

KYMENLAAKSON AMMATTIKORKEAKOULU

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Anu Seppä

CUSTOMER ACQUISITION PLAN FOR LEINONEN GROUP/HUNGARY

Bachelor's Thesis 2014

ABSTRACT

KYMENLAAKSON AMMATTIKORKEAKOULU

University of Applied Sciences

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Minna Söderqvist, Principal lecturer

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The purpose of this thesis is to develop the customer acquisition and customer management of Leinonen Hungary, which is part of internationally operating Leinonen Group. Thesis was written as a commission, and the target was to make a plan to increase Leinonen Hungary's sales with more efficient customer acquisition. Also managing and segmenting existing customers was discussed. Finding new customers is a way to increase company's market share and improve sales. The risks of business become smaller, when one big customer's weight decreases, and the clientele grows larger.

The theoretical part consists of new customer acquisition, business-to-business customer relationships and segmentation. The study involved qualitative methods. As research material I used literature, company's websites, and interviews with the managing director, reports from Leinonen Group, and week reports from Leinonen Hungary. In the empirical part of thesis the current customer acquisition and sales operations were searched and analyses made. The material was translated and put into excel table.

As a result of this study the company got analysis of the present situation, and a table that can be used as a tool to follow up development of customer relationships. The company should target on bigger customers, to increase sales, and start using some customer relationship management system.

TIIVISTELMÄ

KYMENLAAKSON AMMATTIKORKEAKOULU

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Asiakkaiden hankintasuunnitelma Leinonen Groupin
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Tämän opinnäyte työn tavoite oli kehittää Leinonen Hungary:n asiakashankintaa ja nykyisten asiakkaiden hallintaa. Leinonen Hungary on osa kansainvälisesti toimivaa Leinonen Groupia. Löytämällä uusia asiakkaita yritys voi kasvaa ja laajentaa samalla omaa markkinaosuuttaan. Monilukuisempi asiakaskunta pienentää ison asiakkaan painoarvoa ja siten liiketoiminnan riski laskee.

Opinnäytetyö on laadullinen tutkimus, jossa tutkimusaineistona on käytetty alan kirjallisuutta, yrityksen kotisivuja, haastatteluja, sekä yritykseltä saatuja materiaaleja. Teoriaosiossa keskityttiin uusasiakashankintaan, business-to-business- asiakkuuteen, sekä asiakaskunnan segmentointiin. Empiirisessä osiossa tutkittiin Leinonen Hungary:n kuluneen vuoden toimintaa liittyen asiakashankintaan ja myyntiin. Asiakaskunta segmentoitiin, sitä analysoitiin taulukoissa, ja lopuksi tehtiin puolen vuoden toimintasuunnitelma.

Tuloksissa huomattiin että yrityksellä oli käytössään monia markkinointikeinoja myynnin lisäämiseksi. Asiakaskunnassa on liikaa pieniä asiakkaita ja kannattavuutta saataisiin lisättyä löytämällä suurempia asiakkaita. Yrityksellä ei ollut käytössään mitään asiakashallintajärjestelmää, joten tämän opinnäytetyön tuloksena syntynyt asiakaskontaktien seurantataulukkoa voidaan hyödyntää tulevaisuudessa.

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1 INTRODUCTION

1.1 My interest in thesis topic

I became interested in this topic because it would extend my experience in international business and give me a new perspective to Leinonen Group. This company has had a great impact on my life, since my father has founded it, and I have followed how business has grown and developed over the years. Now in the end of my studies I would like to write my thesis for this company's benefit. I have carried out my practical training at Leinonen Estonia in 2011 and worked there also in summer 2012. I got to know local office's employees and also got familiar with the people working for Leinonen Group.

1.2 Research/Developing Problem

Leinonen Group widened its business operations to Hungary, when Leinonen Hungary was founded in 2011. Leinonen Hungary has built up local clientele on acceptable level, but for more profitable business, they aim further. Leinonen Group is interested especially to find customer companies that are operating on a wider area in Eastern Europe, in order to provide services from more than one country. With this study company gets the information and analysis about their potential clients and how to connect with them. This procedure can be used also in Leinonen Group's other offices.

Leinonen Hungary aims to increase their revenue by expanding their clientele. The company wishes especially to reach companies with western roots and values, who are entering the Hungarian market.

1.3 Research/Development Objective

The objective of this study is to find ways, which will increase the sales revenue of Leinonen Hungary KFT. In order to achieve that, Leinonen Hungary wants to connect more with potential customers. This study will give more tools for Leinonen Hungary for that.

1.4 Research/Development Question

The main research question for this thesis is: How to improve sales management in order to increase the Hungarian clientele?

1.5 Research/Development Methodology

1.5.1 Data acquisition

This thesis is a qualitative research. As research methods interviews were used. Interviewees will be the managing director of Leinonen Group Petteri Leinonen and the managing director of Leinonen Hungary András Jurányi. The method of an interview was chosen by interviewee's timetable and location. Personal interview demands lots of arrangement due to the distances between Leinonen Group's offices. The email is a convenient way to communicate, but confidential information is better shared in some other way. Email though has its place in communication and arranging matters related to my research. If something would need to be clarified on a shorter notice, then traditional phone call can be used. In some cases when the time appointment was made in advance I used skype as an interview tool, as it is being used often in negotiations between Leinonen Group's country managers and group managing director Petteri Leinonen. In this thesis process multiple discussions have been carried on with the group's managing director, and settled on this one that will benefit Leinonen Hungary. Besides the interviewing also sales reports and week reports were studied. Also in the search for new potential customers, it is good to check the business registry of Hungary, and be in contact with different chambers of commerce and embassies.

Potential customers will be sorted into groups. A-customers are most preferred, B-customers potential also, and C-customers are less desirable. The current customers are sorted into groups based on their current monthly sales. The idea is to increase the sales of the smaller customers. The plan for boosting sales is based on that C-clients are moving into B-clients list, B-clients to A-clients, and A-clients are encouraged to buy more.

1.5.2 Data analysis

Knowing the basics of content analysis allows almost anything to be analysed. In this case, content analysis will be used. It can be applied to any type of text. Texts can be found from internal documents, published documents, articles, transcribed interviews and narratives. (Söderqvist, 2010)

The actual analyzing starts from reading the texts, going through all sorts of material, and using time in doing that. While reading the texts, it is important to make notes at the same time. Things that are interesting from the own objective point of view and things interesting from more general point of view should be marked. Thereafter these notes are compared, and looked what is different in them, what is similar, is there anything odd, and overall what is said and what is missing. (Söderqvist, 2010)

The next phase is to connect loose notes, paragraphs and chapters. It is time to decide a word or sentence that describes a paragraph and do it again for bigger entities of text or chapter. Then the words that are repeated are noted, thought if they belong together somehow, also the found themes are organized by possible hierarchy. (Söderqvist, 2010)

An advantage of content analysis technique is that it *can be used anywhere and it helps to understand the phenomenon in a general level*. The disadvantages are that it takes a lot of time, and that it *can be claimed to be just a pre-phase of discourse analysis*. (Söderqvist, 2010)

Content analysis should be done objectively, keeping the focus on research questions. The content, text, will be encoded into categories that are answering research questions. The researcher must remain loyal to original research objectives and cannot change topics subjectively. The content analysis should be done systematically. For this reason, the material that does not support researcher's hypothesis can be left outside of the analysis. The aim of content analysis should be more than just content description. The result should be connected to the definition of the phenomenon or its circumstances. (Anttila, 1998)

1.6 LEINONEN GROUP

1.6.1 Presentation of Leinonen Group

I have carried out my practical training at Leinonen Estonia on 2011 and worked there also the next summer 2012. This time familiarized me into Leinonen Estonia, but also to Leinonen Group's operations. In autumn 2013 I was travelling to Baltic countries and used the opportunity to visit Leinonen Group's offices in Finland, Estonia, Latvia and Lithuania. Additionally conversations with the founder of the company Petteri Leinonen gave me valuable information and deeper knowledge of the company's operations.

