, or If may send direct mailings. If has also a wide presence in the professional magazines and may for example have banners on the trade unions’ websites. Further, they participate in membership events when possible, appear as speakers in seminars, and gain leads from the members participating these events. (Laaksonen, M. 13 Feb 2014; Stark, H. 22 Jan 2014.)

The sales arguments are often easy: the benefits the customer gains through the membership of the trade union are good. However, some professions are already entirely or partly insured by their union, so with them the business mostly concerns the sales of additional insurance cover. (Stark, H. 22 Jan 2014.) In cases where the trade union insures its members, the actual customer is the trade union, and the relationship with them is the one primarily tended by If.

If is well aware of the importance of retention activities. They offer for example the following programs (Stark, H. 22 Jan 2014):

- concentrator’s benefit: three or more insurances at If gain the customer a discount from 8 up to 14 per cent based on the amount of insurances at If
- deductibles benefit: accident-free years gain the customer ‘money in the bank’, and in the event of an accident the accrued money decreases the amount of deductibles
- benefit of a great driver: 4 accident-free years gain the customer a 75 per cent bonus, and the bonuses are not reduced after the first accident

There are other activities as well, for example direct mailings to remind the customers of the benefits and their customer relationship with If. Stark (22 Jan 2014) estimates that the migration from physical invoices to electronic ones, in this case the electronic If folder, has probably even helped with the effect of direct mailings. "Usually when you get an invoice, you just want to see how big it is, and you ignore all the other paper that comes with it. Now we are guiding the customers to use the electronic folder, which is no doubt the best way to contact us and handle the claims with." (Stark, H. 22 Jan 2014.)

Laaksonen (13 Feb 2014) names the fragmentation of target audiences as the main problem in marketing today. "There is no simple way of communicating efficiently to large audiences about the same benefit or advantage. The more engaged members the trade unions are able to get, the easier it is for us to communicate with them through the union channels." (Laaksonen, M. 13 Feb 2014.)

5.2 TRAL

As they are a trade union and member organization, TRAL's marketing efforts are mostly focused on gaining new members, but also on other stakeholders in terms of lobbying. However, in this study we are focusing on the membership marketing and communication, as marketing to other stakeholders is not in the focus of the If-TRAL relationship.

5.2.1 Marketing

There is a lot of competition in the trade union field, as Bachelors and Masters of Business Administration are an interesting group for many entities. Many older unions have a lot of retiring members and they wish to make up for these lost members by recruiting new ones, and many BBAs and MBAs graduate yearly. (Kouva, T. 27 Jan 2014.) In the trade union field TRAL stands out because of its young age, which is reflected in the age structure of their personnel and members (Laaksonen, M. 13 Feb 2014).

Although Kouva (27 Jan 2014) does not think competing against other trade unions is lucrative, he says that the marketing idea of TRAL is very clear. “The idea is that the identity of BBA and MBA degrees should be so strong, that TRAL would be the self-evident union for all BBA and MBA graduates. This works in many old unions, for example all teachers are members of the teacher’s union. TRAL is still a young union, so we need to develop the identity further.” (Kouva, T. 27 Jan 2014.)

TRAL gets a lot of promotion through their student organization TROL. Even though TROL is a trustee organization, they also provide marketing register for TRAL, as TROL members are student members of TRAL. This is a notable advantage for TRAL, as approximately 80 per cent of BBA students join TROL. TRAL can then promote their services and other benefits for these student members, and recruit them to TRAL when they graduate. At the moment TRAL has approximately 30 000 members, and about half of this amount are members through TROL. (Kouva, T. 27 Jan 2014.)

The importance of social media has grown significantly over the past few years. The aim is to gain more experiences and interact with the members, but the results of social media marketing cannot be estimated so far. (Kouva, T. 17 Feb 2014.) The graduates who have never joined TROL during their studies are pursued by different campaigns. The latest campaign was “Minne menet tradenomi?”- online recruiting campaign during December 2013 and January 2014. The campaign made use of social media, and the purpose was to encourage current members to recommend TRAL for their friends, with the incentive of winning a trip to New York. (Kouva, T. 27 Jan 2014.)

