LAB University of Applied Sciences
Faculty of International Business, Lappeenranta
Bachelor of Business Administration
Specialization in International Marketing and Leadership

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Business Plan of a Customization Studio in Saint-Petersburg, Russia

Thesis 2020

Abstract

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38 pages, 02 appendices
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Strategic business planning is one of the most vital aspects for every organisation as far as it guides the whole team on which area to focus and what kind of decisions to make in order to achieve the desired goals and profits. Since planning is a fundamental basis for a company's success, it requires a thorough research and analysis. The aim of the study was to consider the complex situation of a case company in order to develop a strategic business plan, which subsequently can be implemented into the real life.

Theoretical part of a study wad based **on comprehensive business and academic literature review, including newspapers and scientific articles.** Empirical part of the study was based **on a case company**, which provides customization design services since 2017. The empirical part was conducted in form **of questionnaires distributed through the Internet** in order to acquire primary data and study a target customer group.

The study presents an extensive analysis of a case company and highlights the following **topics: business strategy development, developing business processes, and developing a brand**. Results of the research shows that proposed business strategy has a big potential and could generate profits while creating value for customers. Based on these findings, recommendations for actions were listed and shared with a head of the case company.

Keywords: business strategy, business processes, business plan, customization, customer-centric enterprise

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Acknowledgements

Taking an opportunity, the author wants to express a sincere gratefulness to people who have contributed to this thesis and supported the work along the way, particularly:

- **Pekka Mytty** for supervising the project and, what is more, for inspiring the author to make a step into entrepreneurship by sowing a seed of entrepreneurial mindset, which hopefully could grow into big projects one day and make our world a better place
- **Petra Yli-Kovero** for giving a chance to experience all the pleasures of Finnish life and meet many great people from all over the world, and, as well, for approving this project
- **Tuuli Mirola** for guidance and support during the entire study process

And to people, who've been around since the early beginning of this journey:

- **Elena Gurina** and **Igor Gurin** for an absolute love, endless care and freedom to choose and follow my own path
- **Svyatoslav Gurin** for motivating and encouraging me to be a better person each new day
- **Milana Ponomareva** for ages of friendship, loyalty, support and fun
- **Gennady Yudichev** for giving a helping hand and keep staying by my side through the hardest times

Glossary

Strategic Business Plan is aimed at identifying and approving such things as company's vision, ways of operations, and long-term goals, considering its capabilities and available resources in order to commercially benefit from achieving wished intentions of entrepreneur.

Customization is aimed at changing, modifying and assembling products or service parts in accordance with customers' demand and desires (Tseng, M.M. & Piller, F.T., 2003).

Personalisation is aimed at selecting or filtering information objects for individuals by creating profile of customer and includes intensive communication between parties, called supplier and customer. (Tseng, M.M. & Piller, F.T., 2003).

Customer centric enterprise is a certain business strategy aimed at putting one's customer in the first place and at the core of one's business in order to create a positive experience and create long-tern relationships.

Market is the place of all potential and actual buyers who are sufficiently interested in income and easy access to a product. (Keller, K. L. 2003).

Brand mantra is a short, three-to-five -word phrase that captures the irrefutable essence or spirit of the brand positioning. (Keller, K. L. 2003).

A marketing audit is an examination of a marketing environment of a company, with its objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance. (Kotler, P. & Gregor, W. & Rogers, W. 1977).

1 Introduction

1.1 Background

Clothes have been a part of a humankind since the very beginning of the civilisation. Initially, people have invented clothes for several reasons, such as: to protect themselves against the cold, to protect themselves against different aggressions of the nature and, while the civilisation has been developing – to follow the social guidelines and to not just walk around naked.

During the times have been changing, also the fashion standards have been changing accordingly. Industrialisation wave led to a world of mass production and massive retails, where huge volumes of a single styles were sold across many market segments. Due to industrialisation, the demand for clothes have increased multiple times. And clothes-based brands had put all their effort to best supply the human race demand for clothes.

During industrial ages, the main priority was to create the most effective supply chain in order for the final customer's opportunity to get the best product for the lowest possible price. These days, people are able to demand, and they can receive, branded products which are the most acceptable to their requirements, whether they are personal, cultural or situational. In accordance with the definition, these brands are authentic, quite unique, making consumers pay a higher price for goods that were invented solely for them. (Katz, J.D. 2017).
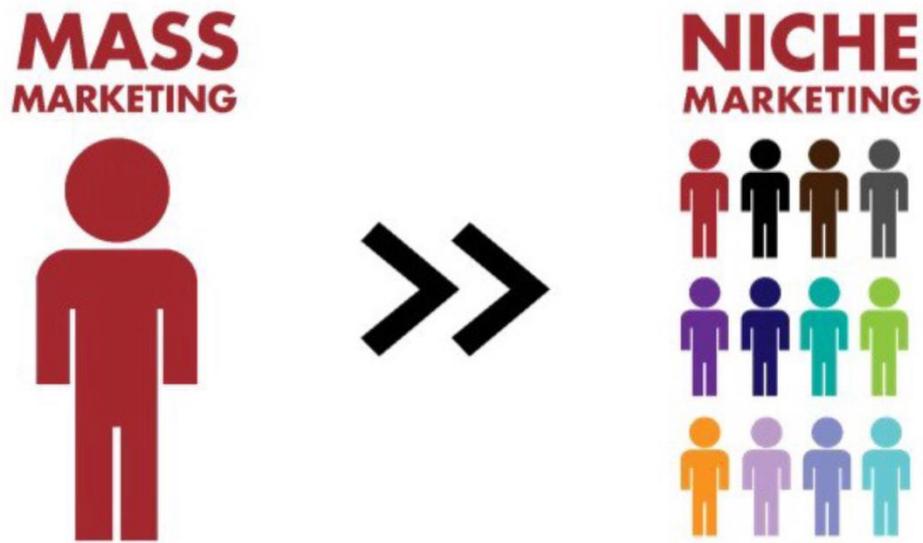
Figure 1. From Mass Marketing to Niche Marketing

At the first glance, customization is about creative-minded people and brand-new clothes. However, it also plays a significant role in reducing the amount of textile waste. It extends the life cycle of clothes by giving "a new life" to old items though the hand-made unique prints and designs.