Leinonen Group is a Finnish owned accounting and advisory company. They help customers to enter new business environments. The company focuses on reliability, safety and convenience to support their customers' business development. One of their slogans is "20 years of reliable accounting in challenging international conditions". The company's vision is: "Major operator in Europe, with a special area of expertise in Eastern Europe and challenging business environments." The company mission is "Offer high-quality accounting and financial management services, so that customers can focus on their core business". (Leinonen, 2014)

Leinonen Group operates in 11 different countries, and accounting, administration, payroll management and administration services are offered in 13 offices. Furthermore auditing is offered by Leinonen Audit, financial auditing company, which also belongs to group and operates in Riga, Latvia. The offices of Leinonen Group are situated in Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Poland, Bulgaria, Hungary, Ukraine and Russia. In Russia Leinonen Group has offices in St. Petersburg and Moscow, and in Lithuania there are offices in Vilnius and Kaunas. Overall Leinonen Group's operating area covers Scandinavia, the Baltic States, Russia and Ukraine, and Central Europe, and it has experience from customers launching business and operating effectively in multiple countries. (Leinonen, 2014)



Figure 1. Leinonen group office network (Leinonen, 2014)

Clientele consists mainly of branches of large international corporations, which parent companies are listed on stock exchange, and other Western origin companies starting their business in Leinonen Groups' service region. It has on average 900 clients all together. (Leinonen, 2014)

Leinonen Group employs over 160 employees and has revenue of 6 million Euros. Leinonen Group's main values are ethics, reliability, customer orientation, progressiveness and safety. Their aim is to continue growth and to enlarge service range and office network.

Leinonen Group had brand strategy 2013 project, which produced brand manual for the internal use of the company. The company's website has been renewed also during the year 2013.

1.6.2 Leinonen Lithuania, example of Leinonen Group office

Leinonen Lithuania is the fifth office of Leinonen Group. The official company name is Leinonen UAB. Leinonen Lithuania is very well operating and at the time the best

organised subsidiary of Leinonen Group. Since establishing Leinonen Lithuania has grown and matured well. Company has two offices in the country, the first one was established to the capital city Vilnius on 1996, and the second was established to the second largest city Kaunas on 2011. One of the advantages having an office in smaller city is having lower expenses. Leinonen Lithuania has personnel altogether 50 employees, most of them working in the Vilna office and rest of them in the Kaunas office. Today Leinonen Lithuania is the market leader in the market.

1.6.3 Leinonen Hungary

1.6.3.1 Hungarian context

Hungary shares similarities with other Eastern-European countries, but of course has special features that distinct it from others. Former Soviet Union countries left quickly the socialism behind after Soviet Union broke down in 1989. Hungary started its independency with free multiparty elections, and new government started to move country toward market economics. The major change was that the public property was privatised, and the following years' economic situation weakened, inflation went off, unemployment got worse, and social differences increased. Afterwards Hungary's economy has recovered gradually with the help of foreign investments. Hungary has moved closer to West-European countries by joining NATO in 1998, and EU in 2004. During the last years the political environment has got more intense as EU critical conservatives are the majority of the country's parliament. (Järvinen & Lindstedt 2011, 144)

Hungary has a good location in the heart of Europe and many aspects attract to do business there. Last years have been turbulent in Europe, and also Hungary is going through major transformations, which by situation's unpredictability might restrain companies' will to invest there. Regardless of present situation, Hungary provides many possibilities and fundamentals that favour it: central location, trained people, relatively low price level and good infrastructure. (Leinonen, 2014)

1.6.3.2 Leinonen Hungary business idea

Leinonen Hungary was founded in autumn 2011. This expanded Leinonen Group's network of offices and enabled to serve better existing and new customers.

When Leinonen Hungary was established the business situation in Hungary was quite stable. In the next years the country faced deep political and economic crisis. More companies were exiting from the market than entering. Leinonen Hungary needed to find a new marketing strategy instead of focusing on novel companies.

After the change of country manager, Leinonen Hungary started to systematically market and it has worked as Leinonen Hungary approaches break-even point. They have created more connections by participating in business events and gatherings coordinated by chambers of commerce or embassies. New contacts are added in the office's own marketing database, and contacts marked there receive regularly newsletter from Leinonen Hungary. They also check from the company register if there are any new companies starting business in Hungary, which are supported with foreign capital, and offer their services to them. Furthermore Leinonen Hungary has found out if there are potential companies already working and then contacted them. Any company interested in Leinonen Group or Leinonen Hungary has probably found Leinonen Group's renewed websites, and it has doubtlessly had a positive effect also. (Leinonen, 2014)

Leinonen Group offers Western standard services and local knowledge for Western companies operating in Eastern Europe. Service range includes high quality accounting, administration, payroll management, advisory and auditing services. The variety of offered services depends on local Leinonen office and if some services are not available, then the local management can recommend dependable cooperation partner e.g. for auditing. (Leinonen, 2014)

Leinonen Group has international know-how and expertise in their field of business. Company has offered *20 years of reliable accounting in challenging international conditions*, and now this knowledge is offered in Hungary too. Leinonen Hungary can offer service in English, Hungarian, Finnish and Russian languages. (Leinonen, 2014)

Leinonen Hungary has moderately small organization and this enables smooth operations. The country manager András Juránui and two accountants work at the office. In the past summer 2014 they had also a summer trainee from a Finnish university of applied sciences, and they were very pleased with her work. The trainee was capable to do Hungarian accounting. Employees use Iroda++ accounting programme, and Baber salary calculation programme. CRM information is saved in

Microsoft Excel document. The office is located in central Budapest. Accountants have their own work stations and there is a possibility to rent a conference room from the same building, if negotiations and customer meetings need larger space.

2 NEW CUSTOMER ACQUISITION

New customer acquisition is a significant part of company's operations. Without customers the company could not exist. Many things affect customer relationship and thus it is not static. Customer relationship goes through customer life cycle and in the end of it, the customer leaves. New customers are needed to replace the left ones, and also to boost sales, if the company intends to grow. Other possibility for the company seeking profits would be selling more for existing customer, or cutting costs.

Marketing targets and levels of customer commitment can be divided into three levels:

1) get customers 2) keep customers, and 3) grow customers. On the first stage the marketing objective is to make the customer choose company's offerings instead of competitors. On the second stage customers will be kept satisfied with company's offering to make them buy again. On the third stage the company bonds with customers and makes they feel committed. (Grönroos, 2010)

New customers are important, if company aims to expand business. Targeting and then closing a deal with one or two key customers can create positive movement. If the company finds top-tier customers, they will show the way to other similar size and profile companies (Reece 2010, 192)

2.1 Relationship

At first it is good to think the aspects of relationship and when it exist. Generally the relationships are established between two or more parties that make business which each other. Sometimes marketers are too eager to see relationship too early and the potential customers receive tailor-made direct mail, membership of loyalty club or other things that were not asked for. Even though marketer thinks that customer service is on a high level, the customer might only pay attention to slow and uninterested service personnel, e-mails that are answered late if at all, and poor complaint handling. This is why all or the most of the important customer interactions and contacts must be handled well. It is notable that both parties must agree that

relationship exists, before any relationship marketing methods can be used successfully. The company can use interaction and communication processes that make communication easier, but only customer can decide if the relationship has developed or not. (Grönroos 2007, 35-36)

2.2 Business-to-business customer relationships

A company's customer relationships are usually either with other companies or with consumers. When company's customers are other companies or organisations, they are in business-to-business relationship, shortly B2B or b-to-b relationship. If company is focused on consumers, the relationship is shortly B2C or b-to-c relationship.

Business-to-business relationship is naturally different from business to consumer relationship. Companies having consumers as their main customer group are not dependent on one or few customers. They usually survive, if some customers decide to continue with a competitor. In case of company operating in b-to-b market, losing even one major customer can be devastating for the company. (Gordon 2013, 142)

Creating and supporting customer relationships is one of the most significant factors of profitability in business-to-business services. B2B customer relationships are typically long. Attracting new customers is important, but so is taking care of existing customer relationships. (Ojasalo & Ojasalo 2010, 121)

Properly chosen and well managed long-term customer relationship is profitable for company and its customer. If the relationship is described simply, then the basic benefits are positive cash flow for the selling company and services and products for the customer company. The most significant advantages for supplier company are increase of cost-efficiency, growing sales, smaller expenses, free word of mouth marketing and customer sharing references, customer getting less price sensitive, learning and getting new competences, and reduced employee turnover. Furthermore advantages are operational security, predictability, continuity, new opportunities for business, and social relationships. The customer company is mainly enjoying these same potential advantages. (Ojasalo & Ojasalo 2010, 126, 133)

Reece warns about putting too many eggs in one customer basket. This could lead into situation, where losing customer that contributes the majority of sales, is devastating for the whole company. (Reece 2010, 192)

