



Developing Generally Applicable Guidelines for Efficient Marketing of  
ATEX Product Group

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Abstract

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This thesis was conducted for SKS Automaatio Oy, a subsidiary of SKS Group Oy. Within SKS Automaatio Oy, the focus of this thesis is on the ATEX product group. The objective of the research is to develop guidelines for efficient marketing to be applied in the recently launched ATEX product group. These guidelines should also be applicable in case of other new product groups entering the product selection offered by SKS Automaatio Oy. The reason for conducting this study was due to SKS Automaatio Oy's need to clarify the marketing process for new products entering the product selection. The current state of ATEX product group made this need for clarifying very timely for SKS Automaatio Oy.

The guidelines are formed by applying business-to-business marketing theories and qualitative and quantitative research results obtained. In the theories the focus is on the entity, concerning all the major aspects that influence the marketing in a business-to-business environment. However, the most important theoretical aspects are marketing methods used and forming customer segments. The qualitative research is composed of the results from the interviews with the sales group managers and the marketing manager of the company. It provides information on the views and practices considering marketing of this particular product group, from an internal perspective. The quantitative research is formed from the results of two questionnaires, one directed to a specified ATEX customer segment and one directed to the personnel of SKS Automaatio Oy. The main focus in the quantitative research is on the questionnaire to the customers, as that provides information on how the marketing conducted is perceived from an external point of view.

The results from the research provide that SKS Automaatio Oy in general knows how to effectively reach the targeted customer with correct marketing methods, but in the case of ATEX products has not done exactly that. Conclusions from the research include further segmenting the customer, improvement of certain marketing methods and defining the focus of the content of the marketing performed.

Key words: marketing methods in business-to-business environment, segmenting, product launch, customer relationship management

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Tämä opinnäytetyö on tehty SKS Automaatio Oy:lle, joka on SKS Group Oy:n alaisuudessa toimiva myyntiyhtiö. SKS Automaatio Oy:n sisällä tämä opinnäytetyö keskittyy ATEX tuoteryhmään. Tässä työssä tehtävän tutkimuksen tarkoituksena on kehittää suuntaviivoja tehokkaalle markkinoinnille jota voitaisiin käyttää viimeaikoina markkinoille tuodussa ATEX tuoteryhmässä. Näiden laadittujen suuntaviivojen tulisi olla myös käyttökelpoisia muiden tuotevalikoimaan lisättävien uusien tuotteiden kohdalla. Syy tämän opinnäytetyön tekoon tuli SKS Automaatio Oy:n tarpeesta selventää tuotevalikoimaan lisättävien uusien tuotteiden kohdalla sovellettavia markkinointi prosesseja. ATEX tuoteryhmän tila teki tästä selventämisen tarpeesta hyvin ajankohtaisen SKS Automaatio Oy:lle.

Mainitut suuntaviivat ovat muodostettu käyttäen yritysten väliseen markkinointiin kohdistuvia teorioita sekä toteutetun kvantitatiivisen ja kvalitatiivisen tutkimuksen tuloksia. Teorioiden kohdalla tutkimus keskittyy kokonaisuuteen, ottaen huomioon kaikki tärkeimmät osa-alueet jotka vaikuttavat yritysten välillä tapahtuvaan markkinointiin. Siltikin oleelliset teoreettiset aspektit ovat käytetyt markkinoinnin keinot sekä asiakassegmenttien muodostaminen. Kvalitatiivinen tutkimus koostuu yrityksen sisällä tehdyistä haastatteluista, jotka kohdistuivat tuoteryhmä päälliköihin ja markkinointi päällikköön. Tämä tutkimusmuoto välittää informaatiota näkemyksistä ja käytännöistä joita sovelletaan ATEX tuoteryhmän markkinoinnissa, yhtiön sisäisestä perspektiivistä katsoen. Kvantitatiivinen tutkimus muodostuu tuloksista jotka ovat peräisin kahdesta tehdystä kyselystä, joista toinen oli kohdennettu ATEX asiakassegmentille ja toinen SKS Automaatio Oy:n henkilökunnalle. Enemmän painoarvoa kvantitatiivisessa tutkimuksessa sai kysely joka kohdennettiin asiakassegmentille, koska sitä kautta välittyi tietoa siitä kuinka toteutettu markkinointi oli hahmotettu ulkoisesta näkökulmasta katsoen.

Tutkimuksen tulokset osoittavat että SKS Automaatio Oy yleisesti ottaen tietää miten tehokkaasti tavoittaa kohdennettu asiakasryhmä käyttäen oikeantyyppisiä markkinoinnin keinoja, mutta ATEX tuoteryhmän kohdalla näin ei ole tarkalleen ottaen tapahtunut. Johtopäätökset joita tutkimuksesta voi tehdä sisältävät kehotuksen segmentoida asiakaskuntaa vielä tarkemmin, tiettyjen markkinoinnin keinojen parannusehdotuksia ja markkinoinnin sisällön tarkemman määrittämisen.

Avainsanat: Yritysten välisen markkinoinnin keinot, segmentointi, tuotteen markkinoille tuonti, asiakassuhteiden hallinto

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## 1. INTRODUCTION

The economic growth in Finland has positively affected the SKS Group Oy, allowing it to increase both in turn-over and in number of employees. The growth in general has enabled the company to focus on more detailed functions of its business, as their importance increases together with the growth of the company. This thesis focuses on the business-to-business marketing of a specific product range in an internationally operating Finnish company, SKS Group Oy.