Prompting the existing members to promote the membership to their friends is not a new approach for TRAL. It has been proved an effective way, as word of mouth is important to people when looking to find the right trade union. Trade fairs no longer play a big role in recruiting new members; they are more a platform to meet existing members. (Kouva, T. 27 Jan 2014.)

The most concrete marketing means are membership benefits and services. The members can gain notable financial benefits by using TRAL's services. A major part of the services are free for the members, including the career consultation, advice on legal matters and salary. Lobbying, which is the primary purpose of the trade union, is tricky in terms of member acquisition. "The thing is, we are lobbying for all BBA and MBA students and graduates, not only our members. So you get that benefit even without joining, which means that so called free-riding is possible." (Kouva, T. 27 Jan 2014).

5.2.2 Relationship marketing

Many of TRAL's new members are gained through TROL. The local sub-organizations of TROL in universities of applied sciences recruit members for TROL, and the contact details can be used for marketing purposes by TRAL. The most commonly initiation takes place through telemarketing, which is supported by electronic direct mailings. "The great thing with contact details nowadays is that we are able to get the updates from Itella's address service based on the social security number. Thanks to this, over 90 per cent of phone numbers and e-mails are up-to-date." (Kouva, T. 27 Jan 2014.)

The graduates who do not join TROL are very hard to find. "The problem with BBA graduates is that once they are out of school, they disappear to the labor market." That is why it is ultimately the completely new members themselves that initiate the contact with TRAL by filling out a membership application online. (Kouva, T. 27 Jan 2014.)

After the application is approved, TRAL sends an approval letter to the new member, and after that the member is included in the membership marketing communication. The communication for the full members is quite frequent; TRAL members are approached at least twice a month in the form of newsletters or invitations to events or training. (Kouva, T. 27 Jan 2014.) All members also receive Tradenomi magazine 6 times a year, and TROL members whose estimated graduation is approaching are contacted a few months before the graduation in order to get them to change the student membership to the full one. According to Kouva (27 Jan 2014), roughly one third of

TROL members migrate directly, and another third with a small delay – meaning that there is a short break in their membership.

TRAL does not really have any loyalty programs, as all the members are equal to them. The activities they take towards member retention are focused on the services. “We have an excellent quality of service. All the contacts from our members are handled within the next working day, most of them even during the contact date. The short response time has been identified as an important factor in member satisfaction.” The quality of service extends to the partners as well. TRAL has an agreement with law firm Bützow Oy, so that each member can get a hold of a lawyer between 9 and 16 every weekday. This is a level of quality that competitors simply cannot match. (Kouva, T. 27 Jan 2014.)

TRAL also has different campaigns to boost member retention. Every autumn they have a calling campaign to reach out to existing members. “We just want to ask how they are doing, and to let them know that we are there for them.” TRAL is also encouraging the members to use the services. “The members that do not use the services are more inclined to leave than those who use them. The worst case scenario is that the members treat their membership as a sort of insurance, in case of a misfortune. We are striving to be an entity to support the working career, and we want the usage of services to be a natural part of the membership.” (Kouva, T. 27 Jan 2014.) This is a good example of educating the customers to make good choices, as supported by Lovelock and Wirtz (2011, 43). As services are sometimes difficult to comprehend, it is of utmost importance that the members experience the services they are paying for in the form of the membership fee.

The third form of membership, employment membership, is very important to TRAL in terms of marketing. This is one step further to full membership, and the employment members learn two important things: to use the different services and to pay for their membership. The members that pay for their membership are more engaged with the union, as they make a sacrifice unlike the holders of the free student membership.