2.2.1 Customer relationship's phases of development

According to Ojasalo & Ojasalo business-to-business customer relationship can have five different phases, which are connected to level of commitment: 1) Experimental phase, 2) basic phase, 3) cooperation phase, 4) mutual dependency phase, 5) integrated phase, and 6) dissolving relationship. The customer relationship does not necessarily go through all the phases before it is dissolved, on the contrary only few relationships reach the integrated level, and it is possible that level of commitment will return to lower level. (Ojasalo & Ojasalo 2010, 138-139):

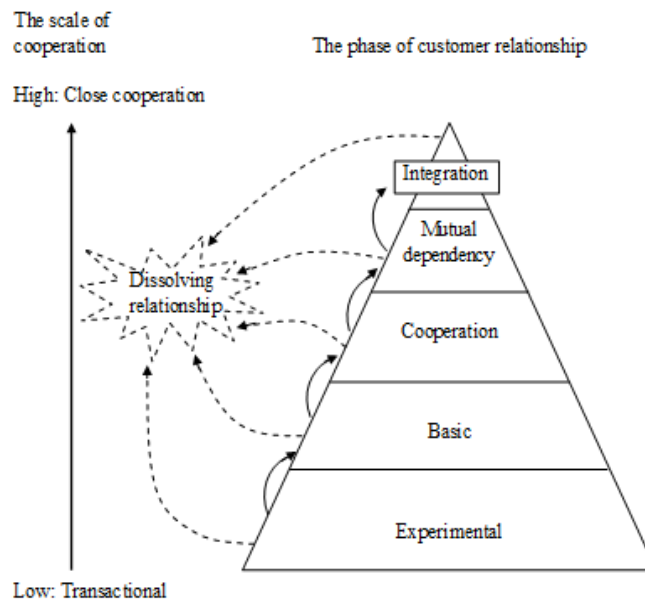


Figure 2. Phases of b-to-b customer relationship (Adapted Ojasalo & Ojasalo 2010, 139)

Figure 2 shows all the phases of the business-to-business customer relationship in the scale of cooperation. First stage is experimental phase and on that level both company and potential customer get to know each other. The second stage is basic phase and then the relationship has past the first tests from both sides. The third stage is the cooperation phase in which the companies are working together for mutual interest.

The fourth stage is a mutual dependency phase and it begins when the deeper level has been reached. The fifth stage is integrated phase, where exists the highest level of cooperation and it is not often reached. The last phase is dissolving the relationship, which can happen on any phase of relationship. (Ojasalo & Ojasalo 2010, 138-139)

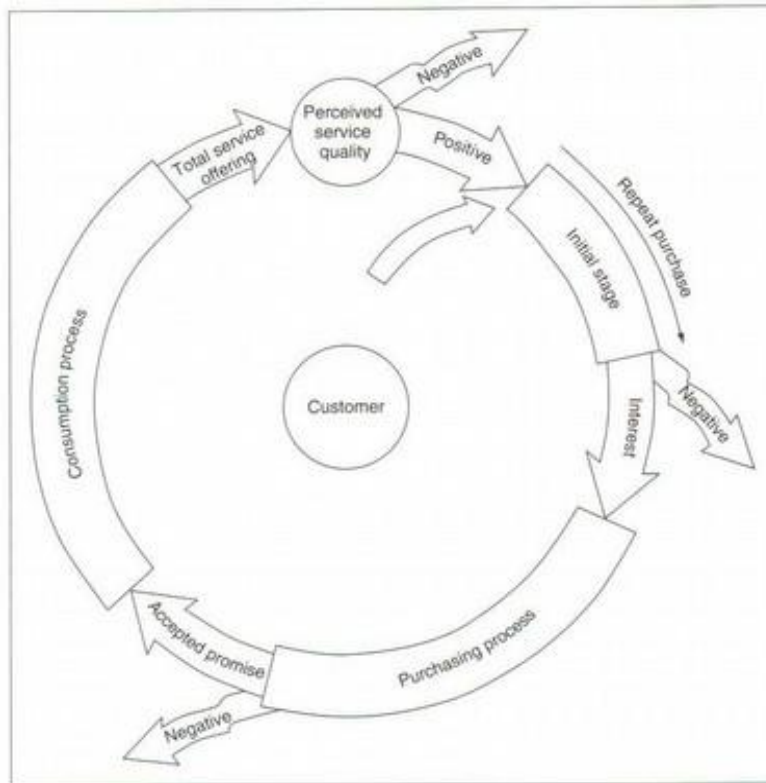


Figure 3. Customer relationship lifecycle model (Grönroos 1983, 70)

Grönroos describes customer relationship as a life cycle, which has three basic phases: 1) the initial phase, 2) the purchase phase and 3) the consumption or usage phase (Figure 3). In the first phase the customer is usually unaware of the company and its offerings. If the potential customer notices a need, which this company could offer a solution for, the situation moves on to the second phase. When the customer is in the purchase phase, he is evaluating company's services in relation what he needs and how much money he is willing to spend. The customer may decide to leave during or after any phase. The company has a possibility to affect situation, if it is aware of the customer position on the relationship lifecycle, and if it is aware of the resources and activities that are effective in different phases of the lifecycle from marketing point of view. (Grönroos 2007, 269-270)

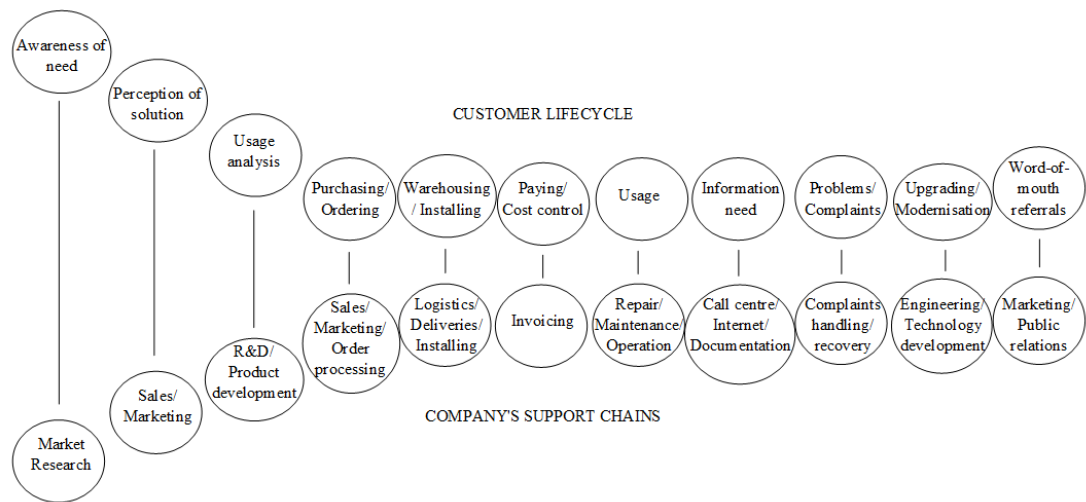


Figure 4. The customer lifecycle and supplier support chains. (Adapted Grönroos 2007, 439)

Grönroos has later introduced another lifecycle figure, which shows how different phases of relationship are related to company's supporting operations (Figure 4).

2.2.2 Sales process in new customer acquisition

This theory part helps to understand the process of finding, connecting and taking care of a customer in practice. Prospect is used as a synonym for potential buyers in other words potential customers. Many sources of information help to find prospects for the company's services and products. Company lists of the same field of business, phone directories, sales people and other employees from own company, existing customers, own suppliers, other professional or social contacts, chambers of commerce, business associations, seminars and trade fairs, internet and magazines.

In business-to-business branch, company's decision makers usually emphasise rational-economic and strategic considerations, but it is likely that emotions and less rational issues at work are also affecting purchase situation. Gordon has generalised and divided the reasons of purchase decision making in business-to-business companies into seven categories: 1) Strategic engagement 2) Operational alignment: 3) Quality 4) End-customer satisfaction 5) Cost management 6) Support 7) Easy, pleasing, professional and caring. (Gordon 2013, 149)

Ojasalo & Ojasalo (2010, 54) have generalised the sales process into seven phases. On the first phase company is looking for suitable targets. Organisation or representative can be accepted as prospect, if they have 1) need to buy, 2) competence to buy, 3) power of decision, and 4) other suitable attributes, and they are seen worth doing business with. Finding the right prospect is often hard and critical phase of sales process, as many contacts are turned down.