### 1.1 Scope of the Study

The marketing functions of the SKS Group Oy are affected by other business functions in the company, thus making marketing dependent on other areas. Within the company procurement, logistics and especially sales have a major impact on marketing. This thesis study, however, concentrates primarily on marketing and concerns other areas only when they affect marketing directly.

The topic of the thesis was formed in a cooperative discussion with the SKS Group Oy's communications manager during a meeting where possible thesis topics which would be beneficial to the company were focused on. Argumentation for why this topic was chosen consists mainly of the evaluation of the performance of SKS Group Oy, and SKS Automaatio Oy especially, on marketing related matters. The company's marketing process for new products was noted to lack a clear structure or pattern. The marketing strategies varied according to product potential and supplier efforts, thus not showing unified marketing procedure for all new products. This has lead to a situation where some new products are marketed more and others receive almost no marketing efforts at all. Therefore it would be useful for SKS Group Oy to gain knowledge of the possible marketing procedures that could or should be taken when new products are introduced. This thesis should then determine the preferred marketing procedures, and show the reasoning behind them. Personally the author has chosen this topic due to work experience and contacts in the company, which support the understanding of SKS Group

Oy's operations. Also the company corresponds to the bachelor of business management degree specializing in business-to-business marketing that the author is participating in.

## 1.2 Choice of the Research Context

The research of this thesis is done to improve primarily the marketing of the ATEX product group, and secondarily to determine the guidelines for marketing that can be used for all new products. The emphasis is on SKS Automaatio Oy, which is one of the group companies in SKS Group Oy. SKS Automaatio Oy is selected because ATEX products belong to SKS Automaatio Oy's product selection. The ATEX Product group is selected because it is a relatively new product range, in which study can be useful and where some of the business procedures are not fully determined due to a stage of the products in their life cycle and new legislation introduced by the legislators.

## 1.3 Purpose of the Study

This thesis aims to develop guidelines for effective marketing of the ATEX product group of SKS Automaatio Oy. These guidelines should then improve the procedures for marketing of the ATEX products, and suggest which are the most beneficial ones. The guidelines should be based on an evaluation of the current marketing methods, and definition of the target customer. In detail the study intends to set preferred channels, customers, timing and internal functions to reach efficiency in marketing. The efficiency in marketing should then be observable in future sales of ATEX products. In addition the guidelines should be designed in a way that allows them to be used in other product groups than ATEX. In general the study should provide SKS Automaatio Oy the means to market and launch new products more effectively than before.

## 1.4 Structure of the Study

The study is structured to consist of five sections, which are divided into smaller topics. The introduction section focuses on general issues regarding the thesis and defines reasons for why it is conducted. Second section, the theoretical background, discusses other studies relating to this thesis, and the general theory context of the study.

Methodology of the study describes the way the qualitative and quantitative research were conducted. The empirical study section introduces SKS Group Oy, the sales company SKS Automaatio Oy and the particular product group that is being focused on. Mainly the empirical study provides the results of the research and analyzes the purpose of these result to SKS Automaatio Oy. Finally the conclusions and recommendations are drawn from arguments generated in the empirical study.

## 2. THEORETICAL BACKGROUND

### 2.1 General Theory Context

The existing theories on business to business marketing set the basis of the guidelines for effective marketing that the study intends to create. In order to improve the marketing procedure in a selected company, the theories can be used as material against which the performance of the company is evaluated. More important than being a performance evaluation tool, the theories explain the current situation and limit the possible solutions to the problem. The theories also define the language used and the terms referred to, hence explaining them briefly will support the empirical study conducted.

#### 2.1.1 Business-to-Business Markets

The basics of business-to-business marketing theory is the definition of the business-to-business market characteristics. These characteristics are much related to how the business-to-business markets differ from business-to-consumer markets. Business-to-business markets are in structure more geographically concentrated, have relatively fewer buyers and the competition is more oligopolistic. The products in these markets are often technically more complex and customized to particular user preferences. The products are purchased for nonpersonal use and the service, availability and delivery are in a greater role. The buyers behave differently too, by being more professional and having involvement in the purchasing at many levels of the organization, as well as by tasks that motivate purchases instead of social or psychological motives. The relationship between the buyer and the seller in business-to-business markets values



technical expertise more, and is interpersonal in nature. The significant information in the relationships is exchanged on a more personal level and in general a stable long-term relationships encourage loyalty. Channels in reaching the buyer in business-to-business markets are shorter and more direct. In promotion the difference is indicated in an emphasis on personal selling. Determining the price differs in complexity of the process, and in business-to-business markets it is often a result of a more complex purchase process that sets the prices. The demand in business-to-business markets behaves differently too, by being derived, more inelastic in a short time period, volatile and discontinuous. This means that the demand is initiated by the consumer demand, and is then derived to the chain of suppliers who take part in formation of the total offering. The volatility and discontinuity of the demand arise from the demand being derived, thus the fluctuations in market conditions reflect on the whole chain in larger increments rather than increments that correspond to the actual change percentage caused by the fluctuation. The inelasticity of the demand also is caused by the effect of fluctuations on the whole chain, and how they do not completely correspond to the changes in prices. All these theoretical notifications apply to market conditions in which SKS Automaatio Oy operates. (Vitale & Giglierano 2002, 2-26)