The world has been growing and developing, meanwhile, the number of people inhabiting Earth grew even more significantly. According to Our World Data, the number of people in the world increased more than 4-fold during the 20th century. Also, the UN projects that the global population increases from a population of 7.7 billion in 2019 to 11.2 billion in 2100. However, by that time fast global population growth will come to an end. (Roser, M. 2014).

Figure 2. World population growth, 1700-2100.

Together with population growth, the amount of global waste is increasing dramatically. According to TheWorldCounts statistics, in 20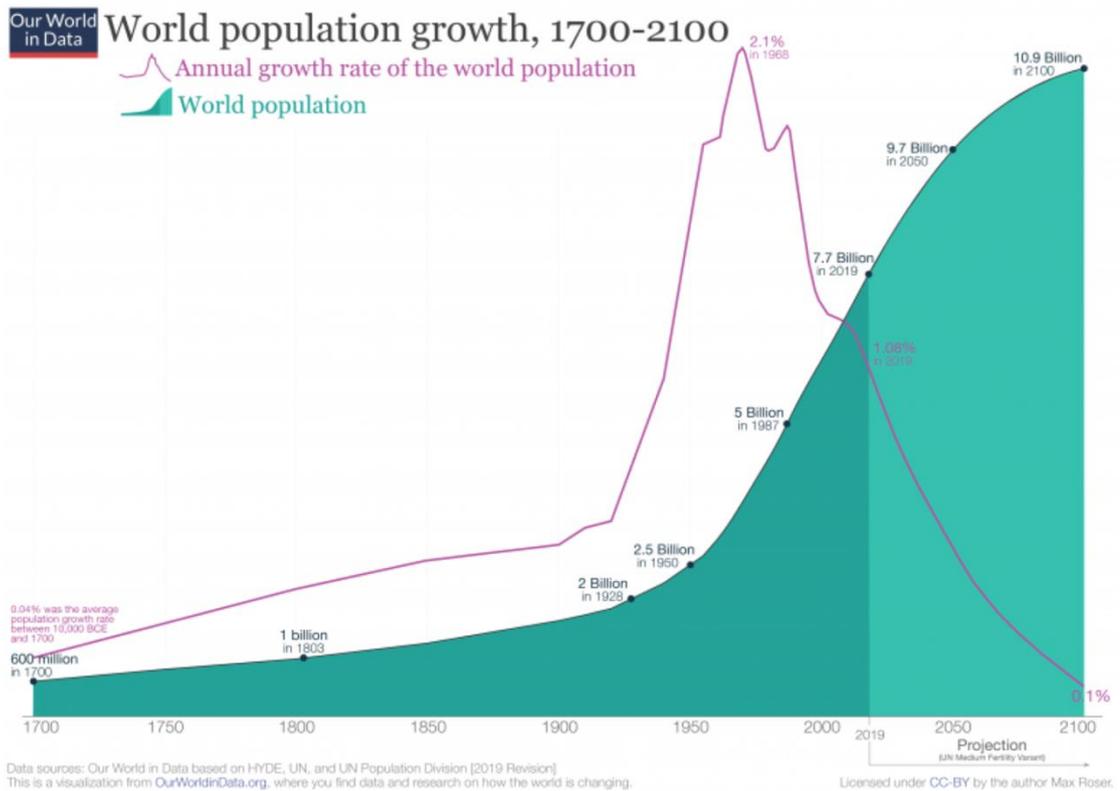20 alone, there was over 10 billion tons of solid waste generated and the number could triple by 2100. (The World Counts, 2020).

The Pretty Planeteer data stated that an average consumer throws away over 30 kilograms of clothing every year, with global annual production of 13 million tons of textile waste 95% of which could be recycled or reused. What is even more important is that the fashion industry is one of the most polluting industries in the world, as a major contributor to water pollution, plastic pollution, and greenhouse gas emissions. (The Pretty Planeteer, 2019).

Summarizing all has been said above, it becomes vivid that clothing environmental pollution is a major issue that needs to be eliminated as quickly as possible. Clothing customization companies provide solution for that. By customizing used pieces of clothes, the service provider helps its customer to give his/her piece a new breath, in addition to making their footstep in reducing global pollution level.

1.2 Objectives

There was a number of different objectives, the thesis was aiming at:

- To get a fundamental basis of customization phenomenon
- To get a deep understanding of customer centric enterprise features

And, based on the knowledge gained during the research, **to create strategic business plan for a case company,** which also can be seen as a guide for ones who is trying to open up a customization company or somehow related to this field.

1.3 Research questions

There was defined the main research question which is:

How to successfully manage a customer centric enterprise in order to increase customer satisfaction, attract new customers and, consequently, gain bigger profits?

Also there were defined several sub-questions, lacking which may blur the vivid picture of the thesis, which are as follows:

1. How happy our customers are?
2. How to make them even happier?
3. What other services may be provided to our customers in order to increase LTV (lifetime value) index?
4. What social platforms should we choose in order to best promote and sell our products?
5. What are our strengths and weaknesses?
6. How we supposed to position a company on the market?

1.4 Delimitations

The study does not take into consideration the company's competitors. It was decided to make an audit of the company and clear out the internal processes and resources for now. All the questionnaires also have been conducted based on a current client base and did not attract new clients from an external sources. The study also partly was focused on the environmental issue, as customization businesses provide the sustainable solution for used pieces of clothes.

It is sad to say, but while developing both the customization business and the current thesis work, the author has faced an issue within her crew, which had led to her relationships with her teammates' downfall, and, as a consequence, the cooperation between them had stopped. The current situation will be discussed during this thesis in the chapter "Social Contracts" as a significant issue and an aspect to pay attention to, while running the business. Due to that reason, the company name is hidden, and all the statistic and numbers are kept confidential.

1.5 Theoretical framework

Customization business has gained significant importance for brand companies and organizations as it has become a part of a wider world-wide trend that switches customers from viewing them as just recipients to value co-creators. Instead of being passive, the customer becomes active now, and customer is becoming a part of the process of product development.

