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International Business / Marketing

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MICROENTERPRISE; MARKETING B2B FROM A MANUFACTURERS POINT  
OF VIEW

Thesis 2014

## TIIVISTELMÄ

KYMENLAAKSON AMMATTIKORKEAKOULU

Kansainvälisen kaupan koulutusohjelma/Markkinointi

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Opinnäytetyö antaa yleisnäkymän Suomessa toimivan mikroyrityksen markkinoinnin rakentamisesta mahdollisimman pienellä budjetilla. Työ korostaa yrittäjän oman työpanoksen tärkeyttä myynninedistämässä sekä yrityksen resurssien oikeanlaista jakamista tasaisuuden takaamiseksi. Työ keskittyy lähinnä yritysmyyntiin, mutta myös sisältää kuluttajamyynnin edistämiseen tarkoitettuja mietteitä.

Tutkimuksen tavoitteena oli tarkastella mahdollisia markkinointikeinoja rajalliset resurssit omaavan kohdeyrityksen näkökulmasta, yrityksen toimiessa nousevan trendin ja kovenevan kilpailun alalla. Tavoitteena oli myös paikantaa ja kitkeä yrityksen tappiolliset toiminnot ja kehittää ehdotus toimintojen parantamiseksi.

Tutkimus kirjoitettiin kirjoittajan työskennellessä vapaaehtoisena yrityksen palveluksessa ja siksi perustuu suurelta osin kirjoittajan havaintoihin, omiin kokemuksiin ja keskusteluihin niin yrittäjän kuin asiakkaiden kanssa. Tutkimus toteutettiin soveltamalla keskustelujen kautta opittujen asioiden kokeilulla käytännössä.

Tutkimus paljasti, että suurimmaksi haasteeksi muodostui kannattavien asiakkaiden hankinta. Yrityksen tulisi vähentää tuotekehitykseen käytettävää aikaa ja suunnata sitä myynnin ja asiakkuuksien hankinnan edistämiseen. Yrityksellä on käytettävänä monia tehokkaita ja edullisia markkinointikeinoja tavoitteidensa saavuttamiseen.

## ABSTRACT

KYMENLAAKSON AMMATTIKORKEAKOULU

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Marketing B2B from manufacturer's point of view

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This thesis examines the marketing of Finland-based microenterprise with a limited budget. This study emphasizes the importance of the entrepreneur's own input on promoting and distributing the company's resources to ensure stability of operations. It concentrates mostly on B2B operations, but also includes thoughts on consumer sales.

The goal of this research is to review available marketing means from the case company's point of view and to track and expose unprofitable operations so as to develop a plan for their improvement.

This study was carried out during the author's volunteer work in the company case-study, and is based on observations, own experiences and discussions with the entrepreneur and customers. The research was conducted by implementing into practice what was learned from the discussions.

The results suggest that the main problem lies in the acquisition of profitable customers. The conclusion of this study of this study is that the company should spend more resources on sales and marketing, instead of product development. The company has several suitable marketing means at its disposal, to achieve its goals.

# SISÄLLYS

## TIIVISTELMÄ

## ABSTRACT

1	INTRODUCTION	7
1.1	Background	7
1.2	Objectives, research questions and thesis structure	8
1.3	Research methods and data collection	9
1.4	Scope and limitations	10
2	THE CASE COMPANY	11
2.1	Products	11
2.2	Definition of active sitting	13
2.3	Case product: Byllet Spring Stool	15
3	CUSTOMER ACQUISITION	17
3.1	Goals for acquiring new customers	17
3.2	Customer acquisition for Amego Partners	17
4	MARKETING PLANNING	19
4.1	Marketing as a process	19
4.2	Marketing planning	20
4.3	Customer segments	23
4.4	Maslow´s hierarchy of needs	23
5	MARKET ANALYSIS	25
5.1	Operational environment through SWOT and PEST analysis	25
5.2	Competition	26
5.3	Porter´s 5 Forces model	27
5.4	SWOT analysis	29
5.5	Swot analysis of Byllet active stool	30
5.6	PEST analysis	33

6	MARKETING MIX	35
6.1	Marketing mix	35
6.1.1	Product	37
6.1.2	Price	38
6.1.3	Place	39
6.1.4	Promotion	40
6.2	Marketing communication tools	41
6.3	Factors that affect marketing media selection	48
6.3.1	Return on marketing investment (ROMI)	49
6.4	Guerrilla marketing	49
6.5	Reaction to marketing message	50
7	CONCLUSION, DISCUSSION AND RECOMMENDATIONS	52

## LIST OF FIGURES

Figure 1, Core marketing concepts	20
Figure 2, Marketing planning process	22
Figure 3, Maslow's hierarchy of needs	23
Figure 4, Porter's 5 Forces model	27
Figure 5, 4P's of marketing mix	36
Figure 6, The promotion mix	42
Figure 7, AIDA model	51

## LIST OF TABLES

Table 1, List of products	13
Table 2, Usable marketing tools for case company	48
Table 3, Traditional marketing VS Guerrilla marketing	50

## LIST OF PICTURES

Picture 1, Ergonomics and motion of a ball seat	14
Picture 2, The Byllet Spring Stool	15
Picture 3, Children's toy with handlebar	16

# 1 INTRODUCTION

## 1.1 Background

This study was commissioned by the Finnish microenterprise, Osuuskunta Amego Partners. This company works in the field of invention and product development and is currently manufacturing ergonomic products in small scale production.

Amego Partners was originally founded by the inventor and artist Aleksei Ülle, as a project of an entrepreneurship course in 1999. The goal was to form a small business, which can be managed by one person and that can enable the entrepreneur to manufacture and sell his inventions through it.

Mr. Ülle has been an inventor since 1985 and his portfolio consists of a variety of products ranging from parts delivering a single function to complete products. Currently, Amego Partners manufactures three different product types in small serial production. The manufactured products are tables, sitting equipment and footrest equipment for professional and leisure use. Aside from serial production, it manufactures also other, in house developed items according to a customer's needs.

The demand for this study became topical, when the long lasting partnership with a major wholesale office equipment company ended due the company's bankruptcy in 2012. Amego Partners lost its key distributor and started falling in to financial problems. From the beginning, Amego Partners was supposed to be a support for a hobby, and there wasn't much intention for growth. The company was satisfied with receiving casual orders from new customers, and having one key distributor right from the beginning. The entrepreneur has not put much effort in searching for new customers and marketing its products. This has become a problem now; when customers are needed.

Another problem was that the relationship between Amego Partners and the bankrupt distributor was more than just business. Aside from business, it was also a personal friendship between both entrepreneurs. Because of common interest, pricing, delivery times and payment, the terms under which they operated were negotiable, so as to benefit both parties and enable a smooth operation.

The bankruptcy of the wholesales company didn't seem to be a huge loss at the time, because it's employees who were left without work; started their own business and continued operating in the same field. This created automatically new distributors and resellers. However, having many small customers instead of a big one, decreased sales and production volumes dramatically, leading to the current situation. This study was commissioned, when Amego Partners realized; that company lacks experience and knowledge about in marketing its products and new customer acquisition.

This study is supposed to work as a general guideline for turning the existing business become profitable again. It consists of current situations analysis, based on presented theories and collected company information. Based on the company analysis, the final conclusions include improvement suggestions for the company to use. These are presented in the final chapter of the study.

## 1.2 Objectives, research questions and thesis structure

The objectives of this study consist of three different sections:

1. Building a theoretical database related to the topic
2. Analyzing the company's current operations and performance
3. Conclusion of the study together with results and recommendations

The First part gathers theories and descriptions about the tools and methods to be used by the case-study company to help to understand the big picture and highlight the importance of seeing the big picture. This enables to set waypoints for the second section of the study, which studies the company's operating performance and methods. Based on an analysis of the company's operating methods, the final part discusses and suggests possible improvements for the case-study company and the entrepreneur to use to develop the business.

The thesis is written in a deductive way combining theory and practice. Each chapter presents its content by introducing theoretical material that was found necessary to be examined. After presenting the theoretical part, the case-study company's operations are analyzed and discussed based on collected qualitative data and the writer's own findings. The final part of the study discusses the findings to answer the research

questions posed at the beginning of the study. The final chapter also reveals the author's recommendations and improvement suggestions for the entrepreneur.

The following research questions were identified to support achieving the objective of the thesis:

1. What are company's most important resources and where are they being spent?
2. How should the company prioritize its operations to maximize profitability?
3. Which customer segment the company should prioritize and target?
4. Which kind of input should be delivered to increase sales performance in cooperation with the distributors?
5. Which kind of sales channels should the company look for?

### 1.3 Research methods and data collection

As mentioned in the second paragraph "Objectives and research questions", the theoretical part of the study contains theories developed by world's leading experts, their thoughts and practical examples on how things should be done. The quotes used are sourced from relevant literature, published articles and internet sources.

Company's performance and operation methods were observed by author, as insider of the company with full access to relevant information. Data used in the study was collected between 2010-2013. Company information presented in introduction chapter was collected by interviewing the head of Amego Partners, Mr. Aleksei Ülle. Interviews were carried out between November 2013 and January 2014.

Study was carried out by using qualitative research method. This method was selected for the reason that research requires specific information from the people and companies that play a key role in the case-study company's operations. Qualitative research method's main issue is that it provides a closer access to target group's thoughts, motives and behavior. It is also flexible and allows alterations during the work, for extracting the most desired and useful results. (Wisker 2007) Qualitative data is collected by interviews, group discussions, observations and analyzing available materials from competitors and industry.