### 2.1.2 Defining Buyer Characteristics in Business-to-Business Markets

Knowing the process that an organizational buyer follows in purchase decision-making is very important for the responsive marketing strategy of the seller. In business-to-business markets the seller must understand how the customer's buying center operates, who is included and what affects the purchase decision-making. The buying center itself is a group of stakeholders in a company who represent different independently operating portions of that organization who influence the selection of best solution for that organization's needs. Thus the buying center is like a committee of specialists representing their own area of specialization in the purchase decision-making. The marketer can predict the composition of the buying center by determining stakeholders with certain roles, and acting accordingly in influencing these persons. These roles in the buying center are: Users, influencers, buyers, deciders and "gatekeepers". "Gatekeepers" are the ones who control the information that reach to the other members of the buying center. The influencers are personnel who supply information for

evaluation of alternatives or set buying specifications. Users are the personnel who will actually use what is purchased, and therefore might influence or even initiate the buying decision. The buyers are the ones who have formal authority to select the supplier and implement the procedures in receiving what has been purchased. Deciders are the ones who actually make the buying decision, whether or not they have the formal authority to do so. (Hutt & Spehn 2004, 83)

After understanding the buying center composition, the different forces affecting the buying behavior can be listed and considered in marketing. These forces can be divided into environmental, organizational, group and individual categories. Environmental forces are in general the economic situation and future prediction of that situation both domestically and globally, the pace of technological change, and global trade relations. Organizational forces are the objectives and strategies of the buying company, as well as the position of purchasing in general in the company. Group forces are the roles, relative influence, and patterns of interaction of buying-decision participants. Individual forces are task function, experience, and buying motives of an individual participant. Other than understanding the buying center's structure, the marketer must also understand the steps in a buying decision process. The process is commonly divided into the following eight steps: problem recognition, general description of need, product specification, supplier or source search, proposal analysis, supplier selection, transaction routines and performance evaluation. The importance of these steps to the marketer depends greatly on what type of purchase is being made. Types of purchases can be categorized into new tasks; re-buys and modified re-buys. In new tasks the efforts in problem-solving are extensive whereas in re-buy situations process is more routine-like. All these models can be used in obtaining and defining the buyer decision-making characteristics, which then help to form an appropriate marketing response. (Hutt & Spehn 2004, 83)

### 2.1.3 Business Strategies in Business-to-Business Markets

Forming a strategy by a simple definition is determining the goals or objectives and general means to reach them. The strategies are formed to create changes or to adapt to changes. Forming a strategy involves identifying the core competencies of the

company that then formulate the company's differentiation in the present state as well as in the future. As the future is unknown, the strategies are also connected to forecasting the future market conditions and creating visions of how the company will compete in these conditions. The strategy should then, based on the predictions, try to alter the change to be as beneficial as possible to the company's business model. The business model is a configuration of the elements of a business, how they interact together, and how they produce profit. (Vitale & Giglierano 2002, 110-138)

The difference between strategy and tactics depends on the perspective, and therefore the strategy can be divided into different levels, which then together form the entity. Three different levels are commonly used: corporate strategy, business-level strategy and functional strategy. In general the strategy planning is more located in corporate strategy, and following the hierarchy of strategies it changes more towards strategy implementation. In business-level strategy the business is divided into strategic business units competing in a certain industry, and these units are characterized by being a single business or collection of businesses that have a distinct mission, have their own management, have their own competitors and are relatively independent in their decision-making. Functional strategy focuses more on how the resources allocated for functional areas can be used in most efficient and effective ways. The strategy-forming often uses different tools to evaluate the strategic business unit's (SBU) performance, and then use this information in business-level strategy and in corporate strategy. One well-known tool is the growth-share matrix, which is used in positioning SBU according to the market growth rate and market share of that SBU. Also the market attractiveness - business strength matrix can be used in making a similar analysis of the situation with a certain SBU. Both of these matrices then outline a generic strategy that should be followed by a SBU that has been positioned in a certain portion of these matrices. Forming a strategy can be described as a strategy management process, which follows a stepwise progression: Setting objectives, analysis of the current situation, SWOT analysis, strategy design and choice of the best strategy, implementation plan design, strategy implementation, monitoring of environment and performance, analysis of variance from the desired performance levels and adjustments based on analysis of variance. (Vitale & Giglierano 2002, 110-138)

#### 2.1.4 Segmenting

In developing the strategy for a company operating in a business-to-business environment the aggregate market is often too broad to provide accurate information on varying needs of the customer. Thus, the market is divided into segments with certain characteristics that then help to determine the correct response of a marketer for these specific needs of a customer in the formed segment. Targeting a segment with strategy tailored specifically to meet the requirements of the customer in this segment enables the company to work more efficiently when compared with it trying to appeal to the broad market. In forming the segments the marketer must consider the criteria against which the segments are evaluated. First, the measurability of the information on the particular buyer characteristics should be evaluated. Secondly, the accessibility of effective marketing efforts to the segment should be evaluated. Next, the substantiality of the segment should be evaluated to determine if the segment is large or profitable enough for separate marketing actions. Also the compatibility of the segment should be considered, to evaluate how the company could match the competition and technological state of the segment. Finally, the responsiveness of the segment should be evaluated, in order to determine how the segment reacts to changes in marketing mix elements. Using this criteria customer groups behaving in a similar way can be categorized into segments. The segments are often based on the product the companies offer, the geographic region the companies operate in, the industry in which the companies belong to, the sizes of the companies, the amounts ordered by the companies, the buying preferences or behaviors of the companies, and the technology applied by the companies. When segments have been formed, the company must then select which of them should be targeted based on what seems to be the most attractive one after evaluation. (Vitale & Giglierano 2002, 188-209)( Hutt & Spehn 2004, 191)