All possible prospects are not as good, and for the company's best, it is important to be able to choose those prospects that are most likely to purchase. Estimation and prioritisation are easier, if following questions are answered: 1) How likely it is that prospect will purchase? 2) Does prospect need our products or services? 3) Are the decision makers informed enough about their need for our services and products? 4) Is the deal profitable? 5) Which prospects are ready to purchase sooner, which later? 6) Which prospects acquire more sales effort, which ones would purchase with less effort? 7) Is there a chance for additional sales in future? 8) Is the possible customer good reference for us? 9) If the sales are done, can we learn something useful? These questions can be answered with knowledge of background information. Therefore a sales representative must find out about prospect's business processes, operations, products and services, customers, competitors, future demand situation, current suppliers that are at the moment competitors, economic situation, and trustworthiness. (Ojasalo & Ojasalo 2010, 55)

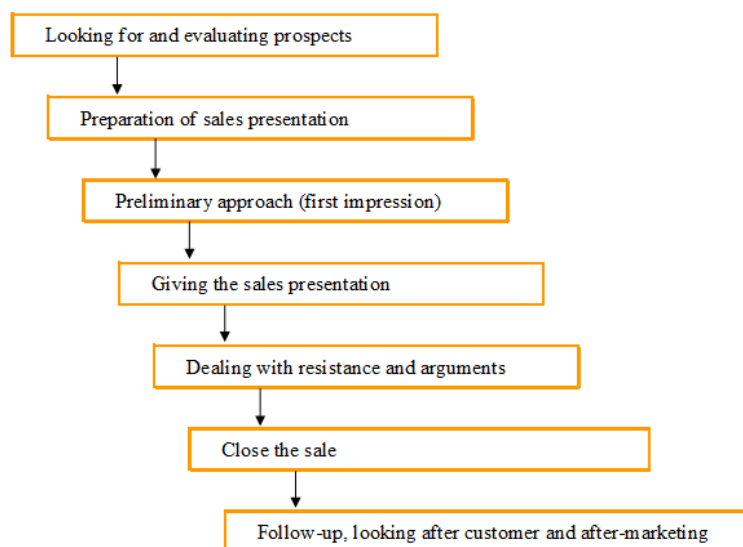


Figure 5. General phases of b-to-b sales process. (Adapted Ojasalo & Ojasalo 2010, 54)

Generally the sales process is built from different phases that are seen in Figure 5. The first phase *Looking for and evaluating prospects* is the major line in this thesis, but I will itemise all the following phases to provide information of the whole picture. After the first phase prospects are found, the next phase preparation of sales presentation can begin. The third phase is preliminary approach, during which the first impression is given to the potential customer. The fourth phase is giving the sales presentation. The fifth phase is dealing with resistance and arguments. The sixth phase is closing the sales. And the last important phase is follow-up, looking after customer and after-marketing. (Ojasalo & Ojasalo 2010, 54)

2.3 Customer relationship management (CRM)

Customer relationship management has an important role, when companies want to develop their relationship with customers, or understand them better. The term CRM can be understood in various ways. Originally CRM has been a comprehensive and strategic approach to managing customer relationships. Nowadays it is sometimes understood referring to so called CRM system, a teleinformatic software containing customer database, which helps to manage customer relationships. (Ojasalo & Ojasalo 2010, 122)

CRM systems and customer databases are tools for managing customer relationships, and it contains customer information files. A good database is well composed, easy to update, and simple to use and read. If company has a customer database, it can give better customer service also in the situation where normally one employee is in charge of particular customer, and suddenly an occasion appears where other persons need to interact with the customer. In addition company can use the data base for planning additional sales, new product offerings, and some marketing activities like segmenting the customer base, profiling a customer type, tailoring marketing activities, supporting service activities and recognising likely purchasers. (Grönroos 2007, 34)

2.4 Segmentation

Customers and market should be known well in order to establish functional customer strategy and segmenting model. To gain customer knowledge requires information, but also skills to utilize it. Segmentation can be described as company's learning process where its customer and marketing knowledge are combined together.

Segmenting process is demanding and takes time and resources, thus companies do not often carry it out thoroughly. The company's key persons have usually the best customer knowledge and they are in important position when segmentation is done. In the segmentation process different aspects are connected and surveyed at the same time, for example customer profitability with customer loyalty, or lifespan of customership and matters that customer value. (Ala-Mutka & Talvela 2004, 54-55)

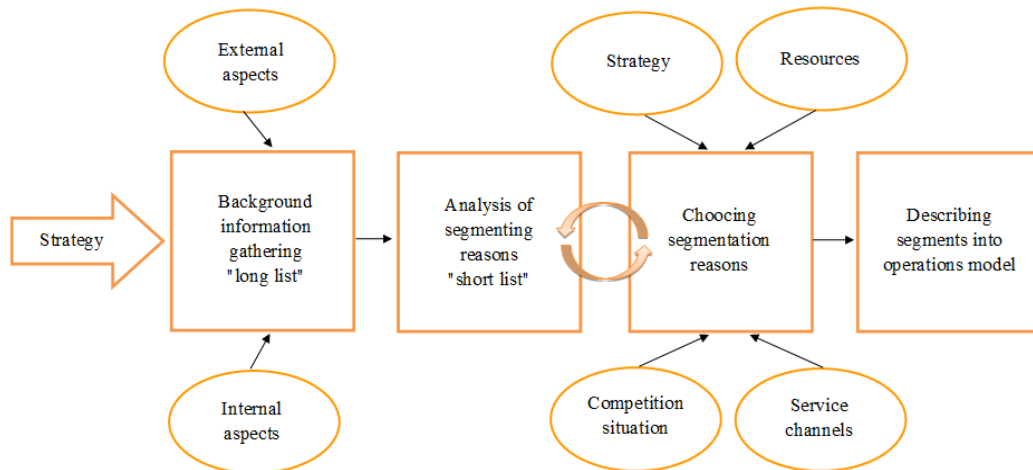


Figure 6. Segmentation process (Ala-Mutka & Talvela 2004, 55)

Customer segmentation aims to clarify where company should target its resources. With segmentation it is easier to do. The customers can be divided into groups for example by their size, location, field of business, technology they are using, purchase behaviour, or the share of customer. The company's offering can be targeted differently to each customer group. (Nieminen & Tomperi 2008, 77)

Yli-Hongisto defines segmentation as a tool to find customer groups having more in common than dissimilar. Segmenting helps to find good variables, which helps to predict differences in customers' needs, preferences, attitude toward marketing and consumption behaviour. After successful segmentation the company can treat different customer groups separately and more efficiently. Also aiming the company's marketing and resources on right customers becomes easier. (Yli-Hongisto 2003)

The benefit of segmentation is an overall picture of markets clearing. This helps to understand market position of the company's own offerings. Target customers are thus easier to identify, and less attractive customers can be left aside. As segmentation is

taking company's resources, it is important that seller would make the most of it after it is done. (Nieminen & Tomperi 2008, 80)

Customer acquisition may become more efficient due to suitable segmenting method helping to differentiate customers requiring more expensive marketing from customers that can be reached with lower costs. Thereafter company can focus first on the easily reachable customers. At the same time company can think if their offering and communications should be targeted to the more effort needing but also more profitable customer group or on the contrary let that segment go. If a certain segment is low profitable, company can still try to save it by applying their supply to meet the segment's needs, and thus increase profitability. (Yli-Hongisto 2003)

Some quantitative values are important to acknowledge and it should be possible for the company to segment customers also by these numbers: sales volume, turnover, marginal profit, employees, and number of offices. (Ala-Mutka & Talvela 2004, 57, 70-71)

Prioritising customers by value is a simple but powerful way to improve profitability. Figure 7 shows how customers can be divided into four categories defined by revenue and profitability.

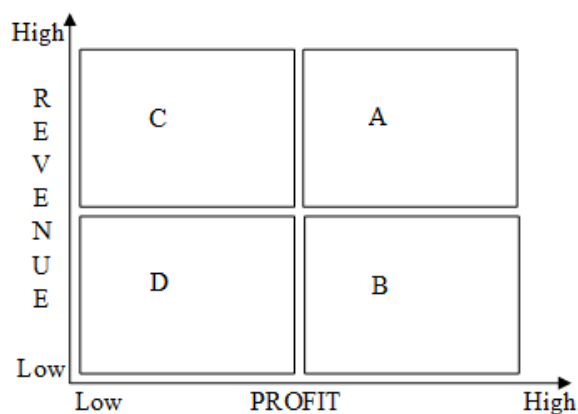


Figure 7. Prioritising customers by value. (Adapted Reece 2010, 49)

These steps need to be taken to notice useful information. The first step is to segment customers by revenue and profit into to A, B, C, and D segments. The second step is to define other characteristics that are similar in each segment. The third step is to

define how customer service is different in each customer segment. The fourth step is to define how marketing programs differ in each segment. The segment A represents best customers, the ones whose revenue and profit potential is already maximised, thus it is excellent model of target market profile. If company feels that there are still considerable products and services to sell customers in segment A, then that customer group might belong to segment B. The customers in B, C and D segments are now evaluated, and plans are made how to migrate them to the next upper segment. Some of the customers in segment D are possibly rather unprofitable and if they are disposed, the company's resources can be used for more profitable customers. (Reece 2010, 46-49)

3 IN PRACTICE

3.1 Analyses of the present situation

In 2014 Leinonen Hungary has gained more customers and its result is good. This is a great achievement considering Hungary's economic and political situation. Also the lack of suitable employees has slowed down Leinonen Hungary's growth. Especially service centres are competing about work force. These centres are established by large international companies to serve their operations internationally, and employ hundreds of workers. Since Leinonen Hungary is a fairly new company on the market and not well known yet it can not compete with its reputation. To become more known would be important for the business. As company matures its good reputation spreads with customers.