Also, the employment members have a wider service offering to choose from, so it is natural for them to use services also later. (Kouva, T. 27 Jan 2014.)

5.3 Collaboration

The relationship between If and TRAL was officially established in 2003, but the predecessor of If, Sampo Vahinkovakuutus, had similar cooperation activities with TRAL since the beginning of TRAL's operations (Laaksonen, M. 13 Feb 2014). Laaksonen (13 Feb 2014) applauds TRAL as an open and responsive counterpart. "In my experience they are willing to try new things in their member marketing and open-minded in how to make use of the collaboration."

Both parties, when asked, defined the relationship as a strategic partnership or alliance based on the fact that both parties benefit from the relationship. Further, Kouva (27 Jan 2014) also emphasized the word strategic, because the cooperation is so wide and complex that changing the partner would be very difficult and costly.

The shape of the cooperation is not exactly straightforward, as it has elements of a partnership, but also elements of a customer-provider relationship. Although a big part of the partnership is brainstorming for and executing marketing activities and measuring the results (Laaksonen, M. 13 Feb 2014), the most visible forms of the partnership are related to insurances. TRAL buys certain insurances for their members from If, and If provides TRAL members with discounts on their insurances at If. These benefits are ranked among the top membership benefits by the members, right after the unemployment fund, lobbying for rights, and the services of a lawyer (Kouva, T. 27 Jan 2014; Stark, H. 22 Jan 2014).

"For the insurances TRAL takes for their members, we have made a combo that seeks to cover the members during work hours, free time and in union activities. We are striving towards product deals that are as comprehensive as possible, but also economically sound." (Laaksonen, M. 13 Feb 2014.) All full members of TRAL are insured by the trade union as follows (If 2014c):

- *Union insurance* provides cover against accidents – including medical expenses, permanent disability and death – and during travelling – including medical expenses and accidents, and costs occurred by cancellations or delays.
- *Liability and legal insurances* cover for injuries and property damages caused at work by mistake or neglect, and lawyer and trial expenses concerning occupational disputes and offenses.
- *Organization insurance* covers injuries, medical expenses and property damages occurred in organizational duties or during organizational events.

If has also set up an own extranet for the members of TRAL. It can be accessed via If's official website and it offers more information on the membership benefits as well as insurance details, on for example the above membership insurances. (Laaksonen, M. 13 Feb 2014.)

In exchange for the reasonably priced insurances, If gains a marketing register, as TRAL provides the contact details of their members that have not prohibited direct marketing. If usually sells additional cover for accident insurances as well as life insurances. "Kaleva's life insurance is a great product that we only provide for the organization customers. It is proven to be almost half the price of the closest competitor, and by ensuring your family at the same time, you can end up saving even up to the amount of the yearly membership fee of TRAL." (Stark, H. 22 Jan 2014.)

Kouva (27 Jan 2014) has personal experience on If's marketing calls, and gives them a thumbs-up. "The other day, I received a call concerning additional cover for my accident insurance. The person that called me started the discussion off by explaining clearly what insurances I as a TRAL member already had, and that I could opt for additional cover if I wanted to. It is great that they state so clearly already in the beginning of the phone call that it is through TRAL that the members get the insurances, as it highlights the importance of the membership."

If also gets other kind of marketing advantages, as TRAL offers them visibility in Tradenomi magazine and on their website. "We have ads in the magazine and often an article as well. We also participate in events when it is possible. For example, currently we are thinking of different ways of being present in TRAL's member acquisition project this year." (Stark, H. 22 Jan 2014.) Both Kouva (27 Jan 2014) and Stark (22 Jan 2014) want to highlight that the activities are heavily business-oriented. This basically means that neither of the parties is exercising charity, and that the deals are made based on benefitting both parties.

"We try to be together in a multiform of activities. We do not want to go for hollow boasting in media, but for actual cooperation. It is also more cost-effective to be constantly together than to go for the occasional individual ad campaigns or projects." (Stark, H. 22 Jan 2014.)