#### 2.1.5 Managing and Positioning the Product

After target market segments have been carefully chosen, the positioning of the total offering is conducted. Positioning is the creation of greater value for a targeted customer than is created and communicated by competitors. Positioning is based on differentiation and communicating it successfully to the customer. In this stage the customers' value dimensions should be known, the marketer should then be able to

appeal to the customer and know how the customer perceives the total offering. Despite the efforts by marketer, the customer still generates own perception of the company and the offering. This perception is affected by various elements other than what is directly communicated, such as image, branding, and matters that affect these two. As the positioning is a result of the differentiation process, then managing the product or product line correctly will be a basis for how positioning can be conducted. Managing a product in a beneficial manner should begin by transferring the value or perceived value of the core competencies to the end-product. In between companies often have core products, which have a function of a tangible link between core competencies and the end-product. This will transform most of the value to the total offering, although brand and image also contribute to it. The quality of the products is one important factor affecting the value perceived by a customer, and thus managing a product includes quality management and use of standards set by the international standards organization (ISO). (Hutt & Spehn 2004, 297) (Vitale & Giglierano 2002, 210-234)

Related to positioning and managing the product are the concepts of product life cycle, and technology adaptation life cycle. The product life cycle is important in measuring the life period of a product, defining an appropriate marketing mix for a product in a particular development stage, understanding different opportunities and threats deriving from the current condition of the product, and understanding how profit generation is affected by the stage in the cycle. The product life cycle is expressed in a graph of time against sales revenue, where the graph is divided into stages. The stages are development, introduction, growth, maturity and decline. At the development stage, profit does not exist, the product itself is not yet completely defined, and the marketing is more directed in bringing attention to the new technology or other special features. In the introduction stage profits are close to zero, the product is very basic as competition does not yet exist and cause differentiation, pricing and positioning product increase in importance, and promotion is used to gain awareness. At the growth stage profit increases dramatically, competition generates a need for further differentiation, market penetration pricing may become more appropriate, distribution channels increase in importance, and promotion is used merely to remind and reinforce a purchase decision. In the maturity stage the profits have already attained high point, fierce competition exists over market share, promotion is used to reinforce and focuses more on supplier

reputation, price becomes very important in the marketing mix, and distribution efforts increase to reach all segments possible. Finally, in the decline stage, the promotion is reduced, consolidation occurs among suppliers and the number of competitors decline, and in general the business is either capitalized on or divested. The technology adaptation life cycle is made to illustrate the types of customer related to the product life cycle stages of a company's product. In the same order as in the product life cycle, the customer types are classified as technophiles or innovators, visionaries or early adopters, pragmatists or early majority, conservatives or late majority, and skeptics or laggards. (Hutt & Spehn 2004, 297) (Vitale & Giglierano 2002, 210-234)

#### 2.1.5 Marketing Channels in Business-to-business Markets

The channel of distribution can be used also as a channel for marketing to reach the customer. The correctly formed channel structure can increase the value delivered to the end customer, and bring benefits to the channel participants in a form of efficiency. The added value is due to achieving a greater economic utility, which consist of the time, form, place and possession of the product. The channels vary in their structure depending on the case specifics, but they can be divided into direct channels and indirect channels. In direct channels the products are sold directly from the manufacturer to the end customer without any primary intermediaries. In indirect channels the sales happen through intermediaries, such as distributors and manufacturer's representatives. Also electronic-channels can be used and distinguished as a separate channel, if not for sales, then at least for customer service and promotion purposes. The channel design that a company chooses to use is a result of the channel strategy implied. Channel strategy in general involves two important tasks: designing the overall structure and managing the operation of the channel. Channel design is composed of evaluation of distribution objectives, activities and potential intermediaries. Channel structure includes the amounts, types and levels of intermediaries used in the channel. When planning the channel structure and design, the company has to evaluate different plausible solutions, and decide how to manage the relationships with different participants in the channel. Managing channels is also closely linked to supply chain management, and upholding the relationships there with the

participants. The managing of the relationships is especially important in selecting and motivating the intermediaries of a certain channel. (Hutt & Spehn 2004, 37)

#### 2.1.6 Marketing Communications Methods

The marketing communication methods in a business-to-business environment are the same as the elements of a promotion mix in business-to-customer markets: personal selling, advertising, promotion and public relations. However, personal selling distinguishes in importance in business-to-business markets as it is the primary source of making sales. The other elements act merely as support and supplementation for personal selling. Also, the different methods are not clearly separated from each other, but the marketing communication methods can consist of a different combination of these elements, for example in a trade exhibition where advertising, promotion and public relations can all be applied at once. Advertising as a communication method alone is more like a monologue, where the company spreads awareness and provides general information. Due to the impersonal and nonspecific nature of advertising, it does not directly affect the final purchase decision made at the point where sales occur. It is effective though in reaching larger audiences with shorter messages, as the advertisements can be used many times through different forms of media. Sales promotion is perhaps most used marketing communications method in business-to-business markets, as it utilizes various methods, which have an objective to enhance the value of an offering over a specified period of time. Sales promotion can be categorized into three types according to what they focus on: internal focus, focus on channel intermediaries and focus on the customer. Internal sales promotion has an objective to motivate the sales force internally in the company, through sales incentives and contests, to sell more. Sales promotion focused on channel intermediaries has an objective to reward and motivate them for the cooperation, by providing them with product support material and training, as well as financial benefits based on volumes sold. The sales promotion methods feature sales and support literature, catalogues, brochures, data sheets, capabilities brochures, technical bulletins, test reports, experiences from applying the product, promotional merchandise, conferences, training, seminars and exhibitions. Public relations are used in creating a positive image of the company or product line through nonsponsored messages. Thus public relations have a purpose to obtain attention of the company's business by third-party media and publics.