These days, many brands build their whole strategies on their ability to customize. The website "NikeiD", for instance, offers its customers the ability to customize their shoes in any way their brain can imagine it. They can choose the color for their new shoes, the color of pattern and shoelace, and what is more, might have a customized text sewn on the tongue of the shoes as well as the ability to build their designs online. According to Brand Channel, NikeiD has grown its online business triple times since 2004. (Margalit, L., 2014).

1.6 Research methods

Research methods of the study include both theoretical and empirical parts. Theoretical part aims to provide a theoretical argument for a thesis topic as well as to give a general understanding of features of a such customer centric business model. It is based on extensive business and academic literature review, including newspapers and scientific articles, all of which can be found in the List of References chapter.

All data of the empirical part of the study was based on a case company, which provides customization and personalisation design services since 2017. Empirical research has been conducted in form of questionnaires distributed through the Internet in order to acquire primary data and make a proper study of a target customer group.

To be more specific, there was created an NPS survey for the company's clients, where they were asked the following questions: how likely a client recommends a company to his/her friends or relatives; and the second survey's question was to give a feedback rating on a scale from one to five in relation with company's product line, product quality, customer service, timing, location, pricing and the process ease for client. However, due to company's privacy policy, it was decided to avoid exposing actual results of the survey and to keep them private and confidential.

2   Social Contracts

As it was earlier mentioned in "Delimitations" chapter, while writing this thesis work and, at the same time, applying the knowledge into the real life, there was an issue inside the team. To describe it briefly, the author has been invited to the case company to help them to conduct an internal audit and create a strategic business plan. Unfortunately, due to the lack of practical experience, it was agreed to start working relationships with no contract and decide on payments later, based on the results shown. However, when the strategy worked out and

big orders came, it was hard to find a compromise that would suitable for both parties, and cooperation between them had stopped.

In order to prevent such situations in future, the author highlights the importance of written contracts. The important point of contracts is that it must be signed by both parties beforehand! Even though sometimes it might feel to one that relationship with his or her crew are strong enough to get such trifles as paperwork involve, it is an often case taking place in the business world.

According to Dale Hedrick, who himself is a President of Hedrick Brothers Construction, located in south Florida, USA, there is a strong need in requiring upcoming employees to sign the social contracts of the company. Also, he claims that act of signing such contracts contributes to a culture of trust, employee's encouragement, accountability, respect and achievement. Dale states that social contracts might be simple but should reflect the group's majority values. In order to create a better relationship within the team, the following questions should be asked, Hendrick claims:

1. What do team members expect from each other?
2. The definition of good co-working within the team?
3. The definition of poor co-working within the team?
4. What steps should the team implement, keep implementing, and the most importantly – must stop implementing?

Teams considered as high-performing ones, constantly develop their social contracts to improve the effectiveness of employees and operations. By the process of developing the contract there is implied reinforcement among members of the team.

A Riordan & O'Brien's research states that social contracts, when implemented correctly, may have a number of benefits, between those is giving employees a feeling of security and control in relationships with teammates and the leader. Such contracts add a feeling of accountability, responsibility, and trust among team members, as well. (Riordan, C.M. & O'Brien, K. 2012).

CONTRACT OF EMPLOYMENT
(For Household Workers)

KNOW ALL MEN BY THESE PRESENTS:

This EMPLOYMENT CONTRACT is executed and entered and into by between:

A.   **EMPLOYER:** _____
       Address: _____
       Telephone_____

B.   **WORKER:** _____
       Address: _____
       Civil Status   : _____   Age: _____

Voluntarily binding themselves to the following terms and conditions:

1.   **DURATION OF EMPLOYMENT**: _____ year(s) renewable; to commence from the day the WORKER leaves the Philippines.

2.   **DUTIES OF THE WORKER:**

       2.1 To work diligently as a domestic WORKER for the duration of his/her engagement.
       2.2 To reside at the residence of the EMPLOYER, or upon arrangement in case of Live-Out, be at the place of work on time to perform the formal duties of which he/she has been engaged such as cooking, cleaning, house and yard cleaning, and other household chores.
       2.3 To abide by all the laws of the Host Country, and the Philippines, as represented in this contract.
       2.4 Not to receive any visitor at the workplace without prior knowledge and consent of the EMPLOYER. Likewise, WORKER shall not leave his/ her place of work without the permission of the EMPLOYER.
       2.5 To ask permission or make arrangement with EMPLOYER on the use of Telephones and Internet.

3.   **DUTIES OF THE EMPLOYER:**
       3.1 To notify in writing the Office of the Labor Attaché, Embassy of the Philippines, 1600 Massachusetts Avenue, NW Washington DC 20036, within ten (10) days after the arrival of the WORKER at the place of Employment.
       3.2 To treat the WORKER in a just and humane manner
       3.3 To issue corresponding Pay slip during Payday and to assist in the opening up of a personal Bank Account.
       3.4 In case where employee needs to drive as part of his/her function, Employer should assist in the acquisition of the proper driver's license and inclusion in the vehicles' insurance.
       3.5 To ensure that the WORKER receives such benefits enjoyed by other workers in a comparable employment.
       3.6 To assist the workers in the acquisition of proper identification, such as Social Security Number ID/Card and other necessary Identification Cards.

4.   **WAGES:** At least US$ _____ per week based on 8 hours a day work, 40 hours per week; to be paid on the 15th and the 30th of each work month.

_____
Employer's Initials

Figure 3. A simple example of possible contract of employment.

Importance of social contract for employers is in creating healthier and more productive workforce (David Osborne, 2019).

Taking into the consideration the majority of employer's attitude towards social contract, the author would like to point out several reasons, according to which, it becomes clear for a reader that there is a huge demand in creating social contracts within the company not only from the employees side, but is also crucial to employers, and the reasons for that, according to Chron, are as follows:

1. **Damage protection**

By creating and following social contracts, a company gets a significant protection against possible legal and reputation risks which goes together with company's ethics. In the digital era, consumers do a great job grabbing attention to companies that are either outstanding socially responsible leaders, or, otherwise, are irresponsible organizations that are not meeting the expectations of consumers.