## 1.4 Scope and limitations

The study focuses on analyzing company's current performance and introduces alternative variants of operations. The study doesn't include analyzing or discussion of product development processes, but concentrates on sales methods, customer resource management, company's own resource distribution and suitable marketing means. Company's policies restrict the amount of financial information author can reveal in this study.

Having a huge variety of inventions and products that can be studied, this study is limited to researching only one product, the Byllet active stool. This limitation is set because Byllet active stool has the biggest sales volume so far from their current product range. Active stool has been sold abroad and it has shown good interest in consumers and resellers. Therefore product has shown potential for further improvement and its performance is traceable in the most detailed way. The main focus of the study is on B2B marketing and sales. Consumer marketing is also included as a way to implement guerrilla marketing methods to improve product awareness amongst consumers and thereby create better chances for B2B sales.

As described before, thesis concentrates on creating a useful package of information for entrepreneur's use. Some of the suggestions proposed have been already tested in practice by the author. However, exact results aren't presented in the study but are briefly discussed. Timing for results described is limited to time prior of end of December 2013.

## 2 THE CASE COMPANY

### 2.1 Products

Amego Partners specialty has been innovating through whole existence of the company. Each product has been invented, developed and manufactured by the company either from an order, or when entrepreneur has spotted a need for certain kind of product. In the beginning, most attention was paid to the things that entrepreneur was personally interested in. These things were usually vehicles, built for leisure, racing or working purposes.

Most noticeable projects were championship winning quad bikes, road racing motorcycles and work machinery like tractors, mobile helipad and amphibious all terrain vehicle. These projects were mostly initiated by customers, which were interested in acquiring something that was not available on the market at the time.

Some of these motorized projects gained media attention. For example, self moving motorized helipad that was built for Finnish helicopter entrepreneur was featured in Finnish daily newspaper and on TEKES innovation fair. Also project for developing an ultra low ground pressure, amphibious all terrain vehicle, that was made in co operation with TEKES was featured in major Finnish newspaper. Even though projects were successful, they didn't go in production because of EU road transport regulations. Racing equipment is still being built occasionally.

Because of close relationship with Finnish product development center (TEKES), new winds of product development had been discovered in the ergonomics field. First purpose built ergonomics product was foldable working station for stationary PC, the PC-scooter. PC-scooters were intended to be used as temporary working posts for stationary computers, where user could choose between standing or sitting when working. Product had been built to meet the working ergonomics regulations set by Työterveyslaitos (Finnish institute of occupational health). However, because of growing popularity of laptop computers, manufacturing of PC-scooter has been discontinued.

Together with PC-scooter, Amego Partners started manufacturing few models of footrests. Footrests were manufactured from similar materials as PC-scooters and therefore no additional equipment were needed to keep manufacturing process running. Footrests have been developed in by request and co-operation of two companies specializing on ergonomics and physiotherapy. Footrests are being produced to this date, by request of the customer.

Soon after successful co-operation in developing footrest products, development of this study's case product, the Byllet spring stool began. This product required developing molds for manufacturing saddle parts from cast plastic and seat covers that could be serially produced. These components could not be manufactured by Amego Partners without investment in specialized machinery; therefore, manufacturing was outsourced to local small manufacturers. Spring stool has required development to reach optimal performance, therefore three different versions have been manufactured. Each component has been modified from the original model, such as stiffer spring rate to the stool's base, the form of the saddle have been redesigned and also seat cover materials and attachment method has been changed to make it softer and simpler. As a result, Byllet spring stool became most sold product in Amego Partners range. Besides regular spring stool model, Amego Partners manufactures also children's version with smaller dimensions and lower spring rate. Spring base technology is currently being adapted to a children's toy that is simulating horseback riding or motorcycle riding.

Market gap was also found in saddle chair market, where most of available products were huge in size. This made products hard to use in small spaces, which gave the idea of adapting existing spring stool's seat components to a regular wheeled office chair base. This combination created compact alternative to demanded saddle chairs, maintaining low production costs and ability to fill the market gap in moderately priced saddle chairs.

Besides manufactured products, Amego Partners is offering inventing and product development services. These services, unfortunately, have been on low demand most likely because of zero marketing effort and poor exploitation of media attention. Products manufactured by Amego Partners have been always adjusted to customer's demands. Company doesn't stock it's products, which enables flexibility and right on

time delivery. Most of the products are equipped with customer's own logo and painted in desired color.

Type of product	Class	Product	Production type
Ergonomics	Sitting	Active stool	Serial
		Active stool adjust	Serial
		Active children	Serial
		Active toy	Serial
		Saddle stool basic	Serial
		Saddle stool short	Serial
		Saddle stool handsfree	Serial
	Sitting extras	Saddle stool back	Order
		Saddle stool thigh	Order
		Saddle stool footrest	Order
	Desk	Foldable desk	Serial
		Height adjustable massage desk	Order
	Footrest	Footrest spring	Order
		Footrest spin	Order
		Footrest evo	Order
	Workpost	PC Scooter	Out of production
Other	N/A	Trash can holder	Order
		Multifunction tool	Under development
Special	Motor	ATV kickbike	Order
		Helicopter platform	Order
		ATV platform	Order
Service		Restoration	Special
		Tailor made	Special
		Product development	Special
		Prototype	Special
	Other	Metalworks	Special

Table 1. List of products (Amego Partners 2013)

## 2.2 Definition of active sitting

Active sitting and active ergonomics have been a rising trend since beginning of 2000's. Even though ergonomics itself, were started being researched during WW2, when the goal was to adjust working post to maximize working performance, now it is also being thought as a well-being factor. Combinations of these two factors are desired amongst employers and employees, who do their work sitting. (Lueder 2005, p. 12)

Active sitting solutions have been introduced to the market a decade or so ago. As almost every new product, it took time to gain momentum on the consumer market and now, several years later, it is becoming a trend in working post solutions. “In the field of ergonomics, the concept of active sitting is gaining recognition, particularly among people whose work involves prolonged sitting. In the field of pediatric and adult rehabilitation, active or dynamic sitting is of growing interest to individuals who use wheelchairs and adaptive seating, such as children and adults with cerebral palsy and spinal cord injury.” Active seats have been described to prevent fatigue and improve concentration, but also prevent organ damage, muscle degeneration, bad back and leg disorder. (ActivErgo Oy 2013)

Idea still isn't only to offer effective sitting solutions for work posts, but to offer also a recreational alternative seat to be used anywhere. Benchmark for every active seat comes from ordinary gym ball. Gym ball offers smooth and perfect motion for blood circulation stimulation and activates lower body muscles in healthy harmony, without overstressing strained parts of the body. Key factor of active ergonomics is enabling movement for stressed parts of the body, while being still comfortable. (ttl.fi 2013, Opsvik 2009)



Picture 1. Ergonomics and motion of a ball seat. (Technogym active seat, 2013)

### 2.3 Case product: Byllet Spring Stool

Byllet spring stool is currently a main, serially manufactured product along with saddle chair lineup of Amego Partners. Spring stool is a sitting device that combines benefits of saddle chair and gym ball. Spring stool forces sitter to sit straight, while unstable seat makes muscles of lower torso to remain active, circulating the blood and preventing pain in the lower back.



Picture 2. The Byllet Spring Stool. (Amego Partners, 2013)

Main benefits of spring stool:

- Healthy sitting position
- Blood circulation
- Strengthening lower torso muscles
- Keeps sitter sharp
- Improves concentration
- Consumes excessive energy

Because of its simple and strong structure and compact size, it is possible to be used outside working station, for example as sports equipment or for leisure sitting. Stool is manufactured in several variants, to cover most of requirements for sitting situations. Basic concept is also adopted for a recreational toy for children. (Amego Partners 2013, ActivErgo 2013)



Picture 3. Children's toy with handlebar. (Amego Partners, 2013)

### 3 CUSTOMER ACQUISITION

This chapter presents one of the most important factors of doing business; acquiring new customers. Customer acquisition is an obvious part of a normal sales process. Companies constantly need to find new customers to enable growth or to maintain its sales steady and overcome the risk of losing existing customer. Often much more effort is put on maintaining existing customer relations than on creating new customers. It is because of easiness of the process as well as much more cheap costs. Companies also tend to think that losing a customer is the most expensive option and therefore relationships are often carefully maintained. Customers can still be lost for a different reasons; bankruptcy, like in case of Amego Partners. Even having a brilliant relationship between companies, it lost its key customer. Now the top priority for Amego Partners is to find at least one key customer to fill the shoes of the old one. (Warren 2013)

#### 3.1 Goals for acquiring new customers

Acquiring new customer can be divided in three steps that work similar to AIDA concept described in chapter 6.5 *Reaction to marketing messages*. First goal is to familiarize potential customers with the company and its offerings. After that, potential customers should be made interested in the products by presenting their features in a manner that would create value for the customer. Final goal is to initiate a purchasing process. After these three goals are reached, company can start customer relationship management processes to keep the customer buying and creating desired long lasting and profitable business relationship. (Parantainen 2009)

#### 3.2 Customer acquisition for Amego Partners

Customer acquisition is rather expensive, but important activity especially for small business. It is crucial to plan the process carefully to avoid spending resources on marketing to customers that aren't potentially profitable. In Amego Partners case, current situation shows that process should be started from the first step presented in previous paragraph. (Saylor 2004)

The key word to begin with in any situation related to selling something new, is visibility. Entrepreneurs may get too excited with their new product or service. They may

start thinking that it should sell itself, without understanding the fact that product can't just sell itself without strong brand or recognition. To start doing business, company needs to have a product to sell, and someone who buys it. (Parantainen 2005, p.12)

Visibility, together with informational message that presents the value product is delivering, fulfills desired effect of recognition. If product is recognized and useful, it attracts consumer's interest. Interest may lead to desire and desire leads to purchase of the product. These steps are described closer in chapter 6.5, which describes reactions to marketing messages. This needs to be kept in mind to understand the big picture of whole process between a product and a profit. (Parantainen 2005, p.12)

Interest towards the product can be seen as potential sales, but in case of Amego Partners, company aims to work with B2B customers only, interest must be generated within decision makers of desired customer company. Closer look to customer segments is taken in chapter 4.3.