The efficiency in public relations is caused by two factors, namely from the effective management of relationships to media and from creativity in communicating. In addition to the above-mentioned marketing communication methods, the internet provides different applications for effective communications with customers and channel members. The biggest benefit offered by internet communications is a fast, low-cost interactivity. Internet communications can use opt-in e-mails and newsletters with advertisements, or websites and attract visitors to the website. (Vitale & Giglierano 2002, 416-453)

#### 2.1.7 Managing Customer Relationships

In business-to-business markets the seller and buyer organization often form relationships instead of having simple transactions. The reason for this is that through creating and sustaining a successful relationship to a customer the company can achieve significant competitive advantage. The competitive advantage arises from loyalty in the relationship, which is difficult for the competitors to imitate. The type of relationships that exist between buyer and seller can be divided into two categories: transactional relationships and collaborative relationships. Transactional relationships are formed when there is a competitive supply market with many alternatives, the purchase decisions are not complex and the supply market is stable. In these relationships the seller is in a role of order taker or persuader and sustainer of the relationship. The so called "switching" costs in the relationship, which are the costs occurring from investments and risk of exposure, are relatively low in transactional relationships. (Hutt & Spehn 2004, 112)

The collaborative relationships are formed when a supply market provides only a few alternatives, the market is dynamic, the importance and complexity of the purchase decision are high. Also in these relationships the operational linkages between buyer and seller organizations are extensive, the information exchange is at a high level, the "switching" costs are high and the seller is many times in the role of motivator, problem solver or value creator. In nurturing the relationships, customer relationship management (CRM) is often used by companies to achieve the full benefits from these relationships. Customer relation management can be defined as a cross-functional process for achieving a continuing dialogue with customers in all their contact and



access points, with personalized treatment of the most valuable customers, to insure the customer retention and the effectiveness of the marketing initiatives. The main function of the CRM for the supplying organization is to align the customer strategy and business processes for the purpose of improving customer loyalty, and eventually the profitability of the company. When creating a CRM strategy for a company, the following five priorities should be considered in the planning: acquiring the right customer, forming the right value proposition, instituting the best processes, motivating the employees and learning to retain customers. (Hutt & Spehn 2004, 112)

#### 2.1.8 Pricing

A pricing strategy followed by the company is connected to the overall marketing strategy in use, and affects various other activities in the company. The pricing of a certain product should consider the customers' way to perceive the costs and benefits generated by this product. Understanding how the customers' buying center operates will help to choose the right pricing strategy as the price itself is only one element in total costs in use for the customer. Generally the costs of buying a product can be categorized in acquisition costs, possessions costs and usage costs. These cost types are then composed of particular costs that in practice depend on how the customer has divided them. Thus forming a pricing strategy where the customers' total costs in use are understood and notified is referred to as value-based strategy. The pricing decision itself is multidimensional in its nature, and the process consists of the following components; pricing objectives, demand analysis, cost analysis, competitive analysis, impact on companies other products and legal considerations. (Hutt & Spehn 2004, 406)

Setting a price for a new product allows the company to choose between a "skimming" approach or a penetration approach, depending much on product specifics and how the new product is valued by the customer. "Skimming" approach in pricing new products refers to setting a high initial price, and thus making early profits to cover the possible developmental costs. Then later, as the demand changes more price elastic, the price can be reduced to gain new customers. This approach is effective when the products are distinctively new and places the company in a monopoly-like position. Penetration approach focuses on setting a lower initial price to gain market share. This approach is

appropriate when the demand is highly price-elastic, there is a threat of competition and when the production costs can be reduced by increasing the volumes. Many occasions the competition in the market results in price attacks by competitors, to which the company has to prepare with a competitive strategy. This strategy merely acts as a guide whether to neglect the price attack or act upon it by accommodating to the attack. In addition to these price-forming settings, in business-to-business markets, the price can also be set in competitive bidding. In competitive bidding the seller company generates a price for a product or service requirement set by the purchaser company, which then evaluates the different bids, or prices, given by competing provider companies. The bidding processes can be categorized in open and closed biddings. In closed biddings the buyer organization invites selected potential suppliers to submit bids for the business opportunity, and then generally makes a contract with the supplier that gives the best bid and meets the specifications. Open bidding functions much like closed bidding, except that the buyer issues a date for when any supplier that chooses to participate can send its bids. (Hutt & Spehn 2004, 406)