2. **Long-term profitability**

It is a fact that the more responsible the company meets its social responsibilities, the stronger customer relationships and the stronger improvement for long-term profit potential is created. The main purpose of this is to create deeper relationships with the community and customers, so that, over time, the deeper relations between customers, the community and the company produces more sales, and, as following, bigger profits. And this is even more related to small companies, as some customers in local markets make sure to support local business that face the standards in meeting social responsibility requirements.

3. **Costs**

Being socially irresponsible is expensive. When a company invests in training to build a culture of tolerance and acceptance in the work field that means then that the company treat its employees well. As well as it means that the company gives back to the communities that the company earns profits from by giving to charitable organizations and donating to community programs. All that leads to company's increase in its awareness and trust between customers.

(Kokemuller, N. 2020).

As far as there is a number of issues that might bring the company's success down, the biggest possible issue is misunderstanding and disloyalty within the team. Unfortunately for the author, it was a major issue. Such an issue has brought the author to an understanding and importance of work-for-hire contracts not only for external processes and business deals, but also to negotiate and to document the business relationships within the team itself. Author strongly suggests insisting on creating a work-for-hire contracts within the company members in order to not get rid of and not having a single chance to prove one's position legally in court later, with the justice prevailed.

3 Business Strategy Development

3.1 What is a Business Strategy

By definition, strategic business plan aims at identifying and approving a vision, directions, long-term goals and company's objectives, considering its capabilities and available resources in order to create desired entrepreneurial intentions and commercial benefits. Simply speaking, a business strategy is a documented plan on ways of how an organization is achieving their goals. A business strategy contains a number of key principles which explain how an organization attains these goals.

Business strategy answers such questions as: how to deal with your competitors, how to provide the long-term growth and sustainability for the organization and looks at the needs and expectations of customers. There is a strong reason for why creating and implementing a strong strategy is important. The reason is that it helps organizations in getting a sense of how the organization performs, what are the capabilities the business is able to handle and if these are implied to help in growth. Strategic business plan helps company to understand about themselves and creates a competitive advantage.

3.2   Business Strategy Guideline

As Devra Gartenstein argues, in her article: "How to develop a business strategy" – there are 6 main steps to maintain a successful business strategy which are as follows:

1. **Quantify your objectives**

In order to work out the details on how one company's mission and vision will manifest in short, medium- and long-term goals, the ability to do so will be much depended on how the company sets its goals and measure the progress in achieving those. Author suggests that it is better to plan to grow 20% each year for the next 3-5 years than setting up unrealistic goals and to say that the company will grow multiple times during the coming few years. Since it is quite impossible to predict the future, the goals that once have been set, might become rather irrelevant over time. Despite that, one still can implement and develop the goals list in accordance with the reality changes.

2. **Step back and evaluate progress**

Once the business does not meet its strategic objectives, it is a great opportunity for its team to step back and accept the situation, rather than to pull out their hair treating the situation as a failure. It is a great chance for the company team to collect data and make additional evaluation and observation in order to set more realistic and achievable goals in the future. It is also interesting, about the science of business strategy that if a company exceeds its long-term goals, it might mean both that the company's performance has been outstanding, or that goals were too low.

3. **Specify long-term goals**

Long-term goals are usually stated at about five years up in the future. As far as realistically, five years is rather far time frame in the future, the goals that have been set might become irrelevant or meaningless by the period that time ends. Due to that, there is a possibility in creating less specific and more generalized long-term goals than medium- and short-term ones.

For instance, long-term goals can be to build a federal brand over the next four years or specifically, boil it down to how many stores or wholesale accounts are planned to open. Author mentions her case company long-term plans in the chapter Expected future plans.

4. Create milestones with medium-term goals

The type of goals are determined as a period of time consisting of a couple up to three years, typically. It is considered a rather small period of time to be relevant but rather long to predict with difficulty. Medium-term goals are usually defined as a period of time of two to three years, a short enough period to be relevant but a long enough period to make things difficult to predict with accuracy. Such medium-term goals can create real and solid connections between one's long-term goals and one's daily business operations.

5. Create urgency with short-term goals

Short-term goals are most often start from the period of 1 day and go all the way up to a year. Well enough pre-planned short-term goals help recognizing limitations the company faces while taking care of the daily business activities, while still keeping an eye on the long-term goals.

6. Focus on the business model

The business model is the way the business earns and spends money. In general, to succeed in the long run, the business model should be built in the way that what the company earns more than what it spends. The pricing structure, purchasing strategy and product line are all crucial elements of the business model. It allows creating systems that will sustain the business in the long run.

Also, it is important while considering a business model that gross and net margin reflect the profitability foundation that the business owners will be able to scale up as their business grows. If the company has cash flow without profit, it is just a matter of time before it runs out of money.

Author suggests that creating a business model will save companies' owners' much time and nerves. Doing careful cost analyses before launching new products and supporting consistent improvement in operations are recommended to incorporate model into the business strategy, together with increasing productivity and profitability.

4 Developing Business Processes

Before even considering performing an optimization, it is necessary for a company to clearly identify the business processes. Working in chaos is impossible. There are two principal areas in developing business processes: reducing operations and improving business performance.

Business process management development is a systematic approach to management, which goal is to improve the organization and its processes. The major objective of business process development is to bring the process together with the objectives of the organization. Each process must be atomized so that the results of the process lead to the achievement of the business goals with minimum effort. Businesses Processes are separated depending on their classification. There are three groups of business processes distinguished as following:

4.1 Management Processes

These are usually determined as monitoring, planning and analyzing the performance of an organization. These processes are not created in order to add value to the final customer but in terms of effective operations of an organization, they are crucial. Such processes usually include planning, goal setting, monitoring and budgeting

4.2 Production Processes

As a result of the business processes, the organisation's goals are achieved. Production processes, despite management processes, add value to the end user. The main production processes are usually defined as designing, manufacturing, services, and so on.

4.3 Supporting Processes

Supporting processes are necessary for the solid performance of the production processes, in first place. They do not bring added value to the end user, but by lacking those, it is impossible to achieve the objectives of the production processes. These ones include procurement processes, human resource management, infrastructure management.