Stark (22 Jan 2014) estimates that the clients gained through TRAL may be slightly above average in terms of loyalty. It is not that common to change insurance companies, if not in the process of buying a house or another big investment, but changing trade unions is probably even rarer.

5.4 Communication and interaction

The communication between If and TRAL equals for the most part communication between Stark and Kouva, but there is other communication, too. For example the marketing departments discuss with each other, and technical issues such as maintenance of the membership/customer register are handled by the technical departments. (Kouva, T. 17 Feb 2014; Stark, H. 21 Feb 2014).

The interaction between If and TRAL has always been very open and effortless as per both the parties. Due to the direct discussion, both they can call a spade a spade, and if something is rubbing one side the wrong way, it can be brought up in good spirit and solved together. (Kouva, T. 27 Jan 2014; Stark, H. 22 Jan 2014.) "When you get to know the people, contacting them becomes very easy and you do not need to hesitate (Stark, H. 22 Jan 2014)." Kouva (27 Jan 2014) also emphasizes the meaning of the people in the relationship. "People need to be approachable and interested in the relationship and the development; that has a big impact on the outcome."

The longevity of the partnership is one indicator of success. “It is clearly a profitable relationship for both sides. Of course both of us have financial motives, and as long as both of the parties get their needs fulfilled and are happy with how things are going, there is no need to reconsider the deal.” (Stark, H. 22 Jan 2014.) Kouva (27 Jan 2014) recognizes the openness about the goals as a very important factor. “It is good to be able to discuss all things, including money. It is in the interest of both of the parties to make this a win-win situation. If does not want us to do a bad deal, and neither do we. Neither of us wants that the other party makes a bad deal either, because then that party would lose interest and the relationship might be at stake.”

The frequency of face-to-face meetings is affected by the on-going activities (Laaksonen, M. 13 Feb 2014). General status meetings are held from two to three times a year, and other business is mainly done via e-mail or on the phone, depending of the urgency of the matter (Kouva, T. 27 Jan 2014; Stark, H. 22 Jan 2014). The agenda for status meetings is to set up the long term plans and agree on contractual things, such as conditions and prices. Other things discussed include utilization of services and direction of marketing. (Kouva, T. 17 Feb 2014; Stark, H. 21 Feb 2014). Also, in case of ongoing marketing campaigns, there might be bigger issues to plan and it is therefore feasible to meet (Laaksonen, M. 13 Feb 2014).

Remote communication is done on the basis of necessity. “Usually it is about checking contractual things or a member’s insurance policy. Or there can be a hitch in the mutual system that we need to address”, says Kouva (17 Feb 2014). Stark (21 Feb 2014) agrees, and adds that sometimes they start planning things outside the status meetings. “If it is something bigger, I would rather meet face-to-face than start ‘e-mail ping pong’ (Stark, H. 22 Jan 2014).” The frequency of contact depends on the situation. Both Kouva (17 Feb 2014) and Stark (21 Feb 2014) think that on average they are in contact on a monthly basis, but Stark also remarks that sometimes they might have contact every week and then there might be a longer gap that spans over a month.

To develop and maintain trust, it is important for the parties to meet reasonably often. In addition to business-related issues, meetings, calls and e-mails are a good way to keep up the discussion and lower the barrier of contacting one another. (Laaksonen, M. 13 Feb 2014.)

5.5 International aspects – If Skadeförsäkring SE

In Sweden there are about 410 insurance companies, most of them small, local actors, and some of the biggest companies have established their own insurance companies. If Skadeförsäkring has the second largest market share with their current stand in 19 per cent, while market leader Länsförsäkningar holds 30 per cent. After these two, Trygg Hansa (16 %) and Folksam (15 %) are the next biggest players as insurance companies go. (Svensk Försäkring 2013.)