#### 2.1.9 Supply Chain Management

Supply chain management can be formally defined of being “the integration of business processes from end user through original suppliers that provides products, services, and information that add value for customers” (Hutt & Speh 2004, 147). The added value from a supply chain is achieved by companies doing cooperation ultimately on the level where an individual chain company can focus only on its customers, core competencies and creating value. However, before reaching the stage of expanded enterprise where these type of benefits occur, the companies enter earlier stages in adapting supply chain management. The companies begin with an informal stage, where they lack functional processes, policies and operations management. In the next stage companies form functional cooperation, sub-optimizing performance. The third stage is reached when internal process integration is completed, and companies form alignment across all sub-processes as well as levels of management. Fully adapting to a supply chain allows the companies in general to improve the flows of products, services and information. As for the various functions in supply chain management, logistics is critical, as it directs the flow and storage of products and information. The logistics itself can be divided into

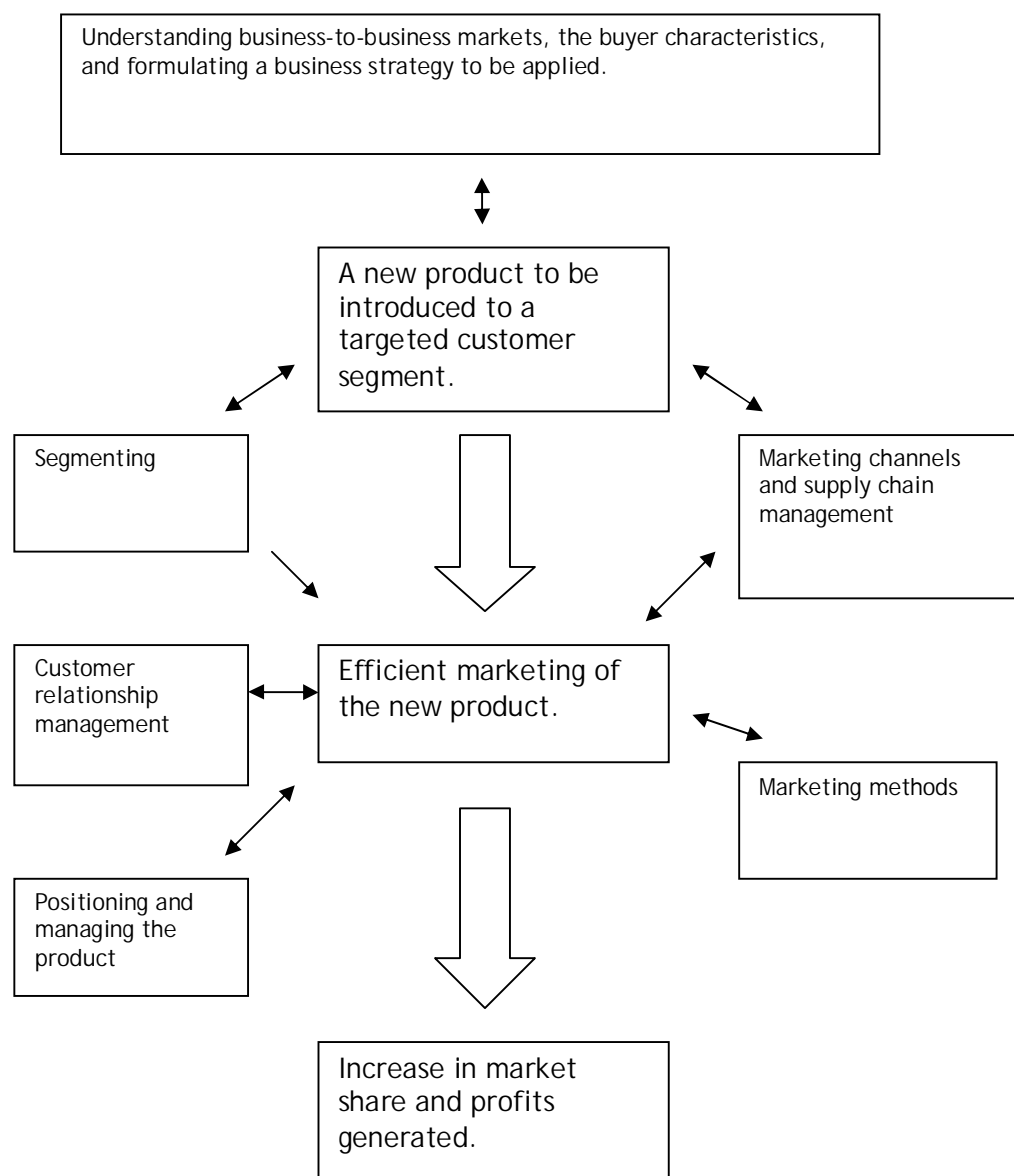
three major variables: the facilities, transportation and inventory. In supply chain management these variables of logistics are then extended to include members of the chain and overall supply chain performance. Synchronizing logistics with other functions and analyzing its impacts on them is the key ingredient in successful supply chain management. Also the evaluation of the effects of these functions to the level of service provided to the customer is very important, as customer values the well-function logistics very highly in supplier companies. Decision making in logistics should be based on cost calculations of different alternatives. In terms of marketing, the supply chain management becomes important when the integration between chain members begins to affect the marketing possibilities. (Hutt & Speh 2004, 168)