Customer acquisition planning needs to answer following questions:

1. Who do you want to have as a customer?
2. How are you going to approach desired customer?
3. How should you present your offerings to desired customer?
4. What is your desired profit?

Questions 1 and 4 are answered by selecting right customer segment as a target. Questions 2 and 3 are answered by creating an effective marketing plan, which is described in a following chapter.

## 4 MARKETING PLANNING

This chapter presents modern marketing methods for developing marketing plan and selecting marketing means. In addition to orthodox methods, also guerilla marketing ideology and guerilla marketing tools are presented, as they are becoming one of the most efficient marketing methods for small companies. Guerrilla campaigns can fulfill companies desire of achieving high returns on marketing investment. (Paratainen 2005, p. 1-15)

### 4.1 Marketing as a process

Modern marketing can be defined in many ways; probably the most quoted definitions are defined by Dr. Philip Kotler “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services”. “Marketing is a social and managerial process by which individuals and groups obtain what the need and what through creating and exchanging products and value with others” (Armstrong, 2000)

Common idea between modern marketing principles is that customer satisfaction is crucial part of building long lasting business relationships. This can be achieved by using right marketing tools and methods. (Hovila 2013)

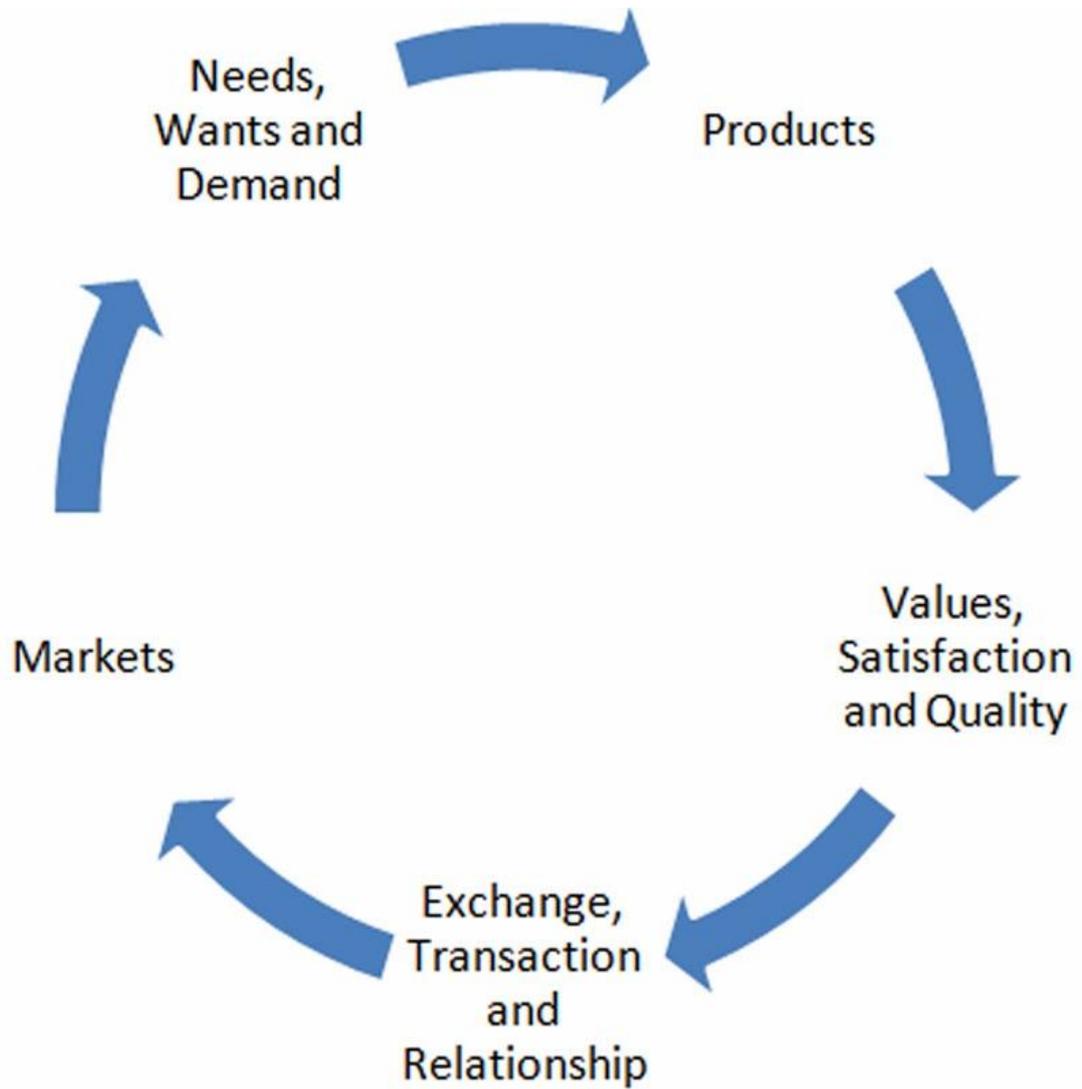


Figure 1, Core marketing concepts (modified Armstrong, 2000)

## 4.2 Marketing planning

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and companies goals (Harvard Business Press 2010, 4-5).

Simply put, the marketing process starts from gaining the understanding in the marketplace and customers' needs and wants. Based on gained understanding, the company designs a customer oriented marketing plan which leads to building a process integrated marketing program that delivers superior value to customers. Through provided superior value, company builds profitable customer relationships. (Armstrong & Kotler 2009, p. 38-39)

The starting point for marketing planning is asking the questions;

1. Where are we now?
2. How did we get there?
3. Where are we heading?
4. Where would we like to be?
5. How do we get there?
6. Are we on the course?

These questions define the path of business from the beginning through the current situation to implementing and controlling future operations.

Questions are important, since they serve two purposes. Firstly, they provide a systematic framework for understanding the analysis and decision making process in marketing planning. Secondly, they provide a framework of how the key elements of marketing are tied together. The key elements of marketing planning process are shown on figure 2. (Jobber 2001, p. 35)

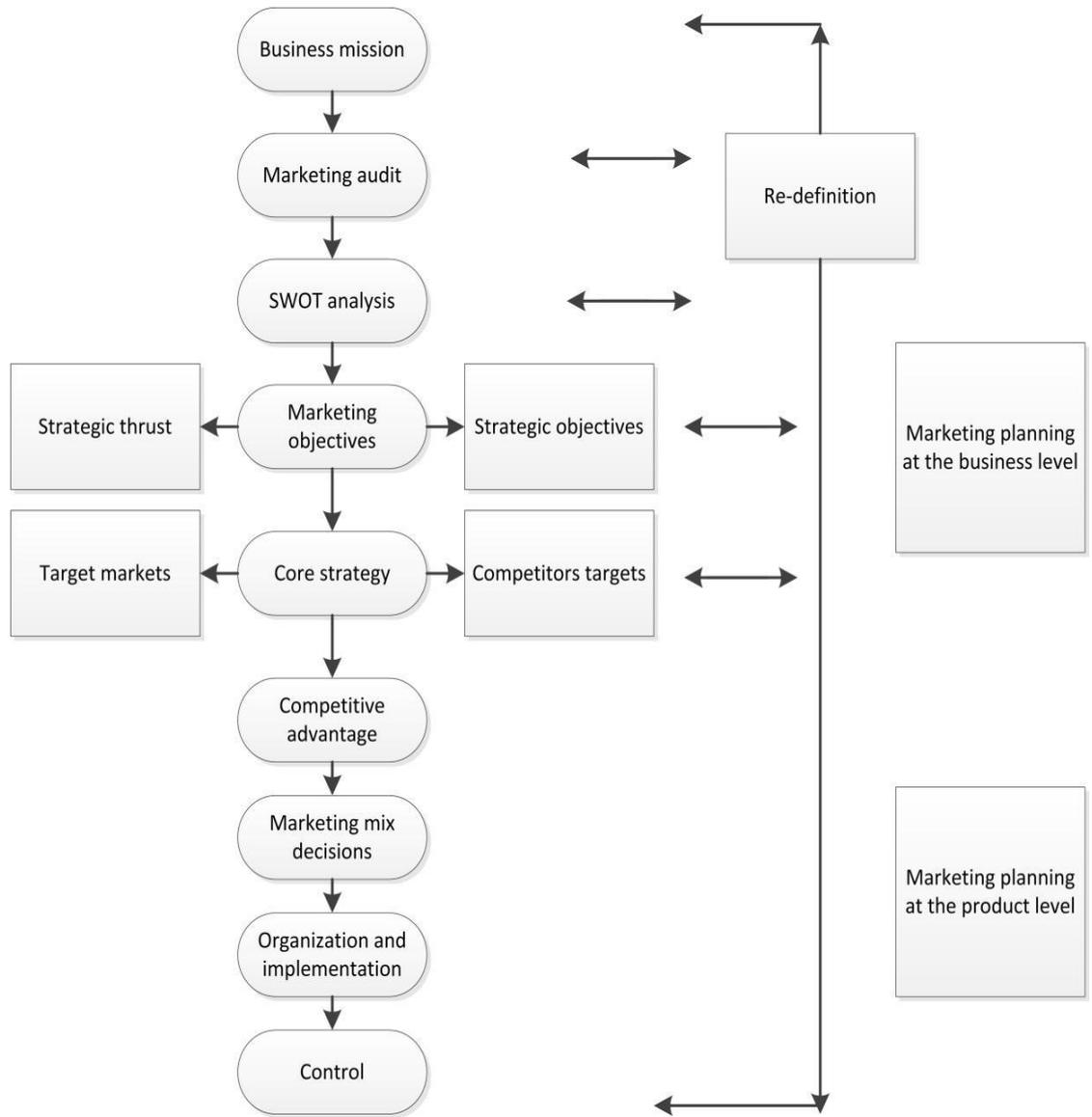


Figure 2, Marketing planning process (Jobber 2001, p. 36)