On the union front, Sweden is one of the most unionized countries with almost 70 per cent of the workers belonging to a union. As in Finland, unions in Sweden provide special insurance policies, coaching, legal support and representation for contract negotiations. (Swedish Institute 2014.) The largest trade union, The Swedish Trade Union Confederation (LO) "is the central organization for 14 affiliates which organize workers within both the private and the public sectors." Their service provider for insurances is Folksam, an insurance company founded by LO and the Swedish Cooperative Union (KF) – another trade union – in 1908. (The Swedish Trade Union Confederation 2014.)

According to LO (The Swedish Trade Union Confederation 2014), most common insurances provided by trade unions include group life insurance, leisure time accident insurance, home insurance and children's insurance, either included in the membership or optional. This is a notable remark, as about 95 percent of Swedish homes are insured (Svensk Försäkring 2013). The insurance schemes provided by trade unions to their members are usually more economical than the individual insurance policies would be, and even trade union members with health problems can be insured (The Swedish Trade Union Confederation 2014).

As Folksam works closely with the trade unions, and they have a long history together, it is difficult for other insurance companies to cut in. Folksam has special group insurance schemes planned especially for trade unions and other organizations (Folksam 2014), and it might not be profitable for other insurance companies to develop corresponding new products to compete with them. It would seem that although trade unions and their members are an attractive group of customers, due to the different structure of the Swedish insurance market it is not feasible for If to have a separate organization for organizational cooperation. In other words, trade unions in the Swedish market should be treated the same way as other corporate customers.

With the fourth place in the market share run, Folksam may not be the main competitor of If, but with only 3 percentage points behind, they definitely are a big one.

6 Discussion

The purpose of this chapter is to briefly recap on the findings of the study in the form of the investigative questions, suggest improvements, illustrate the suggestions for further research and review the overall thesis process.

6.1 Results of the study

IQ1: What are the most strategic aspects of services marketing?

In service marketing it is essential to remember that services differ from physical products in many ways. Longer relationships are especially important in services business, so both customer relationship marketing and management play central roles. It is important to retain the key accounts, as the retaining of existing customers is more profitable than acquiring new ones. Having satisfied customers helps with loyalty but does not guarantee it, so the companies need to focus on their retaining activities. Having the double bond of the trade union and the insurance company might increase the loyalty of customers and members.

IQ2: What activities does the collaboration of TRAL and If include?

Collaboration should be profitable for both parties. TRAL and If aim to have as much cooperation as possible, and in as multifaceted way as possible. The most important aspects of their partnership are the insurances that TRAL buys to their members, the insurance discounts If gives to TRAL members, and the membership register that TRAL provides for If for marketing purposes. They also have other marketing-related cooperation, as If is visibly present in TRAL's media channels and in events organized by TRAL.

IQ3: What kind of results does the relationship deliver in terms of customer relationship marketing?

For If, the benefits in the partnership lie primarily in client acquisition. Through the cooperation, they receive TRAL's member register for the parts where no prohibition for direct marketing has been placed, and thus gain the contact details for several prospective customers. "Being able to use TRAL's register for marketing purposes as well as being able to promote our services in the union's own media is the greatest advantage in the collaboration, and that is also why the relationship has originally been established (Laaksonen, M. 13 Feb 2014)."

For TRAL, it is the insurances they buy from If and the discounts their members gain, that are the most important thing. "It is about providing our members with affordable insurances", Kouva (27 Jan 2014) explains. The insurance benefits help both in member acquisition and keeping the members happy.

IQ4: What other synergies are gained through the collaboration?
When setting up this investigative question, I was not familiar enough with the topic. It would look like most of the benefits are directly or indirectly linked to marketing, although financial benefits are gained as well. They are, however, tightly linked with marketing – whether in the form of client acquisition or discounted prices on insurance policies.