5 Developing the Brand

5.1 Introduction to Branding

Initially, the word "brand", which is derived from the Old Norse word *brandr*, referred to the manner that the owners of livestock marked their animals to identify them. In accordance with the the American Marketing Association (AMA), a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition." Paraphrasing, whenever an individual attempts to create a new product, by creating a name and logo, he also creates a brand. (Keller, K. L. 2013a).

Back to nowadays, however, the meaning of the word "brand" refers to much more than that. Strong brands are usually associated with a quality, responsibility, safety, and other intangible and emotional features that present, distinguish and create a competitive advantage of a company in the marketplace. The reality is that branding helps consumers to organise and structure their knowledge about the company in a way that clarifies their decision making.

At the same time, branding provides value to the firm. It increases the level of recognition, generates new customers and improves employee pride and satisfaction. That is why branding is absolutely crucial to any type of organisation regardless of its size, nature of business, or profit orientation.

According to Keller, strategic brand management process consists of four steps, which are:

1. Identifying and developing brand plans
2. Designing and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity
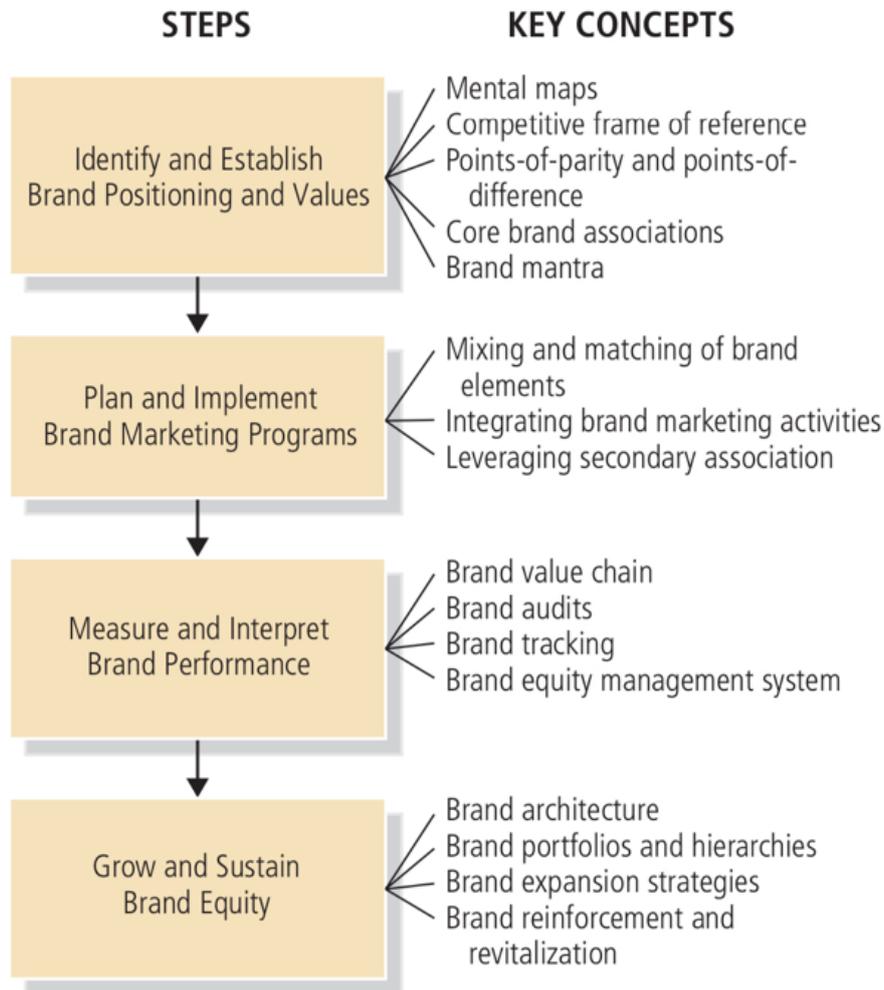
(Keller, K. L. 2013b).

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STEPS                           KEY CONCEPTS

┌─────────────────────┐        Mental maps
│                     │        Competitive frame of reference
│ Identify and Establish │     Points-of-parity and points-of-
│ Brand Positioning and Values │    difference
│                     │        Core brand associations
└─────────────────────┘        Brand mantra

┌─────────────────────┐        Mixing and matching of brand
│                     │            elements
│ Plan and Implement  │        Integrating brand marketing activities
│ Brand Marketing Programs │    Leveraging secondary association
│                     │
└─────────────────────┘

┌─────────────────────┐        Brand value chain
│                     │        Brand audits
│ Measure and Interpret │      Brand tracking
│ Brand Performance   │        Brand equity management system
│                     │
└─────────────────────┘