### 4.3 Customer segments

Different customer segments require their own approach with marketing new product. This study is written from manufacturers point of view, so the priority has been put into B2B marketing and relationships.

B2B sales can be also divided in several segments. In this case, it will be divided in two different segments.

1. B2B sales for retail purposes, which means that customer company is buying products from manufacturers for reselling purposes.
2. B2B sales for companies own use.

These two parts require separate approach for presenting the product. It needs to be kept in mind, that products should be able to satisfy some kind of needs or help solving the problem. Therefore in case of retail purposes, different emphasis should be put on benefits that product offer, when presenting product for a certain segment of customers.

### 4.4 Maslow's hierarchy of needs

As an example of tool for mapping the level of demand for a product, Maslow's hierarchy of needs is presented in following picture.



Figure 3, Maslow's hierarchy of needs (modified from [www.abraham-maslow.com](http://www.abraham-maslow.com))

According to figure 3, active sitting products can fit in several sectors, depending on use and user. Consumers seek benefits for better health and physical condition through purchasing products that are promised to help them achieve their desires. In this case, the second most desired thing, after basic survival needs, SAFETY.

Buying behavior partly depends on priorities of consumers needs. For this reason offering a product that can be categorized as low in Maslow's pyramid as possible, should be more desired and therefore easier to sell. Such arguments could be used in presentation of products. Offering spring stool as a health beneficial sitting solution for right customers, should give advantage compared to static seat solutions.

Second segment are the companies that are purchasing active sitting products to be used by their own employees. Products are purchased not only for fulfilling the desire for safety mentioned above, but also for improving working performance of their employees. Therefore this desire can be also placed in two last sections of the pyramid.

SELF-ESTEEM, because employer is willing to take care of their staff's health and well-being during the working hours and achieving recognition from the employees for doing so.

SELF ACTUALIZATION because of purchasing products for increasing productivity and desire to create most efficient working environment for maximum performance.

## 5 MARKET ANALYSIS

### 5.1 Operational environment through SWOT and PEST analysis

Operational environment is where the company operates. It copes with market and competitive situation of the industry; how they might change in the future and how the changes affect the company (Anttila 2007, p. 25-27). A company that is aware of the market situation can anticipate and prepare itself for possible changes in demand and supply. Whereas company analysis studies strengths and weaknesses, market analysis concentrates on opportunities and threats; opportunities to be exploited profitably and threats to be prepared for mistakes or avoid them. (Finnvera 2001, p. 51.)

Strategic planning of a company should begin with observing and evaluating strengths, weaknesses, opportunities and threats. (Kamensky 2008, p. 29-30). Several alternatives exist among from which to choose different product solutions, market segments and operative approaches. In other words, strategic planning and setting objectives mean choosing a direction and making decisions for future based on acquired information. Vision is a long-term view how company sees its operations and an ultimate purpose of the company in the eyes of top executives and owners. Objective, value and strategy selections therefore should support the vision fulfillment. Furthermore, in proper strategic planning, it is critical to discuss about alternatives and back-up plans. (Finnvera 2001, p. 73-80.)

SWOT analysis is a tool used to audit company and the environment in which it operates. It is the tool used in first stage of planning and helps focusing on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. Goal of SWOT analysis is not only to match the company's strengths to opportunities, but also to reduce weaknesses linked to threats. Strengths in SWOT refer to internal strong points that company possesses to serve its customers, to compete with its challengers and to achieve its objectives. They are distinctive capabilities to the company that offer the company advantage over the competition in the market. Weaknesses on the other hand point out internal limitations in resources and capabilities compared to competitors that may interfere with the company's performance. Opportunities determine how the company can grow within the marketplace. Threats are external factors that can weaken the company's performance (Kotler 2000, p. 65)

PEST analysis is often linked with SWOT analysis, since both tools provide analysis on business opportunities for companies. What differs is that PEST analysis is often referred to provide bigger image on market, as the SWOT analysis is more focused on micro environment. PEST stands for political, economic, socio-cultural and technological analysis. The political factor takes the political atmosphere on country or regional level into account, what kind of mindset contenders have on business, possible changes in legislation or taxation policies, business regulation, and how fast can the political atmosphere change. The economic factor considers state of economy, growth rate, exchange rates, purchase power, and credit policies. Socio-cultural factors consider demographics, population statistics, religions and beliefs as well as employment patterns and job market trends. The technological factors consider change in technology and how it might effect on company actions, competitors level of technology, focus of research, infrastructure and on infrastructures change (Jobber 2001, p. 119-145)

## 5.2 Competition

Active ergonomics have gained momentum on many of different products available, that are aiming to deliver similar core function. However, there are major differences between them, such as use, versatility and pricing. There´s also differences in how the products are delivering their core functions and what they can be compared with.

Byllet active stool is one of the oldest products on the market. It was created to deliver maximal price/performance ratio while still being most versatile product available on the market.

Spring stool has been very successful product in terms of efficiency. It has been developed with minimal resources and it is manufactured without any major investments. Still, it is approved by various professionals to be very effective and useful in their field of operations. This gives obvious advantage over competitors, but also gives certain negative effects. Usage of simple and cheap materials also makes product look too simple and cheap, which may lead to impression of bad quality.

Byllet active stool´s advantage over majority of competitors is that it allows perfect and smooth motion, similar to gym ball, but requires way less space for storage and delivers looks of proper saddle chair.

### 5.3 Porter's 5 Forces model

This chapter presents analysis of industry rivalry, using Porter's 5 Forces model.

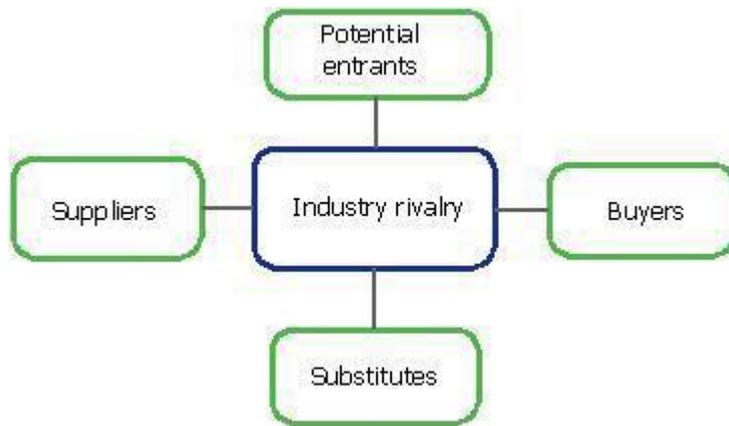


Figure 4, Porter's 5 Forces model (modified Harvard Business Review 2008)

Porter's 5 Forces model was introduced by Michael E. Porter as a tool for identifying and analyzing five competitive forces that shape every industry. It helps with determination of industry's strengths and weaknesses.

#### 1. Supplier power

- Plenty of large suppliers
- Ability to substitute and change with low costs
- Main raw materials available with very low price
- Main components can be produced by various suppliers
- Neutral supplier power

#### 2. Buyer power

- Only few small specialty stores
- Co-operatives in well-being industry
- Small orders
- Low ability to substitute

- High buyer power

### 3. Competitive rivalry

- Few competitors
- Medium customer loyalty
- Well-being product
- Low cost for changes
- High quality level
- No comparable rival products
- Clear market gap

### 4. Threat of substitution

- No comparable rival products in similar price range
- Low threat of substitution

### 5. Threat of new entry

- Medium cost of entering the industry
- High cost advantages for Amego Partners
- Innovations needed or serious mass production of existing product
- No technology protection
- New entry difficult

Analysis of Amego Partners's industry competition using Porter's 5 Forces model shows that Amego Partners has fairly low rivalry in its industry. However, buyers have strongest power to affect the industry. It has been seen on practice, that consumer price doesn't have the greatest effect on sales, but business depends on strong marketing and sales. Production costs are driving the price levels, so Amego Partners has strong advantage because of using simple materials and ability to use various suppliers simultaneously. New entries are practically impossible without new innovations.

Threat is still possible, if competitors could notably increase their production and their retail prices would drop. Competitor's main advantage is that they are doing B2C sales themselves. This has been impossible for Amego Partners so far because lack of resources.