Leinonen Hungary has worked a lot to make the company known and easy to find. Actually they are one of the most successfully organised Leinonen Group offices. They have a modern home page, which is connected to Leinonen Group's home page. The home page's accounting site was the third search result on the first result page in Google with search words "New company in Hungary needs accounting" on 28.11.2014 and there was approximately 17 200 000 results for the search. At the same time the search of "Starting business in Hungary" gave approximately 55 800 000 results, but Leinonen Hungary was not mentioned until the tenth result page. The company has some marketing material such as brochures, which are designed in the same style as Leinonen Groups's marketing material. Leinonen Hungary sends via

e-mail newsletters to customers and cooperation partners (Appendix 1) and at the moment coverage is 280 contacts. The company is a member of both Finnish and Swedish chambers of commerce and considers if applying to some other chambers of commerce would be justified. The country manager has taken part in various events and given presentations about Leinonen Hungary and some current issues such as taxation changes in Hungary. After these events the participants are also offered vouchers for free hour of consultation.

For getting information of potential clients the country manager is actively networking and following register of established companies. At the moment Leinonen Hungary has a wide range of international customers. Customer companies are from Finland, Hungary, Estonia, United Kingdom, Spain, Switzerland, Slovenia, Poland, Israel and Kuwait. Customers' field of business is also as variable as their countries.

The country manager is in charge of all managing and leading, marketing, sales and human resources in the company. He gets support from Leinonen Group's headquarter, which consists of the group managing director, development manager, marketing manager, service manager, group controller and group assistant controller. Leinonen Group arranges twice a year meeting for country managers. The place of event is changing and offices take turns in arranging it. The country manager meeting offers learning best practises from peer group, changing main discussion theme from the headquarters, support and social activities.

The competition situation on the market is already estimated by Leinonen Hungary. At the moment Leinonen Hungary is a quite small company in the Hungarian market. It is relatively unknown and forced to compete with price. Local competing offices are offering low price services, but for international companies their service level and accuracy of work is not always enough. The larger competitors offer good quality services, but their services are not as flexible as Leinonen Hungary can offer.

3.2 Customer division

Leinonen Hungary's target group consists of international companies, who can be divided into groups by Leinonen Hungary's monthly invoicing. Middle size companies are customers invoiced from 500 till 1500 euro per month and large size companies are invoiced over 1500 euro per month. These companies are entering

Hungarian markets and need business administration, accounting, payroll management, advisory or auditing services.

Below information about Leinonen Hungary's customer base is presented. Reports that were used for analyses are Leinonen Hungary's customer report and 43 week reports from the year 2014. The examination period was from week 1 to week 48 in 2014. Customers were given anonymous names X1-X24, and they were segmented to A, B, and C groups by the size of sales. Customer in A group is invoiced over 1500e per month, B group customer between 500e and 1500e per month, and C group customer is a small customer invoiced under 500e per month. The groups are also marked with different background colours to make tables easier to read. The tables are showing how the customers' size and number of arrival are connected with references in week reports and number of sales actions during weeks 1-48 in the year 2014.

Table 1. Customer segmentation by significance of customer.

Customer	Size	Arrival no.	Referred	Sales
X20	A	7	52	8
X16	B	14	41	7
X15	B	8	17	8
X24	B	3	10	8
X21	B	18	8	4
X2	B	22	3	0
X17	C	13	15	7
X14	C	21	12	2
X19	C	20	11	2
X18	C	19	10	3
X11	C	10	9	8
X8	C	2	9	6
X3	C	16	9	6
X13	C	6	7	8
X6	C	15	6	6
X7	C	17	5	5
X10	C	11	4	8
X4	C	1	3	8
X5	C	12	3	2
X23	C	5	2	8
X1	C	4	1	8
X9	C	9	1	8
X22	C	23	1	0
X12	C	24	1	0
Total			240	130

In table 1 Leinonen Hungary's 24 customers are segmented to A, B and C groups, then ordered by number of refers and number of sales actions. Leinonen Hungary has only one customer in segment A, five customers in segment B, and 18 customers in segment C. In total customers got 240 refers in 43 week reports, this means that on average 5,6 customers were referred in one report. The customer X20 in group A was the most mentioned in the week reports, having in total 52 refers, and on average 1,2 refers per report. The group B had 79 refers in total, on average a company from group B was mentioned 1,8 times in one report. If the refers are divided by the number of customers in group B, the average refer number per customer is 15,8 during the examination time. The most mentioned customer in group B was X16 with 41 refers, which is much more than the average of the group. Three companies from group B were referred only from 3 to 10 times, which is lower than average. The group C is the largest by number of customers, and the number of refers in total is 109. On average a customer from group C was mentioned 6 times during the examination period, and one report mentioned 2,5 customer from group C on average.

Table 2. Customers segmented by the order of arrival.

Customer	Size	Arrival no.	Referred	Sales
X4	C	1	3	8
X8	C	2	9	6
X24	B	3	10	8
X1	C	4	1	8
X23	C	5	2	8
X13	C	6	7	8
X20	A	7	52	8
X15	B	8	17	8
X9	C	9	1	8
X11	C	10	9	8
X10	C	11	4	8
X5	C	12	3	2
X17	C	13	15	7
X16	B	14	41	7
X6	C	15	6	6
X3	C	16	9	6
X7	C	17	5	5
X21	B	18	8	4
X18	C	19	10	3
X19	C	20	11	2
X14	C	21	12	2
X2	B	22	3	0
X22	C	23	1	0
X12	C	24	1	0

On table 2 customers are sorted by the order of arriving to Leinonen Hungary's clientele. The customers from A, B, and C groups have joined evenly the clientele during time. The column Sales refers to reported number of sales reports, and it is logical considering the arriving order of customers.

As it can be seen from tables 1 and 2, the majority of customers are in the group C, and Leinonen Hungary should observe them regularly if there would be chance for increasing sales for them.

Tables 1 and 2 are not revealing enough information to make thorough analysis, and therefore I ended up with planning table 10, which combines many aspects and notices from company's week reports.

3.3 Analyses of week reports

The purpose of analysing week reports is to find connections between customer management and customer profitability. The week reports should give explanation how leads and customers are found, contacted, and taken care of during the year 2014.

Planning and fulfilling the table of customer relationship related actions, was a slow process, because I wanted to be accurate and avoid making mistakes, furthermore the table continued developing during rereading reports. Company's week reports are used in Leinonen Groups' internal reporting to group manager. Thus they are telling only the most significant and relevant information from the managerial perspective, not reporting the exact data needed for filling up customer relationship analysis table. Therefore a perfect table reporting all customer related actions from the year 2014 could not be executed in this thesis. Instead I had the information needed for planning a table that company could use to follow up their customer related issues.

Analysing week reports for gathering information to table, was challenging because I had to decide which actions and connections were important and could be followed through the whole period. During the process of table creation and marking the information there, I noticed a couple of times that something important could have been followed also, and consequently I had to adapt the table and start checking reports again from the beginning.

In the first version of table, I divided horizontally different actions under two main headlines: Direct sales actions, and indirect sales actions. Beneath the direct sales actions were separated into:

- Lead/potential customer (ABC)
- Where
- Connection
- Definition
- Offer
- New customer (ABC)
- Definition
- Where from
- Customer meeting/connection
- Bad credit customer
- Definition
- Sales decrease
- Sales increase

Beneath the indirect sales actions were:

- Event marketing
- Chamber of commerce meeting
- Finpro
- Sales promotion (business gifts etc.)
- Newsletter to customers
- Social media
- Adds/ Magazines.

The timeline is presented vertically, it is progressing in weeks, and current week is marked in the beginning of each row.