## 2.2 Constructing a Theoretical Framework

An interdependency exists between different functions of the company, and thus a broad range of theories can be applied in explaining what makes marketing of a certain product or service efficient. The following framework (See Figure 18) on the next page is constructed to illustrate how different theories are connected to the introduction and efficient marketing of a new product by SKS Automaatio Oy. First the basic settings existing in the business-to-business markets and the buyer characteristics should be understood. Then the business strategy that is being applied in the company should be considered. These theories should be adjusted to the new product that is being introduced, and for which a target customer segment is created. Creating the segment is very important, and it then outlines the customer characteristics used in marketing the product. The introduction of the new product to the targeted customer segment is also influenced by the supply chain management decision taken and marketing channels used. In particular, the indirect channel formed in SKS Automaatio Oy's case set an economic utility for the new product and form boundaries to marketing as well. The supply chain management solutions affect the introduction of the new product and the marketing used for that product, through the added value created by them. The factors adding value can then be referred to in the content of the marketing performed. A working supply chain also reflects to the image of the company, and the image marketing used. Customer relationship management is connected to efficient marketing by the stage in which the relationship to a particular customer exists, thus defining what

type of communication is used in marketing. In the case of a technologically specific product such as ATEX products, the positioning and managing the product, especially the quality standards, determine how the value is perceived by the customer. Aspects from positioning and managing the product then influence the messages communicated through the marketing. Particular marketing methods are the way through which the marketing is performed, and thus selecting the most favorable ones will affect the efficiency of marketing.

FIGURE 18.



### 2.3 Earlier Studies

On the topic of marketing ATEX products in SKS Group Oy there have not been any previous studies conducted. This is logical, as the product group is new. On the broader scale there had been studies done on marketing and communications of SKS Group Oy, but these studies have been focusing on other product groups, or image related issues on the company. Thus the earlier studies done do not affect this thesis and their results are not in anyway featured here.

## 3. METHODOLOGY OF THE STUDY

### 3.1 Research Approach

In order to collect applicable information through research the information gathering has to be structured and targeted in a right manner. Conducting research for the improvement purposes of marketing activities, the sources need to be selected to support the objectives. In SKS Automaatio Oy the research done to achieve improvements should then consist of defining the internal situation and defining the customers and their preferences. Based on this information the marketing activities can then be further evaluated and analyzed. Research is therefore divided to reflect this, and the main sources are the questionnaires conducted on customers' views and interviews and questionnaires conducted internally among staff of the company. The main focus in the questionnaires targeted to the customers is on definition of the customer characteristics and their position on ATEX matters. In interviews the main focus is on determining the current situation within the company, and the individual views on which activities are performed in correct way and where improvements could be made.

### 3.2 Research Method

The research methods are the questionnaires and interviews. Two questionnaires were formed, one targeted to the customer (See Appendix 3) and one to the sales personnel (See Appendix 4). The questionnaire for the customers was constructed to have 17 questions. The questions were divided into two parts, first being questions to determine the type of customer answering and the SKS Automaatio Oy advertising they had seen. The second part of the questions focused more on ATEX product group and defining the respondents' views on success of the marketing done by SKS Automaatio Oy. The possible answers for the questionnaire questions were given in three forms, first form being simple answers of yes or no. The second answer type was a scale from one to five, where number one represented a certain predetermined view on the matter in the question and number five represented the opposite of that view. The third type of answer possibility used was an open answer, in one of the questions. The questionnaire was made with a program used by SKS Group Oy called Similan which provides the user with questionnaire-forming tools and an ability to publish the actual questionnaire via the internet. The links to the questionnaire were then sent to the targeted group of receivers. In the questionnaire to the customers, the links to participate were sent according to the list of ATEX related contacts gathered by SKS Group Oy's marketing department. Out of all the contacts on this list, 189 persons replied to the questionnaire. Analyzing the data collected was done by a statistics program called SPSS, through which graphs and percentages were calculated. The percentages and graphs used are all formed from the total number of answers received to a particular question, which did not always correspond to the total number of respondents in the questionnaire. The questionnaire to the sales personnel followed the same principles as the one targeted to customers. There were only 15 questions in this one, with three similar answer possibilities as in the other questionnaire. Out of the total number of staff members targeted with this questionnaire, 18 replied to it. The interviews were conducted among managers of SKS Automaatio Oy. Five sales-group managers were interviewed individually according to the same set of questions made in advance (See Appendix 1). There were 20 questions, divided into two categories, the first being general views of SKS Automaatio Oy's marketing and its efficiency, and the second being questions related to ATEX products and their marketing. The interviews were recorded,

and the recordings were then transcribed into summarized text. The marketing manager of SKS Automaatio Oy was also interviewed, but with a different set of questions as the sales group managers (See Appendix 2). Comparing and combining the different results produced by these research methods would then provide the essence of the research as a whole.

### 3.3 Research Reliability

In assessing the reliability of the research, the sources of the information determine if the information can be relied on. The sources for the interviews were all employees of the company, all in managerial roles in the organization. The interviews were conducted among the sales-group managers, and the marketing manager, which together are in a key role in decision-making in the company. Thus the interviews include ideas and views of the people in SKS Automaatio Oy who decide how the company operates. Even more important than this, the persons interviewed were all closely related to the marketing functions, as part of their work is the marketing of the products represented by SKS Automaatio Oy. The source of information for the questionnaires was the staff members of SKS Automaatio Oy and customer contacts related to ATEX products. The customer contacts list, used in the questionnaire to the customers, was received from SKS Group Oy's communications manager, and it has been created for targeting ATEX communications to the right audience. The contacts on the list have been collected from inquiries concerning ATEX product group, from participants in ATEX seminars and from sales of ATEX products. Thus the people on the list are all connected to ATEX product group. Therefore the source should be reliable, although the degree of specialization to ATEX matters or the role in purchase decisions is not clarified separately for each contact. In quantitative research the number of respondents also affects the reliability. The 189 respondents in the questionnaire for customers represents a large enough group, and thus makes the results reliable.