#### 5.4 SWOT analysis

Columns below presents SWOT-analysis for both case company and case product.

Swot analysis for Amego Partners Osk

Strenghts (Internal):

- Innovative
- Superb technical understanding
- Craftsmanship
- Ability to react fast for demand on the market
- Experience / product portfolio
- Customer feedback / satisfaction
- Manufacturing facilities
- Network of subcontractors

Weaknesses (Internal):

- Weak brand recognition
- Weak active marketing approach
- Small customer base
- Weak sales network
- Poor company image (as a professionals) (self presenting failure)
- Weak know-how with modern product development technologies

Opportunities (External):

- Co-operation with big chain store to gain access to large audience
- Making ergonomics “mainstream” in everyday life
- Gaining customers in metal works through proper presentations of projects
- Creating a brand
- Expanding to foreign markets
- Breakthrough

Threats (External):

- Product image delivered through pricing
- Strong brand images of competitors
- Weak distributors with poor sales

## 5.5 Swot analysis of Byllet active stool

Strengths:

- Functionality
- Manufacturing costs
- Unique price level
- Simplicity
- Versatility
- Durability
- Effect
- Approved and recommended by ergonomics and physiotherapy professionals
- Fast delivery times

**Weaknesses:**

- Too cheap?
- Too simple looks?
- Requires sales input to be sold
- Poor distribution network
- No sales abroad
- Low recognition

**Opportunities:**

- Co-operation with hypermarket chains
- Expanding to countries with bigger markets
- Creating another product line for current distributors and redirect current product line for mainstream market
- Maintain current price level

**Threats:**

- Competitors introduce similar product in same price range
- Hypermarket chains wouldn't be interested
- Difficulties with finding partners abroad
- Consumers wouldn't accept product

Following paragraphs are written to help with opening up thoughts about SWOT analysis.

Amego Partners's current operations consists of manufacturing and delivering goods to existing customers, meanwhile creating new business contacts with potential customers. Company has recently introduced new model of children's spring stool. To attract the interest, completely new segment of potential dealers have been approached.

Besides regular operations, entrepreneur himself has been actively participating in various events, such as invention fairs, competitions and motorcycle fairs, exposing his creations to promote his products and know how. Goal has been to increase

awareness of locals and other interested people about Aleksei's crafting skills. This has attracted several customers for unordinary projects. Participation in different events can be also seen as some kind of guerilla marketing. For example study's case product, active stool has been present at every event which has been participated. Functioning just as a regular seat for people who have been interested in something else displayed, stool has attracted huge interest itself. (Ülle A. 2013)

Finding new sales channels for spring stool has been quite difficult because of its novelty. Companies that have been offered to resell spring stools can be divided in two groups. First group are bigger stores, which assume that products sell themselves, because their function is already proven and familiar to consumers. Second group is small businesses, who's idea is to offer something special that can't be bought in every market. In specialty stores each sale requires a sales input to introduce and interest the consumer. These two groups also differ in their pricing policies. Selling familiar products doesn't require that much selling input, which also drops out the need for salesman at each sale. This can reduce the price, but also sales volumes. Marketing means and demand for the product are different. It can be said, that cost for selling one product are much less than in second group, where each sales is driven by salesman and much more time is spent to initiate customers decision making towards purchase. Pricing is usually adjusted to the level, where enough profit could be acquired with smaller quantities of sales. (Ülle A.)

So far, Amego Partners have worked with second group type of customers, meaning that production quantities remain low, but demand is constant and proportional with sales input. Spring stool's idea, still doesn't quite match these factors, because it's designed to be reasonably priced everyone's choice. This could mean, that mistake could have been made in the beginning. Product were decided to be offered to small companies first, because of the easier approach and reach of decision makers.

## 5.6 PEST analysis

This analysis covers external influences on Amego Partners co-op's business environment. These external influences are political, economical, social and technological.

### Political

For a microenterprise such as Amego Partners co-op, Finland is a perfect place to operate. Government is supporting self-employment and allows reductions in taxation until certain income level. New businesses are also allowed to apply support funding for startup. With higher production volumes, Finnish companies tend to move their production units to cheaper countries. Microenterprises often maintain their performance level without trying to grow, not to exceed income levels set for Microenterprises and to avoid tighter taxation. Since case company manufacturing facility is in Estonia, it is cheaper to operate than in Finland. EU membership of state of operations, allows easy and free trade within EU area, which expands potential market enormously. (EU 2013)

### Economical

Current economic crisis in euro zone hasn't really affected Amego Partners co-op's own operations financially. Company has managed to maintain certain level of sales to keep business alive. Recession, though, has bankrupted few of the distributors that were concentrating specifically on expensive office ergonomics equipment. Currently situation is turning to better direction and companies started to show more interest on new products retail. (Amego Partners 2013)

## Social

Social factors of case company and case product can be described as “right on time”. Active ergonomics have been a rising trend since it was discovered. Especially active sitting, which is meant to prevent and cure pain in the back, improve concentration and work performance and through those improve general well-being of people with different ages. People are ready to invest in their own well-being through hobbies and products that make life easier. Also companies are seeking solutions how to improve performance of employees meanwhile reducing costs. Ergonomics have been proven to be the key factor to do so. (Finnish Institute of Occupational Health 2013, [www.ttl.fi](http://www.ttl.fi))

## Technological

Amego Partners co-op aims to be as cost effective and environmentally friendly as possible. Most spent resource is entrepreneurs own time, which is used on R&D, inventing functional but simple products and most effective ways for manufacturing them. Company works mostly with metals, which generates minimum amount of waste and can be recycled. Due to simplicity of a product, also packaging costs and transportation costs are minimal. Small volume of production allows meeting customer’s demands even on short notice, which enables them to make quick decisions and therefore company to get orders. Storage is taken care by dealers and there is no need for buffer stock. (Ülle A. 2013)

## 6 MARKETING MIX

### 6.1 Marketing mix

Marketing plan needs to be a solid part of every company's business plan. In order to success, marketing plan needs to cover all vital elements of marketing. Mix of these core elements is called marketing mix. Most common elements included in marketing mix are product, price, place and promotion – better known as 4P's of marketing. (Armstrong & Kotler 2009, p. 79) These 4P's are four key decision areas that marketers must manage so that they satisfy or exceed customer needs better than the competition. (Jobber 2010, p. 17)

Product part of marketing mix is about deciding which products and services should be offered to a selected group of customers. It includes also selecting brand names, guarantees, packaging and services that could accompany the product offering. (Jobber 2010, p. 17-19)

Price stands for decision of a desired exchange value that company receives for the product or service that is being marketed. The factors that influence on pricing setting are: discounts and allowances, level of list price, payment periods and credit terms. (Jobber 2010, p. 17-19)

Promotion decision has to be made with respect to the promotional mix which includes advertising, personal selling, sales promotions, public relations, direct marketing and online promotion. By these means the target audience is made aware of the existence of a product or service. (Jobber 2010, p. 17-19)

Place involves decisions concerning the distribution channels to be used and their management, locations of outlets, methods of transportation and inventory levels to be held. The objective is to ensure that products and services are available in the proper quantities, at the right time and place. (Jobber 2010, p. 17-19)

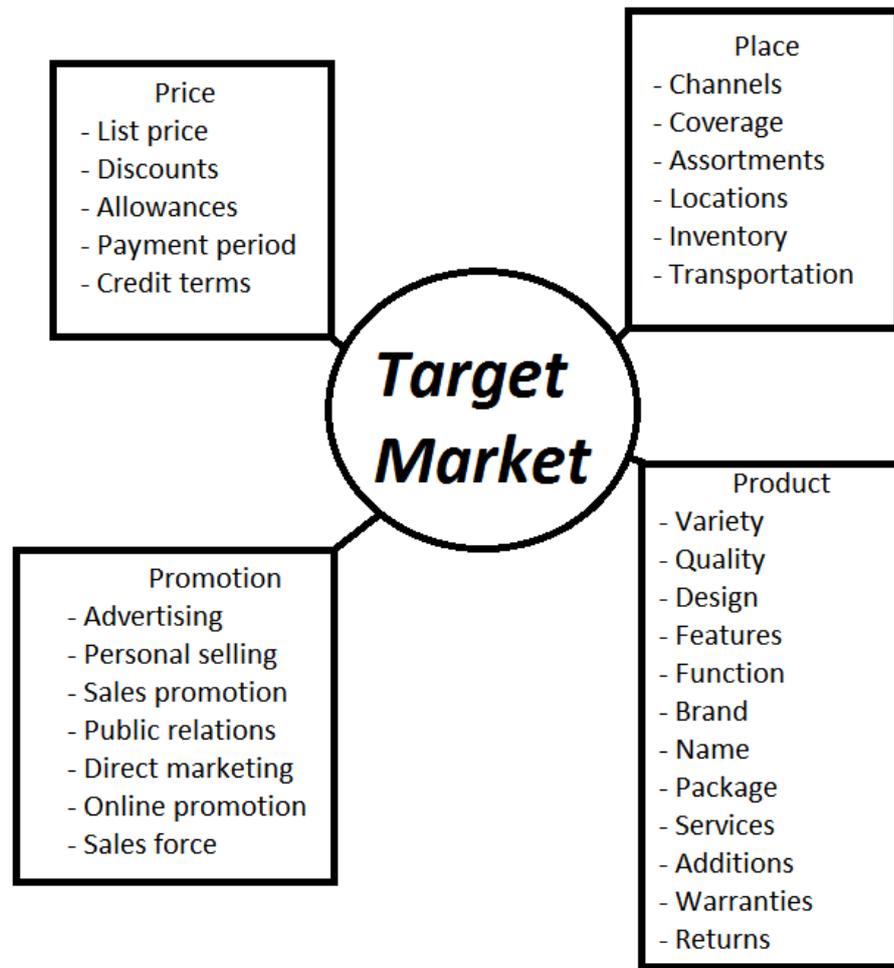


Figure 5, 4P's of marketing mix (modified from Armstrong & Kotler 2009, p. 83)

Additionally, 4p model can be expanded with additional 3 points, which were developed by Donald Cowell in 1985. To create more comprehensive marketing tool, Mr. Cowell added following three points: Process, Psychological evidence and People. This marketing tool is called Cowell's 7p model and is commonly used in service industry marketing because of its wider measurement of service consumption and related factors. Even this study doesn't concentrate on whole product range or services that Amego Partners can offer, it is worth of reminding, that these 3 more P-points are highly relevant.