┌─────────────────────┐        Brand architecture
│                     │        Brand portfolios and hierarchies
│ Grow and Sustain    │        Brand expansion strategies
│ Brand Equity        │        Brand reinforcement and
│                     │            revitalization
└─────────────────────┘
```

Figure 4. Strategic Brand Management Process

5.2 Brand Elements

Brand elements, also called brand identities, are different components of a brand that identify and differentiate it. The most common brand identities are brand names, URLs, logos, symbols, characters, packaging, and slogans. Each brand element has its own meaning and used in a specific context, so they usually come in combinations or altogether.

In order to build a strong brand identity, brand managers need to choose the best option for each brand element. Brand-building ability is usually tested as

what consumers would think or feel about the brand if they knew only that particular element and not anything else about the company or its' products. According to Keller, there are six criteria for choosing brand elements, which include:

• **Memorability** – Easily recognized and easily recalled brand elements are likely to stick in the minds of consumers, which plays a crucial role in building a brand awareness.

• **Meaningfulness** – Contains general information about the function of the product or service (descriptive context, contributes to brand awareness) or specific information about particular attributes and benefits of the brand (persuasive context, contributes to brand image and positioning).

• **Likability** – Brand elements that are inherently fun or likable visually, verbally or in other ways help to link brand associations and capture intangible characteristics of a brand even if not directly related to the product.

• **Transferability** – The extent to which the brand element adds to the brand equity within and across products as well as geographic and cultural boundaries.

• **Adaptability** – Brand elements must be flexible and updatable over the time in order to remain contemporary and correspond to consumer values and opinions.

• and **Protect-ability** – The extent to which brand element is protectable in both legal and competitive sense. The important note is that if a name, package, or other attribute is too easily copied, much of the uniqueness of the brand may disappear.

(Keller, K. L. 2013c).

5.3 Brand Positioning

The initial step and fundamental part of a marketing strategy is brand positioning. According to definition, brand positioning is "the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customer's minds" (Kotler, P. & Keller, K. L. 2012). In other words, brand positioning clarifies what a brand is all about and why the consumers should choose and use it.

According to Keller, to decide on brand positioning marketers need to know and analyze the following points:

• Who the target consumer is
• Who the main competitors are
• How the brand is similar to these competitors = Points-of-parity (POPs)
• How the brand in different from them = Points-of-differences (PODs)

(Keller, K. L. 2013d).

Good positioning should reflect all the benefits that consumers derive from a brand, appealing both to the rational and emotional arguments.

5.4. Brand Mantra

One of the greatest ways to express brand positioning is to design a brand mantra. Brand mantra is similar to "brand essence" or "core brand promise," and its purpose is to ensure that all employees and external marketing partners understand what the brand most fundamentally is to represent to consumers so they can adjust their actions accordingly. (Keller, K. L. 2013e).

Brand mantra is a 3-word phrase that consist of:

- **Brand function** - describes the nature of the product or service or the type of experiences or benefits the brand provides
- **Descriptive modifier** - further clarifies its nature
- **Emotional modifier** - describes how exactly does the brand provide benefits and in what ways

Good brand mantra should be based on core brand associations, highlight POPs and PODs of a brand, be simple and inspirational!

5.5. Marketing Programmes

In today's marketplace, a person can come in contact with a brand in numerous ways. Marketing contact means any information-bearing experience that a customer has with the brand or specific product or service. Every bit and piece of information, each experience, and relationships created over time influence the connection between customer and brand.

All Marketing activities can either enhance or detract from brand entity. Apart from traditional "marketing mix" and "4Ps of marketing", which includes product, place, price and promotion, brand marketing programs requires a specific approach, for example:

- Experiential Marketing

The main goal of a such approach is to demonstrate the way how a specific product or service is able to enrich a consumer's life. Experiential marketing connects features and benefits of a product with unique customer experiences: . This technique is in the heart of Experience Economy – a new economic era in which businesses must not only sell goods and provides services, but create memorable events (Gilmore, J.H. & Pine, B.J. 1998).

- Relationship Marketing

Relationship marketing approach is based on idea that customer loyalty is the key to long-term brand success. It is well known that acquiring new customers is always more expensive than satisfy and retain current ones. That is why marketing activities in that approach are aimed to strengthen consumer ties. (Reichheld, F.F. 1996).

- One-to-One Marketing

One-to-One (or 1:1) marketing approach relies on getting to know the individual choices made by customer and then tailoring marketing outreach to each person differently based on choices. Personal touch and "suggestions for you" are an integral part of 1:1 marketing. (Peppers, D. & Rogers, M. 1997).

- Permission Marketing

The main idea of permission marketing is that relationships between brand and consumer cannot be developed unless consumers express their willingness to become more involved with the brand. Seth Godin – a pioneer on the topic – argues that "as far as the large number of marketing communications bombard consumers every day, if marketers want to attract a consumer's attention, they first need to get his or her permission with some kind of inducement, like free sample or sales discount" (Godin, S. 1999).