IQ5: How could the companies develop the partnership to gain further advantages?
No clear development needs came up during the study, and the participants agree that at the moment the relationship provides both the parties with what they are looking for. According to the interviewees, they are very satisfied with the current relationship, as both of them are benefitting equally and the communication is open and based on trust. (Kouva, T. 17 Feb 2014; Stark, H. 21 Feb 2014.) "Of course things can always be improved, but with current needs and resources we are very happy", Stark (21 Feb 2014) encapsulates.

Laaksonen (13 Feb 2014) states that in general, the member registers of trade unions could be developed in order to provide more up-to-date data for collaborating companies, but adds that TRAL has a very modern outlook to this issue as well, as they have a very flexible system in terms of choosing target audiences among the register.

6.2 Recommendations for the future

It is clear that the relationship is doing very well and reaching the goals set up for it. This is reflected in the answers received on most of the interview questions, as the participants seem to agree on pretty much everything.

From an outsider point of view, it might be a good idea to introduce a few more people to the relationship. Thus, in case one of the key participants moves on to other duties, the building of the human-to-human relationship would not have to start from the beginning. However, there is also a danger that this would make the communication more bureaucratic and inefficient, as the current set-up and contacts work so well.

It would seem that due to the insurance market structure in Sweden, it is not necessarily reasonable for If Skadeförsäkring to try and develop products to compete with Folksam, but to focus on their products for private customers and households.

6.3 Suggestions for further research

This study is focused on the benefits of inter-company collaboration, and does not look into if these advantages could be gained through another kind of arrangements. It might also be interesting to explore the level of communication that this kind of partnership includes, by referring to the contents of e-mail correspondence for example.

Further, from the point of TRAL or another trade union, some analysis could be done to determine the possibilities for other large-scale collaborations as well. Possibility of closer cooperation with other trade unions could be investigated, too. Another suggestion for research to someone with keen interest on trade unions or organizations could be member retention and acquisition. For a young union, the member acquisition is also very important in terms of growing and being more influential.

6.4 Validity and reliability of the study

The interviews were conducted, recorded and transcribed in Finnish, so there is room for error in translation of the terms. Also, interviews include several other possibilities of error, as the interviewees may be inclined to give answers that are socially more acceptable (Hirsjärvi and Hurme 2004, 35) or the interviewer may consciously or unconsciously pose leading questions to direct the conversation to a desired outcome. After writing the empirical part, the references were sent to the interviews to be checked by the interviewees. This was done in order to ensure there were no misperceptions or over interpretation.

The fact that there were only three interviewees, and they all had quite similar views of the topic, is something that I have become to question during the writing of the empirical part. On the other hand, these are the people directly involved in the relationship so they had to be included. If I had to do this again, I would probably try and incorporate another couple of people from If and TRAL, to see how they perceive the partnership. That would provide a broader view on the topic.

6.5 Assessment of the thesis process and own learning

I have been working full time for the past couple of years and only taken occasional evening courses, so it was quite terrifying for me to start the thesis process all over again. Having two failed attempts of thesis topics did not make facing the new start any easier. However, it was surprisingly easy to get going, once I got started.

I was able to gain contacts of the great people I interviewed through Merja Laaksonen. She has also been a great help in both formulating the topic as well as following the thesis process and providing her help and knowledge regarding the If – TRAL – partnership and all other aspects around it.

The process has been quite smooth, and I have been fortunate to find a lot of great sources. The topic is very interesting to me as a retired student organization active, so it has actually been a joy to complete this study.

I feel I have learned a lot during the process, mostly about myself. I have also realized that all the things that were taught during my basic and specialization studies, which I thought I had forgotten, were still there and were very helpful in realizing the connections between different theories. I have also discovered that I am more able to plan ahead than I used to be, so I believe the few years' break from school has ultimately been an advantage. I am quite certain that I have done a better job with my thesis than I would have done two years ago. I have been very engaged with the process and gone through a lot literature, which is something I would not have been ready before.

During the thesis process I have become very interested in relationship management, and that sounds something that could be interesting for me career-wise as well.

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