Process, in this case, stands for processes of fulfilling customers order according his desires and needs. This point measures it's productivity, effectiveness and expenditure.

Physical evidence stands for company's essence. This includes company's interface, facilities and physical appearance of staff. First impression is crucial and may either attract or reject customers. (Jobber 2010, p. 17-19)

People stands more closely to staff and their appearance than mentioned above. This P-point measures employees and management in how they are doing their jobs and representing the company. It also measures culture of working and level of customer service. (Jobber 2010, p. 17-19)

Appearance of these last three P-points affects approbation of the company in the eyes of customers. It may affect positively or negatively, depending on how well are these P-points organized. Good impression may lead to recommendations, which could lead to acquiring new customers and bad impression may cause losing existing ones. (Jobber 2010, p. 17-19)

### 6.1.1 Product

Based on product positioning, test results and customer feedback, spring stool has shown that it is highly interesting and desired product that delivers its function in most pleasant and cost effective way.

Problem has been that consumers are not familiar with the product, which is creating skeptic reaction when person gets to try it in practice. It has been noticed that consumers tend to question product's functionality because of its simple structure. First impression has even sometimes been negative, because of seats instability when tried first time. Fault has been always in a way the person sits on the stool. Funny thing was to notice that usually person sits on it completely differently than he sits on regular stool. People tend to place the spring stool between their legs, in the same line with their feet, which creates instability because of lack of necessary pivot points. Again, when person is told to sit on spring stool like he sits on a regular stool, placing his legs in front of the stool and just sitting back, person has 3 pivot points, which creates perfectly balanced sitting position. When person gets it, impressions are WOW.

There is two possible solutions to overcome this problem:

1. Like so far, product requires input from salesman to introduce and present the product and teach consumer how it should be properly used to avoid negative impression created by fear of falling backwards because of imbalance. Consumers need to get familiar with the product either by learning about it themselves, or being taught by a professional.
2. Positioning the product to be available for prolonged trial. By this I mean public spaces like fairs, playgrounds, institutions, companies. Also tests in mass media, for example comparison between competitors products available on the market by some major magazine.

There's a big difference on first impression, if person is dealing with completely new and strange product, or he has been told before about it and knows it's good and safe. Goal in marketing the product to desired customers is to make impression that spring stools are desired products and they are relatively easy to sell because of their functionality and price. Also the more they spread, the more familiar they'll be and more profitable it will become.

### 6.1.2 Price

From the manufacturer's and seller's point of view, price is determined by desired profit of operations. However manufacturers are often seeking production volume and reasonable pricing and sellers tend to try maximizing profit through increasing the price and minimizing costs. This has been noticed on practice while working with specialty products wholesale companies and retailers. Amego Partner's pricing policy is to create cost effective and stabile production, ensuring continuous income to maintain operation and creating certain amount of jobs to match the manufacturing demand.

Pricing policies of specialty stores can be roughly described as 4x multiplier. This means that if product is sold by manufacturer for 50€, as an example, it will be sold to consumer with a price of 200€. Issue with spring stool has been that multiplier of 4, has been seen as too high. Because of simplicity of the product, it doesn't look like it should cost the amount the specialty store is asking for it. This means that product

doesn't sell itself. To sell the product with price multiplier of 4, it requires sales input from a salesperson to describe how the product presented would provide desired value of ownership to the consumer. Individual selling requires time and therefore multiplier of 4 is justified.

Specialty stores, being rather small businesses themselves, tend to focus on selling products that are more expensive to stock and purchase than the ones priced relatively low. High priced products demand more sales input, but provide higher sales margin. It is crucial to keep the stock of expensive products circulating in order to maintain profitability.

In order to increase circulation of lower priced products while maintaining effective sales on more expensive ones, adjusting the sales margin through altering the price multiplier factor could be made. Due to consumer feedback, price reduction to level originally planned by manufacturer, rather than level that specialty stores desire which in this case is price multiplier decreased to 3x, sales would increase up to 40%. This roughly means that with cheaper price, average income from the sales are slightly improved because of increased sales volume, but also costs for sales input are decreased which turns overall profitability way higher than on regular basis.

### 6.1.3 Place

Main objective for Amego Partners is to secure sustainable and profitable business by building up strong, loyal and financially healthy distributor network. Primary target market is Finland, but offering products abroad could introduce new and potential key accounts.

Because of former key account's bankruptcy, Amego Partners has returned to a starting point, where it didn't have any profitable customers. This situation gives free hands to try new approaches to the business. Spring stool's product range covers all age groups, and can be used in any sitting situations. Therefore spring stool needs to be presented to every kind of customers that are able to make purchase.

As noticed by current customers, consumers tend to search internet for sitting solutions, rather than visiting stores for consultation. This creates great demand for infor-

mation required. Currently the information is rather hard to find, because product isn't mainstream.

Problems and suggested solutions:

1. Manufacturer's web page is outdated and doesn't provide necessary information. Company's web page needs to be updated and provide no less information than most informative page of whole distribution network. Web page should make it easy to find a dealer and retail price.
2. Distributor network isn't actively marketing the product. Product is considered to be an extension for top class product range. A new strategy needs to be created, where distributors would consider spring stool as a highly profitable product. Product needs to be positioned as the highly functional and desired.
3. Consumers haven't created discussion about the product on internet forums. Mostly because difficulty in finding official information about the product. Word of mouth works fine, but it doesn't provide consumers any possibilities to research the product personally. This needs to be solved by providing consumers a chance to try the product in practice.
4. Lack of search engine optimization. It takes about 20 minutes to find Byllet spring stool with Google search without knowing the brand or exact name of the product. This is major fault of distributors, especially companies that position Byllet products as their main products. Obviously, manufacturer should improve also.

#### 6.1.4 Promotion

This chapter presents promotion actions that can be done by Amego Partners using suitable communication tools. To create most effective marketing strategy, every action should be measured in terms of its profitability. As mentioned before, Amego Partners has very limited resources for promotion, therefore only methods with high return on investment should be used.

Company's values state, that Amego Partners wants to increase customer's profitability by offering solutions for improving working efficiency. This should be used as a base for all marketing, because profits are the thing that distributors and consumers are looking for.

How to make decision makers believe that they can make profits out of Byllet spring stool?

## 6.2 Marketing communication tools

Amego Partners has been looking for new winds with distribution partners. Goal is to find a channel that can ensure solid distribution of goods, so that Amego Partners as a manufacturer could concentrate on improving manufacturing process and new product development. Since the business is not intended to grow beyond the microenterprise limits, company needs to rethink and modernize its B2B marketing approach.

In current situation, where existing network of ergonomics retail business partners have been spent, it is crucial to find new partners to establish steady partnership to benefit both parties. Approaching completely new contacts, outside own network requires more input and proper preparations. It is important to make good impression on the first meeting to appear in positive manner and leave trustworthy and professional impression.

Company's main marketing communication tool has been basic direct marketing towards businesses. Basic, in this case, means using direct mail, e-mail and telephone calls, as a way to approach potential buyers and briefly introduce what company has to offer. Second step has been company visits for more specific introduction of products and company

To communicate with customers and potential customer companies, Amego Partners uses media and non-media communication tools. Same tools are used to deliver marketing messages. Depending on situation, company should choose right communication tool to reach desired target. Descriptions of these tools below, gives entrepreneur a hint of possibilities that could be exploited to improve company's marketing communications.



Figure 6, The promotion mix

### E-media marketing

E-media marketing offers large potential for reaching customers from nearly any profession or field of interest. E-media marketing is very cost effective, but one should keep in mind no matter how good your web site or pod cast is no one will know it's there unless you advertise it with some other media. Internet is a direct marketing mean, so it should be approached as such. The main rule for online marketing is the so called rule of the thirds: company should determine the budget they have for online marketing, then company invests one third in developing their site, one third in promoting company site, and one third in maintaining the company site. (Levinson 2009, p. 215-217.)