Table 3. The first version of week report analysing table. Direct and indirect sales actions from week 1 to week 4.

WEEK	DIRECT SALES ACTIONS										INDIRECT SALES ACTIONS				
	FOUND LEAD	WHERE	CONNECTIONS TO LEAD	definition	OFFER SEND	NEW CUSTOMER CONTRACT	definition	WHERE FROM	CUSTOMER MEETING/ Connection	BAD CREDIT CUST.	definition	SALES DECREASE for customer	SALES INCREASE for customer	EVENT MARKETING	Chamber of commerce meeting
1			1	X16(B)					1	X20(A)	1	6	Organising event & Presentation of Leinonen HU& taxation changes for Finnish Chamber of Commerce 12.2.2014.	1	
2			1	X16(B)		1	X5(C)	Finnish Chamber of Commerce	1	1	X20(A)				
3	2	X17, Swedish Chamber of commerce; X, Moscow law firm	3	X16(B)	3				1	1	X20(A)		Presentation of Leinonen HU& Taxation changes for Swedish Chamber of Commerce 27.2.2014 AND Presentation of Leinonen HU&Hungarian markets for Tampereen Tradenomiopiskelijat RY/ Finpro	1	1
4	1	From Leinonen Bulgaria	4		1	1	X(rus)		1	2	X20(A)			1	

All the noteworthy matters for the company were attempted to include into the table 3, and the appearance of outcome became unsatisfactory. During the process, I noticed that things could be organised slightly differently, and I started to plan changes in the table. The first version of the table was made with Microsoft office word document, to ensure that it would fit in to normal page and could be printed out easily. Thereafter I noticed how difficult adapting existing table was, and decided to move it on to Microsoft office excel sheet, to enable easier working.

In the next version there was added Connection totals headline, under which columns for Positive customer connections, Negative customer connections and Lead connections, were added. This was meant to demonstrate concretely how many contacts were made a week.

DIRECT SALES ACTIONS										INDIRECT SALES ACTIONS					CONNECTION TOTALS				
WEEK	FOUND LEADS	WHERE	CONNECTIONS TO LEAD	Lead definition	OFFERS SEND	CONTRACT WITH NEW CUSTOMER	New customer definition	WHERE	CONNECTIONS TO CUSTOMER	TYPE OF CONNECTION	SALES INCREASE	SALES DECREASE	SALES INCREASE	EVENT MARKETING / NETWORKING	Chamber of commerce meeting	FinPro	POSITIVE CUSTOMER CONNECTIONS	NEGATIVE CUSTOMER CONNECTIONS	LEAD CONNECTIONS
1			1	B16	1						1	A20	1	6	Organising event	1		1	1
2			1	B16		1	C5	Finnish Cha	2	P,L	1	A20					1	1	
3	2	C17, Swedish	3	B16, C17, X3	3				1	P	1	A20		Presentation of L	1		1	1	
4	1	From Leino	4		1	X3			1		1	A20			1		1	2	
6	1	Own working	1	X4		2	B16, C17		2	M,M	1	A20		1) 31 Participants to Presentation of Leinonen HUB/Hungarian markets				1	
7			2	X4, X5					1	U	1	A20		Team Finland event at Embassy of Finland, 30 participants, and Emba				2	
8			1	X5					2	L,M	1	A20	2	Going to watch football game Hun-Fin 5.3. Embassy organises the traf				1	
9	1	Swedish Cha	1	X5	1				1	U				1) Event at Swedish Chamber of commerce, 50 participants, good refer				1	
10	2	1) B21, Netw	2	B21, C6	1				1	U	1	A20		1) Inviting potential customer participants to event in Finland 14.2014 2)				2	
11	1	C12, Finnish	3	X5, C12, C6	1				1	U									3
12						2	C6, C3	1) Own worki	2	M,M									0
13									2	P,U				Article to Finnagora's magazine, and Add also				0	

Figure 8. The second version of the week report analysing main table.

Later I noticed that another table would be needed, to save and see more detailed information about each customer, lead or other contact. On the additional table (Figure 9) each customer has three columns, were the type of connection, positive points and negative notices are marked with abbreviations. The abbreviations used were marked and explained in the same excel sheet above the table.

V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	
3					BC= Bad credit customer, promises to pay, but it takes time, X Invoices Waiting												OL=Opportunity for Leinonen																		
4					CS= Complicated situation, The finnish management would want Leinonen, but Hungarians prefer local												W= Waiting the answer for offer that was made																		
5					ML= Materials needed are late, and this make extra work for Leinonen												CN= Contract negotiations																		
6					DW= more Demanging Work than usually												CW= Contract Written																		
7					P=speakii M= Meeting (at the C= Communication with customer												CG= Customer company Growing																		
8					A20 +	-	B15 +	-	B16 +	-	B24 +	-	B21 +	-	B2 +	-	C10 +	-	C17 +	-	C11 +	-	C12 +	-	C7 +	-									
9		Week																																	
10		1			ASC	BC, 2 IW		ASC				ASC																							
11		2	P		BC, 3 IW				W		CS																								
12		3			BC, 2 IW				O,W		CS										O	OF													
13		4			BC, 2 IW				W												CN														
14		5																																	
15		6	M		BC, 1 IW				CW		CS								M	OL, CG															
16		7			BC, 1 IW				M		OL																								
17		8			BC, 1 IW																				M		CG								
18		9						C																											
19		10			BC, 2 IW																														
20		11																																	
21		12	M																																
22		13	C		ML		P					DW																		CG					
23		14																																	

Figure 9. The first version of additional table.

After the both tables seemed to have developed on acceptable level, I continued fulfilling these two tables with the information from the week reports.

This legend table could be further organised to make it easier and faster to use. Furthermore the used abbreviations could be objected if they are describing enough the reality of company actions.

DIRECT SALES ACTIONS										INDIRECT SALES ACTIONS									
WEEK	WHERE	CONNECTIONS TO LEAD	Lead definition	OFFERS SEND	New customer CONTACT WITH NEW CUSTOMER	WHERE	CONNECTIONS TO LEAD	TYPE OF CONNECTION	BAD CREDIT CUST	definition	DECREASE	INCREASE	EVENT NETWORKING	Advertisement Magazine / Member of commerce meeting					
1			1 B16	1									Organizing event & Presentation of Leinonen HU& taxation changes for Finnish Chamber of Commerce 12.2.2014.	1					
2			1 B16		2 C5, X2	Finnish Cha	2 P, Lu						1) Presentation of Leinonen HU& taxation changes for Swedish Chamber of Commerce 27.2.2014 2) Presentation of Leinonen HU&Hungarian markets for Tampereen Tradenomiopiskelijat RY/ Finpro	1					
3	2) 1) C17, Swedish Chamber of commerce; 2) X3, Mos		3 B16, C17, X3	3			1 P							1					
4	1 From Leinonen Bulgaria		4	1	1 X3									1					
6	1 Own working		1 X4		2 B16, C17		2 M, M						1) 31F participants to Presentation of Leinonen HU&Hungarian markets for Tampereen Tradenomiopiskelijat RY/ Finpro 2) 20 participants, ANID, Ambassador of Finland, to organised Event & Presentation of Leinonen HU& taxation changes for Finnish Chamber of Commerce 12.2.2014	1					
7			2 X4, X5				1 U						Team Finland event at Embassy of Finland, 30 participants, and Ambassador, networking						
8			1 X5				2 Lu, M						Going to watch football game Hun-Fin 5.3 Embassy organises the transportation, Ambassador takes part also.						
9	1 Swedish Chamber of Commerce		1 X5				1 U						1) Event at Swedish Chamber of commerce, 50 participants, good reference, sitting on VIP table with hosts, networking 2) Future event at Helsinki, Leinonen Group? Giving presentation about Hungary business issues 14.2014	1					
10	2) 1) B21, Networking/ Football event 2) C6, Own work		2 B21, C6	1			1 U						1) Inviting potential customer participants to event in Finland 14.2014 2) The Football event 5.3.2014 networking, getting lead from consult entrepreneur -> cooperation						
11	1 C12, Finnish Chamber of Commerce		3 X5, C12, C6	1			1 U												
12					2 C6, C3	1) Own work	2 M, M												
13							2 P, U							Article to Fin					
14							3 L, L, U												
15	3) 1) X7, Swedish chamber of commerce 2) C7, networking/ our lawyer 3) X8, Intern			3			2 MU						Meeting of Fin.Ch. of Com., 12 participants that were already known. Planning Bus	1 Finnish Bus					
16					1 C7	Networking/	1 M												
17			1 X8				3 L, M, U												
18																			
19	1 C18, Lawyer partner												1) Planning/organising member of Business Poro event 22.5, our customer are in						
20			1 C18	1			3 M, U, U												
21			2 B21, C18										1) Poro Business Event 22.5.2014, 150 participants& Ambassador Fin., Leinonen &						
22													Planning Hungarian-Bulgarian Chamber of Commerce Event coming 11.6.2014, P						
23																			

Figure 10. The final version of the main table for commissioner.