Summarising all the above, creative and original thinking is necessary to create fresh new marketing programs that break through the noise in the marketplace to connect with customers. (Keller, K. L. 2013f).

5.6. Communications Strategy

Marketing communications are defined as means by which companies attempt to inform, persuade and remind its consumers about what brands they sell. At some point, marketing communications represent the appearance of the brand. It helps in establishing a dialogue and building relations with customers. However, despite advertising being a core of a marketing communications program, it is usually not even one of the most important elements of brand equity building.

1. **Be analytical:** Use frameworks of consumer behavior and managerial decision making to develop well-reasoned communication programs.
2. **Be curious:** Better understand customers by using all forms of research, and always be thinking of how you can create added value for consumers.
3. **Be single-minded:** Focus your message on well-defined target markets (less can be more).
4. **Be integrative:** Reinforce your message through consistency and cuing across all communication options and media.
5. **Be creative:** State your message in a unique fashion; use alternative promotions and media to create favorable, strong, and unique brand associations.
6. **Be observant:** Keep track of competition, customers, channel members, and employees through monitoring and tracking studies.
7. **Be patient:** Take a long-term view of communication effectiveness to build and manage brand equity.
8. **Be realistic:** Understand the complexities involved in marketing communications.

Figure 5. Communication Strategy Tips.

Media advertising
TV
Radio
Newspaper
Magazines

Direct response advertising
Mail
Telephone
Broadcast media
Print media
Computer-related
Media-related

Place advertising
Billboards and posters
Movies, airlines, and lounges
Product placement
Point of purchase

Point-of-purchase advertising
Shelf talkers
Aisle markers
Shopping cart ads
In-store radio or TV

Trade promotions
Trade deals and buying allowances
Point-of-purchase display allowances
Push money
Contests and dealer incentives
Training programs
Trade shows
Cooperative advertising

Consumer promotions
Samples
Coupons
Premiums
Refunds and rebates
Contests and sweepstakes
Bonus packs
Price-offs

Interactive
Web sites
E-mails
Banner ads
Rich media ads
Search
Videos
Message boards and forums
Chat rooms
Blogs
Facebook
Twitter
YouTube

Event marketing and sponsorship
Sports
Arts
Entertainment
Fairs and festivals
Cause-related

Mobile
SMS & MMS messages
Ads
Location-based services

Publicity and public relations
Word-of-mouth
Personal selling

Figure 6. Communication options

6 NPS Survey

Net Promoter Score is a customer experience metric. It measures the level of a customer satisfaction and helps a company to track and increase the likelihood of customers recommending an organization to their friends. NPS Survey includes only one question: How likely are you to recommend this company to a friend or relative?

 To respond, customer choose any point on a scale, that goes from zero to ten. Based on answers, all customers were divided into three categories, which are:
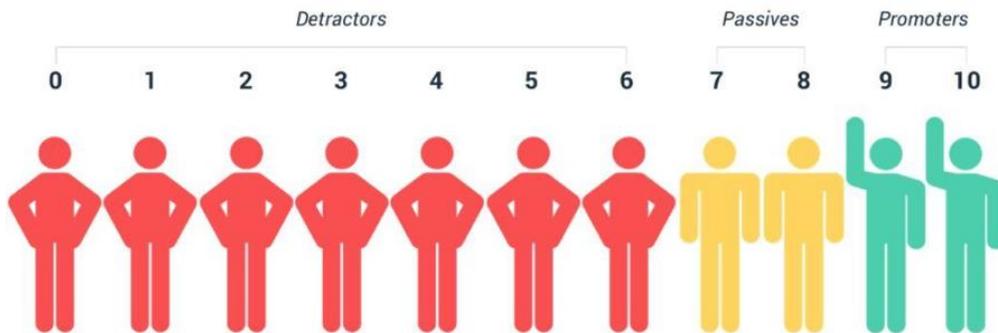
- 1-6 detractors
- 7-8 passives
- 9-10 promoters

Figure 7. NPS index explained

NPS index is calculated with the formula:

NPS = (% of promoters - % of detractors) *100

Even though NPS is a quantitative index, the main goal of that survey is to get an understanding of what are the causes to such responses and how can the company improve the processes in order to increase the level of customer satisfaction.

The NPS survey was held the following way: there were questionnaires sent via Instagram to customers who have interrelated with the company within last 6 months, including only one question: How likely are you to recommend this company to a friend or relative? It is also important to mention that it was the first time the company attempted to create such an NPS survey. With the help of the author's desire to create a completed, fulfilled thesis work done, the company faced the necessary aspect of such survey taking place.

7 Practical Report

7.1 Company Profile

A case company for this thesis was a company X, which is a real existing company that provides customization and personalisation design services since the early 2017. It was founded by a couple of young artists with a big the passion to art and fashion. That times the idea of customization was freshly new and how it is called in a business world – "a blue ocean" as there were almost no competition while the demand on services was big enough.

The company was founded in the right time and place, which helped the entrepreneurs to start developing the business smoothly and with no big effort on the initial steps. What is more, a company was lucky enough to set up right brand identities, such as brand name and URLs, that still works well and attract new customers just because of the keywords the people use for searching such services. Even though the company is only operating for 3 years long by now, it have already gained a reputation on the market, which must be seen as one of the most important intangible values and competitive advantages on the market.

All services the company provides are hand-made designs made by the artist. The company uses only premium quality products and materials, such as Angelus acrylic paintings for leather and denim, which is USA brand and not exported to Russia directly. Because of the quality material, the quality of a final product is also high: all prints made by these paintings are not washed off under the rain and can even be cleaned in the washing machine with.

The range of a service line of a case company includes clothes designs, shoes designs, accessories design, as well as designs on furniture and walls. Designs can be made both on brand-new blank items as well as on old ones with a mark of usage. This fact gives an access and an entire new segment of customers, the ones who stands for responsible consumption and care for planet resources.