### Mini-media marketing

Mini-media is low cost and small scale marketing tool such as company's own web site, advertising on yellow pages and other small and cheap media that is easily visible to anyone. Connecting feature between mini-media marketing tools is that they all require little financial resources in comparison to maxi-media communication tools. (Levinson 2009, p. 97-157)

## Maxi media marketing

Maxi media marketing refers to the mass-marketing media such as newspapers, TV, radio, newspapers and direct mail marketing. By definition maxi-media marketing is the play field of major players, but when used correctly it can be effective tool for small company's marketing. Mistakes are very costly on the field of maxi-media. Maxi-media marketing is centered on two things: Selling and creating powerful desire to buy. Maxi- media marketing enhances the success of mini-media marketing, for example hearing a radio commercial will make people think of the flyer they have read. (Levinson 2009, 161-162)

## Non-media marketing

Media marketing isn't the one and only marketing mean to reach desired success. Methods of non-media marketing are seminars, demonstrations, trade shows and other business and trade activities, where company can introduce itself and show their offerings to public. Participation to such events may cost some money, but they also consume time. Well prepared exhibitor can still achieve significant benefits to his business, without using media for marketing. (Levinson 2009)

## Info-media marketing

Info-media marketing focuses on spreading information of your products and services through interaction with potential customers. Info-media marketing is usually done by demonstrating your products in front of audience. Ideology behind the info-media marketing is that with correct information, if disseminated properly will lead to sale. Info-media marketing does not tax the company's budget much so the info-media means can become a cost effective part of company's long-term marketing plan. (Levinson 2009, p. 252.)

## Human-media marketing

Human-media marketing focuses on people and ideas. Human-media marketing is available to all kinds of businesses and they are several ways to create and improve people's vision of your company. Human-media marketing means have the potential to transform a business. (Levinson 2009, p. 268)

## Personal letters by mail or e-mail

E-mail has been Amego Partners's main communication tool. It is the fastest and most cost effective way to reach new and existing contacts. Besides marketing communications, e-mail has been used as an order placement tool and often for general communications between companies. In Finland, e-mail is commonly used as a main communication channel between consumers and businesses and B2B. E-mail usage is quite open, which means that approaching new contact, most likely, won't be blocked by spam filtering. Especially when working with smaller businesses, e-mail may even help to manage schedules and tasks, working as a reminder always when mailing program is open.

When working with small companies, marketing e-mails have always been a welcomed. Introduction of new product, or modifications to already existing ones are always desired news for distributors. Therefore subscriptions for newsletters or similar tools haven't been necessary so far. This will of course become topical, if distributor network grows.

Another mailing tool that has being used is regular mail, by which brochures were sent when necessary. Mail is a good way to approach a party that is desired to become a partner in marketing or product development. Benefits of named letter are that they are always reaching the target person and they are opened. Material provided in a letter always attracts more attention than e-mailed.

## Telephone call

Especially with closer relationships, for example co-operation in product development or tailor made projects, phone calls are most effective way to get updated. Follow up calls for existing customers keeps relationships alive and may lead to additional sales. Entrepreneur has made follow up calls to new customers after delivering batch of products to ask if they are selling as expected.

## Company visits and marketing packages

Spring stool has been so far a non-traditional product, which needs to be presented in person. Personal presentation of the product is the most effective way to present its qualities. Introduction visits have been made to each business partner to benefit both parties and enable discussion on desired specifications for offered product.

For attracting new customers or finish the deal, marketing packages could be sent to desired customers. So far only informational e-mails have been sent to the new contacts. Demonstrational products and high quality brochures would probably make decisions easier. Long enough trial period has been noticed to confirm the purchase in most cases.

## Web page

Manufacturers own web page should be the most informative source of product and company information. Page needs to be simple and ergonomic, to match the products that company is offering. Page must contain information about its whole product portfolio, in order to create an image of it's capabilities and confidence in professionalism. Page's interface needs to be simple enough for quick browsing and provide all possible information that consumers and potential partners could desire. Page must contain references to business partner's contacts and information, to enable smooth purchasing via internet.

It should also be offered in languages that are spoken on desired market area as well as globally spoken language. These languages are Finnish for domestic market, English for international sales and Russian for potential distributors and customers that may be interested in tailored projects.

Related to web page translation is search engine optimization. It is important for products to be easily found through common internet search engines. Currently, it is very hard to find information about Byllet spring stool without typing exactly "Byllet jousituoli". Search engine optimization is rather easy task up to certain level, so it can be done without major investments by company employees.

Web page traffic can be increased by teaming up with partner's web pages. Sharing links and adverts of the sites on the front page of company's own site, would make it easier to find a dealer that is selling for consumers.

### Info-media

Info-media tools can be implemented in several ways. For example raising brand awareness without product advertisement could be done in co-operation with partners. In case of Byllet brand, an instruction for stretching at work post, or reminder of importance of work ergonomics can be made. Such instructions could be made by a company that Amego Partners was working with in co-operation in spring stool's development. These brochures or fliers could provide references to both companies, in case reader would be interested to find out more. Workout guide for the spring stool could be also printed, and fliers could be distributed to fitness centers. (Pajunen 2013)

Another effective promotion form is featured articles in journals or web pages, for example blogs. Chosen blogger could be provided with a product to be tested and compared. These articles need to be well written and interesting to gain attention.

### Social media

Advertising and visibility in social media such as Facebook, LinkedIn, Twitter and Youtube is a good way to increase brand awareness. Especially it works in B2C business, while search engine advertising still works better for B2B. For small manufacturer, general increase in brand awareness by any means is a plus. Therefore own pages should be created in social media networks, and they should be promoted.

Good way to promote the page is arranging lottery, where people who will like and share the page would get a chance to win the product. This is especially effective if the product is interesting. Lottery campaign should be done after product would reach the masses attention, for example after being featured in a popular article. This is because it would increase product awareness and attract more interest for participation.

## Exhibitions and product positioning

Commercial exhibitions aka trade fairs or expos are organized for companies in a specific industry or interest to demonstrate their products, services or study competitors activities and examine recent trends or opportunities. To reach correct audience, type and theme of exhibition needs to be chosen right. Fairs are mostly organized for a specific trade. Fair can be also accessible to public or they can be for trade members only. Such events can be attended either as a visitor, exhibitor or as co-operator together with an exhibitor partner. Besides traditional purposes of attending fairs, they can be used as a place to promote products using guerrilla marketing techniques such as product positioning.

Product positioning can be conducted for example by providing selected exhibitors with spring stools to be used at their stand. Seat covers could be equipped with company's contact information so that interested people could just take a photo of the stool and receive information about it simultaneously. Expos work as an effective marketing tool, and is said to have high return on investment ratio. (Mäkinen 2013)

## Presentation events

Presentation events can be organized in co-operation with partners. Events could demonstrate the products and services and promote companies and brands. Events can be held in chosen locations, to reach the desired consumer segment.

As an example, presentation event could be organized in following way:

Choosing a product, target audience and location; In this case, a product would be Byllet spring stool. Goal for the event is to make consumers aware of the product presented and promoting Byllet as a brand. For a target audience and location, example could be local fitness club, where product could be introduced to sporty people who want to take care of their health and physical condition. Spring stool could be offered as a product which enables movement and strengthening mid and low torso while sitting at work. It would be also great place to promote business partners such as physiotherapist's services or sports massages. Event would be good place to distribute promotion material that could include product information brochure and also work out instructions that were introduced in Info-media paragraph. (Kokki 2013)

## 6.3 Factors that affect marketing media selection (Bergström 2004, p. 343-344)

1. Attributes of advertised company or product
2. Market and competition
3. Aim of the marketing
4. Target segment and how selected media reaches it
5. Timing
6. Budget

Marketing mean	E-media	Mini-media	Maxi-media	Non-media	Info-media	Human-media
E-mail	<del>X</del>					
Website	<del>X</del>					
Search engine optimization	<del>X</del>					
Classified advertising	<del>X</del>	<del>X</del>				
Ad words	<del>X</del>	<del>X</del>				
Personal selling		<del>X</del>				
Business cards		<del>X</del>				
Telephone marketing		<del>X</del>				
Brochures		<del>X</del>				
Direct mail			<del>X</del>			
Journals			<del>X</del>			
Follow up				<del>X</del>		
Word of mouth				<del>X</del>		
Service				<del>X</del>		
Demonstrations (B2B)					<del>X</del>	
Sales representatives						<del>X</del>

Table 2 above shows which media marketing tools can be used by the case company to achieve goals set by marketing plan. These marketing tools can be used in B2B marketing as well with consumer marketing. Consumer marketing should be structured in a way, which could lead to purchase inquiry through existing sellers. In case of Amego Partners, marketing media selection should be based on return on marketing investment factor.

### 6.3.1 Return on marketing investment (ROMI)

“Marketing return on investment is about creating positive value for a business or brand through demonstrating cost versus payback.” There are two forms of return on marketing investment; short term and long term. Short term is often used as simple index of measuring profits for marketing investments. Long term return on marketing investments can be used to determine less actual aspects of marketing effectiveness such as slowly growing brand awareness and consumers intention of purchase. (Young & Aitken, 2007, p.15)

The most basic form to calculate ROMI factor is calculating total revenue of funds invested in marketing. It is calculated by dividing marketing campaigns total sales with amount of funds invested into campaign. For example, if marketing campaign costs were 1000€ and marketing campaign delivers 10000€ of revenue, ROMI factor is 10. More advanced ROMI calculations can include gross profit calculations and net profit calculations of the marketing campaigns. ROMI factor is used to measure marketing effectiveness and therefore it is presented to the case company as a tool for marketing media selection.

### 6.4 Guerrilla marketing

In case of Amego Partners and active ergonomics in general, product visibility is a key factor in creating trade. Current situation shows, that consumers are aware of active ergonomics, but products aren't available in every furniture stores or supermarkets. To find a product, consumers need to figure out how to search for them and how to compare them.