The final version of the main table is seen in figure 20. As it is covering 48 weeks, it could not be connected as a whole. The actions from week reports are marked on there. And from the next table details about different customers, leads and other contacts can be checked.

The additional table gives more information about the customer (table 14). The abbreviations used in the table are listed as follows: AS= Additional Sales; ASC= Additional sales from consultation= the monthly invoice is bigger than normally, because of given consultation; BC= Bad credit customer, promises to pay, but it takes time, X Invoices Waiting; C= Communication with customer; CG = Customer Growing, there are signs that customer company might grow in the future; CN= Contract negotiations going on; CO= Cooperation offer; CS= Complicated situation, for example the Finnish management would want to choose Leinonen, but Hungarians prefer local competitor; CW= Contract Written; DI=Developing customers invoicing; DS= decreased sales= the amount of monthly invoicing was reduced; DW= more Demanding Work than usually; E= End of customer relationship, or end of negotiations (that stopped for external reasons); GR= Good Relationship, the cooperation is going well; L= sending Letter or email; Lu= Lunch meeting; M= Meeting (at the office); ML= Materials needed are late, and this make extra work for Leinonen; NM= Helped the customer get New Member; O= New offer made;

OL=Opportunity for Leinonen Group; OR= Offer request from potential customer; P= speaking on the Phone; PC= Potential Customer; SC= Satisfied customer; SE= Successful event with presentation of Leinonen; W= Waiting the answer for an offer that was made.

The abbreviation system could be developed further in cooperation with the company. These used abbreviations were suitable for analysing the occasions mentioned in week reports from the year 2014. If the company will use the table in the future, the abbreviations should be checked (table 11). Finding the most logical abbreviations is easiest in cooperation with company’s workers that would use this table. Moreover unnecessary components could be found and eliminated from table, and the most essential matters would be seen more clearly.

SUPPORTIVE TABLE FOR MORE ACCURATE DETAILS

B16 + -	B24 + -	B21 + -	B2 + -	C10 + -	C17 + -	C11 + -	C12 + -	C7 + -	C14 + -	C9 + -	C18 + -	C19 + -
W	ASC											
O,W	CS				O OF							
W	CS				CN							
CW	CS			M OL, CG	CW GR							
M	OL					M CG						
C		PC, C										
C	DW					CG						C, CW
	GR							O				M
								CW				
								C				
AS	BC, 1 IW											
C	AS BC, 2 IW										PC, O?	
C	BC, 1 IW											
		PC				ML						
		C, O?				ML						
		C, O accepted										
		C, CN										C
	BC, 2 IW											
	BC 2 IW											

Figure 11. The screenshot from the final version of additive table for commissioner.

3.4 Suggestion of action

In the tables there are regular refers to a bad credit customers (figures 10 and 11). These regular delays in payments from some customers, are affecting the cash balance of Leinonen Hungary. In the case that particular customer belongs to customer group A, situation would need managerial level meetings and close working with customer company to clarify. If the customer company continues to pay in delay, the extra work’s expenses and delay interest should be checked.

At the beginning my target was to make a table that helps to realise which customers are worth investing in, how big these customers' sales are, if there is growth potential, and if difficult customers are worth of the work they need considering sales. I also wanted to summarise marketing actions made, to see if they were efficient. With help of these tables (figures 10 and 11), the action plan was designed for the company.

On the following table the suggested actions to promote new customer acquisition are presented (table 4). The table gives special emphasis for every third week. It is presumed that on other weeks company will continue normal operations, which were observed previously (table 13 and table 14). On the weeks mentioned, the country manager should dedicate one day for searching and contacting customers. The aim is to contact five potential leads and arrange three customer meetings for some day on next week. Developing existing customer relationships is also included on the plan, to improve existing clientele's profitability. The action plan starts with evaluating and targeting new sales for existing customer in group C. Furthermore on the weeks 10, 19, and 29, the existing customers are under special observation. The main target is on new customers, into which company's actions concentrate on weeks 4, 7, 13, 16, 22, and 25. On week 29 the country manager evaluates pros and cons of executing action plan, and conclusions are presented to group management.

Table 4. Action plan's first version.

WEEK	TARGET GROUP	DATABASE/ CONNECTIO N	ACTION SUGGESTIO N	WHO
1	Existing customer	Group C	Additional sales	Country manager
4	New Customers	Finnish chamber of commerce	New leads, finding them	Country manager
7	New Customers	Other chambers of commerce	New leads, arrange meetings for week 12	Country manager
10	Existing customer	Group B and A	Additional sales	Country manager
13	New Customers	Swedish chamber of commerce	New leads, finding them	Country manager
16	New Customers	Leinonen Poland	New leads, arrange meetings	Country manager
19	Existing customer	Finnish & Nordic	Additional sales	Country Manager
22	New Customers	Leinonen Estonia, Latvia	New leads, finding them	Country manager

		and Lithuania		
25	New Customers	Leinonen Russia	Contact the old leads, arrange meetings for next week	Country manager
28	Existing customer	European and Asian origin	Additional sales	Country manager
29	Evaluation	Week reports and customer files	Going through the results	CM & Group people

To promote company's coverage Leinonen Hungary could cooperate with group's marketing manager. They could think together how to improve home pages and what kind of new content would help search engines to find them better. The newsletter reaches at the moment 280 contacts, and naturally the aim is to raise the number as the company's name grows in Hungary. The newsletter could be sent monthly or once in two months, if interesting content could be found and produced about current issues, which are also connected to Leinonen Hungary's knowledge. Also other supportive indirect sales actions could be performed more often. In case of event marketing there could be planned in advance several options for presentation topic, which would be combined with company presentation. The event organiser or potential customer group could be offered possibility to select from few topics the one that is most interesting for them.

Regular target-oriented operations are the key for successful customer management. Leinonen Hungary could put this action plan in practice and hence improve the regularity of customer acquisition related actions.

3.5 The company's comments

The commissioner looked at the final version of table 13, which contains information about company's week reports, and gave opinions and some comments. For making the Excel file clearer and easier to use, the main table and supportive table could be located on different sheets, and all the used abbreviations could be explained in the beginning. Positive side was that as they have not used any customer analysing system before, this is something new for them, and could be tapped.

The commissioner also had a look on the first version of the action plan (table 4). I suggested that group C customers should be observed if there would be potential for

growing sales. The commissioner answered that those small size customers must first grow their business, before they can utilise more services from Leinonen Hungary. Therefore the additional sales should be targeted to larger companies.

The action plan contained too few days for making customer contacts, and at the same time the planned days were overbooked. Contacting five and meeting three leads a day in a week, does not probably succeed, because preparing the meetings and re-examination afterwards takes time. This increases risk that details of too many meetings on the same day might get mixed. The controllable number of meetings during a day beside necessary daily work and office management is realistically two. Also the commissioner pointed out that the first weeks of month are always busy in the office, and report making is the uppermost priority.

3.6 Improved plan

Based on the commissioner's feedback the previous action plan (table 15) was improved. Table 5 demonstrates that there could be customer acquisition actions every week, with a changing topic. The company's country manager can choose the most convenient day of the week for concentrating on finding, evaluating and contacting customer leads. This plan helps to create a routine to customer management, but it can be modified more if the company's needs change.

Table 5. Action plan's second version.