7.2 Target Customer Group

As for now, there are over 2300 subscribers on an official company's profile. According to the data presented in the Charts, the total audience of a case company consist of 73% of men compared to 27% of woman. Over the half of the audience is aged somewhere between 18-24 years old. The major piece of a case company's audience is living in the city of Saint-Petersburg, Russia.

Throughout the thesis, the company's customer portrait was disclosed in more details. As it turned out, the target customer of a case company are young people, who are:

- Advanced internet users
- In fond of fashion, keep following fashion news and trends
- Street-wear style lovers
- Sneaker-heads
- Interested in modern art, especially in local artists

What is more, it was disclosed that some of clients are local painters themselves so the involvement of art professionals into the client base of the company was immeasurably awesome.

7.3 Customer Satisfaction

To start with, it was decided to take a look at the current company situation from a customer point of view. As you may know, it may be really hard to get a clear picture and give a grade on how well the company perform when you are inside the company. However, the only way to improve a company performance and increase a level of customer satisfaction is to identify weak points by asking a customer their real opinion.

In order to answer the first and second sub-questions of this thesis work, which are: "How happy our customers are?" and "How we could make them even more happier?" – it was decided to conduct an NPS survey. The definition and

process of NPS survey was described above in the chapter "NPS Survey". To see the practical implementation of NPS Survey, go down to appendix 1.

As already been explained, the exact numbers were hidden because of confidential reasons. However, it can be mentioned that there were 100 clients involved in the survey, who did an order during the last 6 months. The results of the survey were not impressive as the majority of people answered the survey came out to be passives by answering from 7-8 on a ten points scale.

To collect more data, it was decided to conduct one more survey to get a deeper understanding on customer satisfaction level. This time each client were asked to give a grade from 1 to 5 separately to each measure: product line, product quality, customer service, time, location, pricing and general ease of the entire process. This customer satisfaction survey helped case company to realize weak points and focus attention on searching for solution. To see the practical implementation of Customer Satisfaction Survey, go down to appendix 2.

7.4 New Business Streams

The third sub-question of the thesis was stated as: What other services may be provided to our customers in order to increase LTV (lifetime value) index? In order to answer this question, there was a meeting organised between team members. The agenda of the meeting was "Opening up new business streams", which could help company to develop the business and increase the revenue and profit.

After brainstorming and discussion, there were sever possible streams identified, which are:

- Supply store, where to sell materials and equipment for painters
- Educational courses of how to customize
- Collaborations with brands / participation on events, etc.

When calculations were made, the team came to the conclusion that participation on events and collaboration with well-known brands is the best option for now. In

a few days after the meeting, the company have found the first partner to collaborate with: Outlet Village Pulkovo

7.5 Outlet Village Pulkovo

During the Outlet Village Pulkovo event, the following concept was approached: if a customer made a single purchase for over 5000 rubles (50 euros), he or she then could bring clothes to author's company for a customization for free. The company has created a sketchbook with examples of designs, so the client could choose any of them or share his or her own idea and turn it into reality. The client has an opportunity to see the customization process in real-time, which created a unique customer experience like it was discussed in the Branding chapter.

The author's company has been working there for 2 days. The company was working officially under the contract of employment. After Outlet Village Pulkovo event huge success, the company has got an invitation from OZON. OZON is one of the biggest retail market places, like Amazon, in Russia.

Later, the company has been invited to Adidas events taking place in a similar format. It was practically proofed that the best way to increase revenue and increase a level of a brand awareness is to collaborate with really huge brands.

8 Conclusion

Summarising all the above, this thesis project was a great experience. Even though there were sad moments concerning the social contracts and relationships inside the team, it gave a great practical experience and lots of new skills and knowledge for both author of this thesis and team of a case company. The main goal had been achieved and all the questions have been answered. As a result of the research and practical implementation of information, the company's operations are now much better than before and the company has a clear understanding of its strengths, weaknesses, opportunities and threats. All in all, a business strategy had been developed and the head of the case company is now seeing the way to go and grow.

Figures

Charts

Топ местоположении Города Страны

Санкт-Петербург	12%
Каракас	2.1%
Astana, Kazakhstan	2.0%
Дели	1.8%
Казань	1.7%
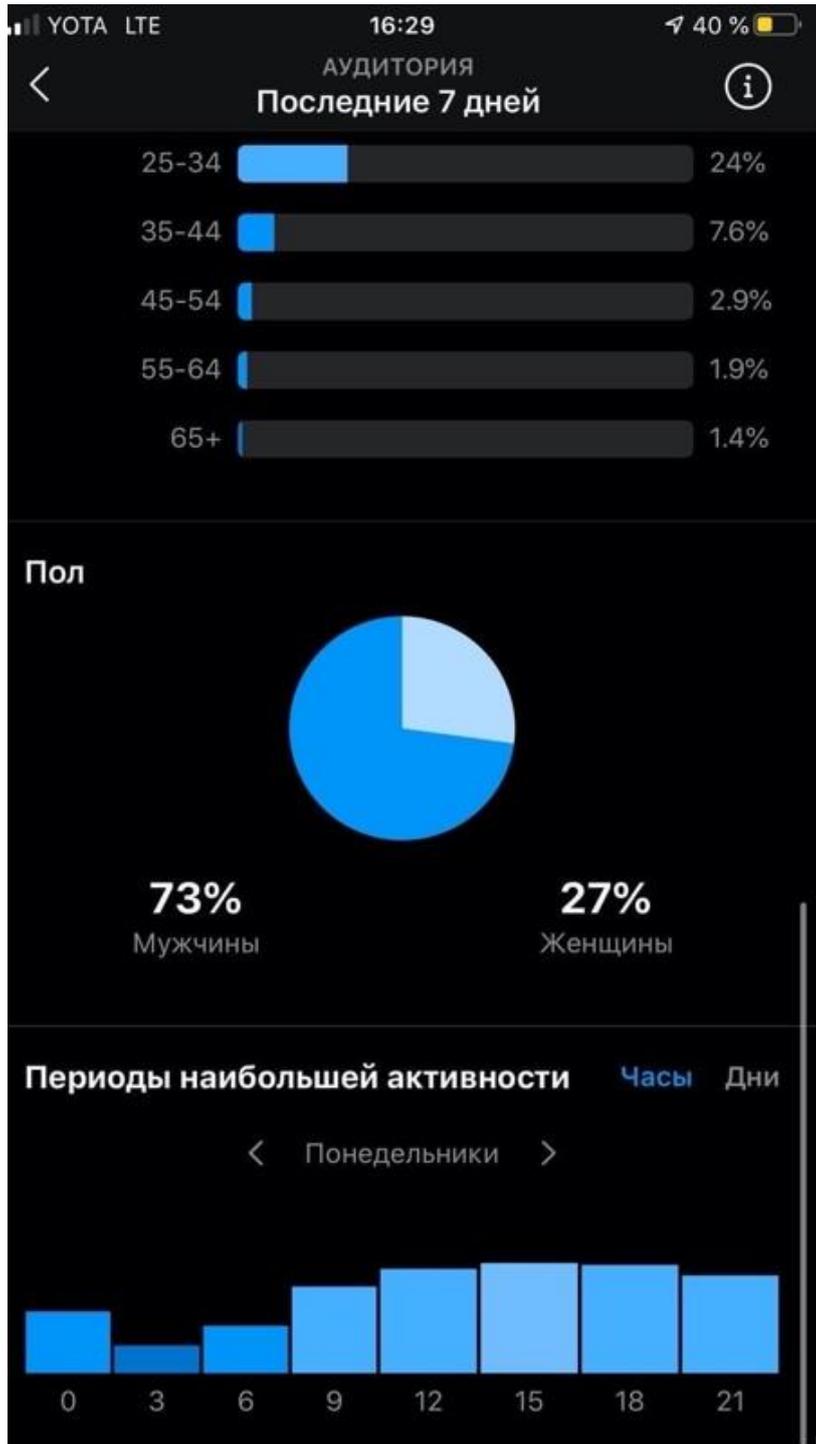
Возраст Все Мужчины Женщины

13-17	7.4%
18-24	55%
25-34	24%
35-44	7.6%
45-54	2.9%
55-64	1.9%
65+	1.4%

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Appendices

Appendix 1: NPS Survey

How likely are you to recommend us to your friend or relative? *

	1	2	3	4	5	6	7	8	9	10	
Not at all	○	○	○	○	○	○	○	○	○	○	I would recommend

Appendix 2: Customer Satisfaction Survey

Give us your feedback! *

Выберите оценку на шкале, где 1 – очень плохо, а 5 – отлично.

	1	2	3	4	5
Product line	○	○	○	○	○
Product quality	○	○	○	○	○
Customer servi…	○	○	○	○	○
Timing	○	○	○	○	○
Location	○	○	○	○	○
Pricing	○	○	○	○	○
Process ease	○	○	○	○	○