In most cases, marketing budget is very limiting factor for microenterprises and therefore entrepreneurs are forced to find alternative marketing methods for improving their brand visibility and sales. Unorthodox and innovative marketing methods are called guerrilla marketing. Founder of guerrilla marketing term is Jay Conrad Levinson, who introduced this term in his book *Guerrilla Marketing*, that was published in 1984. Guerrilla marketing is considered to be the most cost effective and profitable marketing mean. Term doesn't really have boundaries, therefore it also has unlimited potential that is defined by marketer's creativity.

Differences between traditional marketing and guerrilla marketing can be divided as described in table below.

<i>Traditional Marketing</i>	<i>Guerrilla Marketing</i>
Primary investment is money	Primary investment is time, effort and creativity
Model for big business	Focus on small business
Success measured by sales	Success measured by profits
What can I take from the customer?	What can I give to the customer?
Mass media usage (direct mail, radio, television, newspapers)	Marketing weapons are numerous and most are free
Advertising works	Types of non-traditional marketing succeed
How much money do you have at the end?	How many relationships do you have at the end?

Table 3, Traditional marketing VS Guerrilla marketing (modified Levinson 2006)

Without having huge resources to be used on traditional marketing, Amego Partners needs to redirect it's key resource to act in guerrilla manner to promote sales and acquiring new customers. Company's key resources are time, effort and creativity but they are used on relatively wrong task. Entrepreneur's passion is inventing, so every free moment is spent on product development while sales, marketing and customers are completely forgotten. Products are always developed to serve a purpose. This means that they most likely would be demanded if consumers would know about their existence.

## 6.5 Reaction to marketing message

To understand how consumers react to messages sent by marketers, the AIDA model can be used as a simple description to end consumer behavior. The AIDA model is one of the oldest framework for creating any communication message. (Egan 2007)

AIDA stands for Attention, Interest, Desire and Action. These are the steps, which create successful marketing message. Attention is the first thing that needs to be acquired when delivering a message. After a message gets attention, it needs to maintain the interest for the product that is being marketed and through interest create a desire.

If desire is hard enough and consumer is convinced about the product, it leads to action. Action means a purchase, successful marketing communication.

Figure 5 below shows AIDA model as a pyramid, where attention is the base and the biggest part of it. This also means that potential buyers tend to drop off at each step, reducing the amount of consumers taking the action.

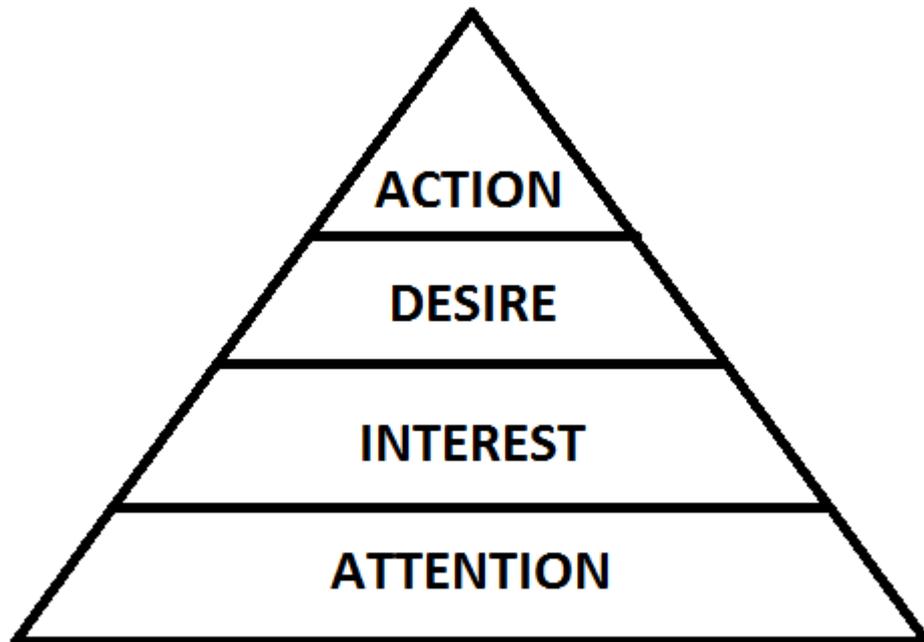


Figure 7, AIDA model (modified from Egan 2007 p. 195)

Earliest version of AIDA model has been developed by Strong in 1925 and has been modernized periodically. At a later phase of model evolution, one more step has been added to the top. Satisfaction, that has been added above the Action step, explained that after purchase, a customer must be satisfied about the product in order to increase a consumer following and loyalty.

## 7 CONCLUSION, DISCUSSION AND RECOMMENDATIONS

This chapter analyses the findings made in previous chapters and are based on them; it offers answers to research questions posted at the beginning of the study.

1. What are the company's most important resources and where are they being spent?
2. How should company prioritize its operations to maximize profitability?
3. Which customer segment, company should prioritize and target?
4. Which kind of input should be delivered to increase sales performance in co-operation with distributors?
5. Which kind of sales channels should company look for?

Answer to the first research question has been revealed through interviewing entrepreneur himself, where he described company's main resources to be time and creativity. Time comes from small amount of manufacturing work, which comes from small and casual orders which again leads its roots from lack of sales and marketing activities. Entrepreneur's mentality has been so that "when there's nothing to do, invent something new", which comes from sheer passion of inventing and developing a product. Unfortunately result shows that sales are staying very low, even though the product portfolio keeps growing.

Aside from product development costs, entrepreneur's approach to marketing and sales activities have been found to be quite inefficient, which develops an answer to second research question. Interviews and personal observations revealed that entrepreneur tends to seek small and short term deals with small companies because of easiness of the approach and reach of the decision makers. Such deals of course bring instant income for the company, but they rarely extend to continuous sales.

In the long term, expanding product portfolio and improving existing products could open new opportunities for the company. On the short-term, spending resources on operations that aren't expected to bring immediate income, seems to be comparable to wasting them, especially in the company's current financial situation. Wisest choice,

regarding to situation, would be postponing all the product development until company's income flow would stabilize and redirect every possible resource on sales and marketing to ensure stable sales of the most profitable products.

As an answer to third research question, rough customer segmentation can be described such simply as regular consumers and B2B customers. However, since Amego Partners is currently unable to engage B2C customers, consumers' can not be the top priority of marketing activities. Company still needs to keep in mind that in any case, final buyer of the product is consumer. This means the more effort manufacturer puts in to marketing its own products to consumers, the more they could be bought through any channel.

B2B customers again, have been divided in two segments as described in *3.3 Customer segments* chapter. First one is businesses that are purchasing products for reselling purposes and the second one are companies that purchase products to be used within the company. Priority of these two has been set to companies that are reselling products, simply because of their ability of continuous orders and spreading the products on the market.

There are benefits of working in both directions. Finding right partners for distribution would create stability in long term operations, high sales volumes would increase product visibility and recognition and through it create more potential customers. This method would generate relatively lower profit if talking about single product, but higher volumes would definitely become more profitable on long term. Selling products for companies own use would again enable to sell products in smaller batches but with higher prices. This option provides high sales margin, but also increases costs for manufacturing and marketing.

Regarding question number 4, what kind of input should Amego Partners deliver to increase sales? Company has been often inquired if it has some kind of marketing material available to share with resellers. Answer to that has been lean, since company can only offer pictures of the product and short argumentation instruction to be used by salespeople.

This argumentation instruction has been developed by a group of physiotherapists that were involved in spring stool's development. Instruction includes description of

moves that should be done with a spring stool to achieve its health benefits. This means that instruction could be used for two purposes. Firstly, a work out guide that were discussed before, could be developed regarding to facts provided within argumentation instruction. And secondly, it could be further used to develop effective sales arguments.

So, what is asked from Amego Partners then? Company needs to combine all the information about product sales and marketing from every partner that company is working with. Based on this information, Amego Partners needs to develop one common instruction and create common marketing material that could be used anywhere and by anyone. This would support the brand image development, as well as providing necessary material to improve consumer sales. Amego Partners should also agree on the terms of product distribution, common goals and strategies with its partners. It now seems that there's no goals at all, when it comes to selling Amego Partner's products.

Fifth question (Which kind of sales channels should company look for?) is complicated. Through the history of Amego Partners, company has been working mostly with companies close to its own size. Every major deal that has been made with big players of ergonomics business, has gone through existing distributor or from customers own initiative. Only marketing activity that has been conducted by Amego Partners towards these "big players" was a follow up e-mail.

Whole ideology of marketing has been built around personal relations within entrepreneur's own network of contacts. This means that new customer acquisition by using traditional methods are rather an unfamiliar concept. Current state of business shows, that existing distributor network is ineffective. It leaves Amego Partners two options: either work to activate existing network by reconsidering sales strategies and common goals or completely renovate clientele.

Second option could be risky, but profitable choice, if it is to succeed. As mentioned in SWOT-analysis, one of company's opportunities was to create partnership with major supermarket chain to sell spring stools as a mainstream product. Aside from searching for customers in Finland, Amego Partners could also consider major European markets such as Germany and Britain simply by approaching companies working in ergonomics business by e-mail.

## FINAL WORDS

Study was written to serve entrepreneur's desire to discover missed possibilities and to learn beneficial ways of representing himself and the company. The work reveals core concepts, which should be implemented into practice, as well as main tools that could be used to set the company on the new course. The goal of the study, set by the company when the study was commissioned, has been achieved as desired.

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