WEEK	TARGET GROUP	ACTION SUGGESTION	WHERE FROM	WHO
1	Existing customers	Evaluating existing customer base	Group C	Country manager
2	New Customers	New leads, finding them. Contacting the members.	Finnish chamber of commerce	Country manager
3	New Customers	New leads, arrange meetings	Other chambers of commerce	Country manager
4	Existing customers	Evaluating existing customer base, arrange meetings with customers	Group B and A	Country manager
5	New Customers	New leads, finding them. Check the connections.	Swedish chamber of commerce	Country manager
6	New Customers	New leads, arrange meetings	Leinonen Poland	Country manager
7	Existing customers	Additional sales	Finnish & Nordic	Country manager

8	New Customers	New leads, finding them	Leinonen Estonia, Latvia and Lithuania	Country manager
9	New Customers	New leads, arrange meetings	Leinonen Russia	Country manager
10	Existing customers	Additional sales	European and Asian origin	Country manager
11	New Customers	New leads, finding them	Group C	Country manager
12	New Customers	New leads, arrange meetings	Finnish chamber of commerce	Country manager
13	Existing customers	Additional sales	Other chambers of commerce	Country manager
14	New Customers	New leads, finding them	Group B and A	Country manager
15	New Customers	New leads, arrange meetings	Swedish chamber of commerce	Country manager
16	Existing customers	Additional sales	Leinonen Poland	Country manager
17	New Customers	New leads, finding them	Finnish & Nordic	Country manager
18	New Customers	New leads, arrange meetings	Leinonen Estonia, Latvia and Lithuania	Country manager
19	Existing customers	Additional sales	Leinonen Russia	Country manager
20	New Customers	New leads, finding them	European and Asian origin	Country manager
21	New Customers	New leads, arrange meetings	Group C	Country manager
22	Existing customers	Additional sales	Finnish chamber of commerce	Country manager
23	New Customers	New leads, finding them	Other chambers of commerce	Country manager
24	New Customers	New leads, arrange meetings	Group B and A	Country manager
25	Existing customers	Additional sales	Swedish chamber of commerce	Country manager
26	New Customers	New leads, finding them	Leinonen Poland	Country manager
27	New Customers	New leads, arrange meetings	Finnish & Nordic	Country manager
28	Action plan	EVALUATION OF ACTION PLAN and modifying it for the end of the year 2015.	Reports	CM & Group people

Table 5 is filled in with examples, but it still needs to be improved before it is ready to be used. The action suggested column should include each week at least five contacts and two meetings with potential customers.

The results of weekly sales actions are reported automatically in country manager's week report, and there is no need to change this custom, therefore the weekly

evaluation or reporting is not mentioned in the table. After six months the outcome of action plan is evaluated by the country manager and group's management. If the conclusions are positive, this type of action plan could be reclaimed also in other offices of Leinonen Group.

4 CONCLUSIONS

4.1 Major results

The objective of this study was to help Leinonen Hungary to develop their new customer acquisition. During the thesis project the market situation in Hungary has developed in a way, that fewer international companies are entering the market. This is why company needs to target on the companies already operating in the market area.

Company is already using many methods to connect with potential customer. The existing customers are small, and the company should target on more profitable clients. Handling the bad credit customer could be developed, and in the future there could be created a system to confirm the reliability of potential customer.

The company has not systemically followed the development of each customer relationship with a help of self developed system or readymade CRM software. The company could familiarise itself more deeply with customer relationship management and weigh the possible pros and cons of investing time and resources in developing their customer relationship management.

Going through the week reports was interesting and it gave a good picture of country manager's main tasks during the week. Reports are showing that local country manager is a committed worker and has a positive and entrepreneurship attitude, and ability to networking.

If the table was fulfilled by country manager regularly, it would be more accurate. I hope that company finds this table useful, and possibly uses and develops it further in the future.

4.2 Managerial implications

Good connections to customers should be protected and handled well, to ensure positive word of mouth going around.

Based on the company reports, country manager is in charge of too many functions and Leinonen Hungary should consider hiring a sales manager who could concentrate on customer acquisition. Gaining more customers would help to increase the sales, but targeting to A and B group customers would raise the company's profitability more.

The possibility of purchasing or developing a CRM system could be objected. If company sees the customer analysing table as a potential tool for them, it could be developed further.

4.3 Further research and development ideas

1) The company could observe systematically and regularly the existing customer base to notice customers' potential, and to make the most of it.

2) The customer relationship management and key account management were not discussed deeply in this thesis, but they would be worth of studying more.

3) Network marketing could be studied more, and the possibilities that office network of Leinonen Group can offer.

4.4 Self evaluation

If I needed to write thesis again, it would be easier to manage. There have been many obstacles slowing this process, but mainly my personal choices have resulted to this situation, where this project was put on hold several times, and thesis project properly continued in reality not the autumn 2014. The time management is not my strongest side, and this has affected the length of project. At first it is difficult to understand the time and effort needed for this kind of work, and during working on it one realises that much more time would be needed, if the level of outcome is set high. Therefore the expectations for how extensive this thesis would become were decreased to realistic level. During the times when project was not proceeding, I should have contacted my

supervisor to get instructions and encouragement. Instead I felt that I should have first continued writing for some amount of pages, before I deserved more guidance, and this way of thinking was not right for me.

Writing this thesis has been a long project, and it was often hard to find time for it. My life has changed and family grown during studies and it has also slowed the process. I am relieved to finish this project at last, and I am very grateful for those people, who supported me through this. In the end writing was done in a hurry and not as thoroughly as I thought.

In writing the thesis I targeted to research issues that would be beneficial to company. The theory part written is connected to customer acquisition, but it is not as extensive as I hoped, due to the insufficient time management. For the empirical part I have interviewed, discussed and asked opinion from the group managing director multiple times. I did not record the interviews as planned; instead I took notes and later completed them. The company was very cooperative and gave me the material needed for the research. I got the week reports from the current year, and also other supportive company's internal documents.

In describing the thesis process I have targeted to be as accurate as I can, but it is possible to find human mistakes from this thesis.

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Appendix 1. The newsletter



Newsletter

Dear Business Partner

Leinonen Hungary would like to inform you regularly about some important practical issues in our field of business accounting and payroll in Hungary. We hope that you will find this information useful.

Electronic invoicing

The regulation of electronic invoicing is not as strict as before. If you use an invoicing software and you print the invoice directly to "pdf" format, it can be used as electronic invoice. You can also print it out, but the "pdf" file will remain the original invoice and all the printed copies will be only copies.

Tax deduction for Research and Development costs

Research and development performed by affiliated enterprises will be seen as tax base decreasing item. R&D costs must however be related to the income generating activity.

Receipts

Acknowledged entertainment expenses can be proved with cash payment receipts instead of only using designated invoices, for example receipts received when using a credit/debit card.

From now on receipts can also be issued electronically and it will be sufficient to use the date or the period of the service for bookkeeping instead of the issuing date.

Personal Income Tax changes

Private individuals can buy single entry and season tickets for sports events tax free starting from 2014. A limit of 50 000 HUF stands.

Social contribution tax:

The employer must pay social contribution tax, which is 27% of the gross wage, but if the employee is younger than 25 years or older than 55 years, than up to 100 000 gross wage per month the social contribution tax is only 14,5%. This possibility can be used for 2 years also for the new employees who are so called long-term job seekers.

Changes in the fulfilment date of continuous performance services:

The continuous services must be invoiced so that the fulfilment date is the date of the deadline of payment. This will change from beginning of July 2014, in case of continuous services the date of fulfilment will be the last day of the real performance. Exceptions are the telecommunication services and public services (gas suppliers, electricity suppliers, etc.) they will have to continue the invoicing system as earlier. For example the accounting service is a continuous service and the accounting offices had to issue their invoices so that the date of fulfilment was the deadline of payment, but from July the date of performance will be the last day of the invoiced accounting service period.

Currencies in Bookkeeping

Bookkeeping can be done in US Dollars. Until now the bookkeeping was only allowed in HUF or EUR. Also assets and liabilities in foreign currencies can be converted using the official exchange rate of the European Central Bank. Using the exchange rate of the Hungarian National bank is also an option.

Changes in self-revision due dates

It is now possible to make changes in the personal income revision prior the deadline of the submission. Self-revisions can be submitted before the deadline of the actual due date and no self-revision interest will be due.

ISO 9001

We would like to inform you that Leinonen Hungary has started the process for becoming an ISO 9001 quality management standardized company during the spring, most likely the audit will end in July and Leinonen Hungary will follow in the footsteps of other Leinonen offices. ISO 9001 ensures that the company operates with the highest standards and with the best practices.

Leinonen Group as one stop service provider

The Leinonen Group (www.leinonen.eu) is all about company formation, accounting and payroll services. We provide you with advice in all these fields. Having been in business for over 20 years we have extensive experience in helping foreign companies to establish and operate their subsidiaries in our market areas. The Leinonen Group is an expanding international company with offices in 11 countries: Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Poland, Hungary, Bulgaria, Russia and Ukraine. Our customers are mainly foreign-owned companies in all these countries.

We are looking forward to co-operating with you!

Yours Sincerely,

András Jurányi
Managing Director
Leinonen Hungary Kft.
Email: contact@leinonen.hu
Tel. +36 1 7811 821