### 3.4 Research Validity

The research becomes valid if what is supposed to be measured is being measured. In this case defining the customer and measuring the customers' views on marketing performed by SKS Automaatio Oy were the objectives on the questionnaire for customers. Also the general knowledge about ATEX, and thus the effectiveness of the ATEX marketing was measured in the questionnaire. As the number of the questions had to be limited, and the questions designed in a way that allows statistical tools to be used, then everything that could have been useful knowledge was not included. As there are boundaries for designing the questionnaires, the questions were valid and provided results to support the reaching of the objectives.

## 4. EMPIRICAL STUDY

### 4.1 SKS Group Oy in General

The company SKS Group Oy has a long history in operating in its primary business field, component importing. The family-owned company was founded in 1924, when it began importing components according to the needs of Finnish industry of those times. The title SKS comes from the first letters of the family names of the three founders of the company. In the history, SKS Group was long operating under name of SKS Tekniikka Oy which was established in 1984. Even further in the company's history, before SKS Tekniikka Oy, the company was operating under Konetuote OY, and Suomalainen Kone Osakeyhtiö. In recent years the company has experienced a major image change. The image change resulted in renaming the company SKS Group Oy, and in addition of SKS - front title to the group companies. Also the logo of the company, and group companies, were changed to support the new image. The image change also concluded a phase of acquiring and merging companies and their functions. This does not mean that acquisitions in the future will not happen, but before the image change SKS Group Oy had acquired and integrated competing companies into its organization, thus making the image change even more valuable and unifying. (<http://www.sks.fi>)



Nowadays SKS Group Oy, through the group companies, offers a unique range of individual components, semi-finished products, assemblies and equipment deliveries. It serves a large range of industrial customers in various fields of business. In financial terms the company has been successful as the turnover for the year 2006 was € 120193000. The profits were € 4998000, and staff employed exceeded 600 people. These figures illustrate the group as a whole, and the individual group companies performed differently, still contributing to the whole group's turnover and profit. Some of the group companies were still facing effects from merging and acquisitions, which had increased the costs and thus negatively affected the financial figures. The geographical area where SKS Group Oy operates is broad, but most of the business is conducted in Finland. Also Estonia and Russia are important areas of operation, where SKS group Oy has its sales offices with local sales personnel. In these countries the sales are mainly directed to local producers and retailers. The international aspect of sales is also due to partnerships with larger Finnish companies operating internationally, and them preferring SKS Group Oy in component supply and other services in those operations as well. Therefore the internationalization of SKS Group Oy has begun from main customers having international operations outside Finland. Partly for these purposes, a sales office in Shanghai, China, was opened in 2007. However, the core of the business remains in Finland, where all of the warehouses and production facilities are located, and from where products are shipped to their destinations. (Annual Review 2007)

The division of the SKS Group Oy into group companies is based on the products or services offered, and the type of customers targeted. The main benefit of grouping together companies operating in similar industries, or partly the same industries, has been received by being able to offer a larger range of services and products under one entity that is the SKS Group Oy. Also it allows internal organizational benefits, as the supporting functions of each group company can then be on a group level instead of having separate ones for each group company. Thus, the SKS Group Oy itself consists of operations such as marketing on a group level, accounting, human resources management, logistics management, quality management and management of the whole group as an entity. The sales, assembling, warehousing, purchasing and marketing to some extent are done within the group companies according to their specific needs. The group companies, or sales companies which they are also referred as, have some degree

of independence in their decision making, but the general outlines are set by group level decisions. The sales personnel are also divided into two categories, the technical sales personnel and regional sales personnel. Of the two, the regional sales personnel organization is larger and is more traditional to SKS Group Oy's sales strategy. The regional sales personnel organization is constructed so that certain sales persons focus on a certain geographical area and customers operating there. These sales personnel sell products and services beyond group company boundaries. The technical sales personnel are focused on specific group company products, or specific product categories within the group company. They also support the regional sales personnel, as they are specialists in the product groups assigned to them. (Annual Review 2007)

The nine group companies in SKS Group are: SKS Automaatio Oy, SKS Connecto Oy, SKS Control, SKS Mekaniikka Oy, SKS Mechatronics Oy, SKS Tohmac Oy, SKS Toijala Works Oy, SKS Vision Systems Oy and SKS Tehnika OU (in Estonia). SKS Automaatio Oy sells automation and safety components, cables and accessories, power supply and control equipment, instruments and temperature measurement, alarm equipment, housings and connectors. SKS Connecto Oy is closely related to SKS Automaatio Oy, as its focus is on manufacturing of cable harnesses and wire sets. These two share similar customers, and internally also some management functions, functioning much like a matrix organization. SKS Control Oy operates in a slightly different field of business, serving the machine building industry's need on electrical drives, control equipment, motors, and services from designing to maintenance. SKS Mekaniikka Oy's product and service range include chains and belt drives, gears and motors, couplings and cone clamping elements, bearings and linear motion systems and mechanical machine components. SKS Tohmac Oy provides similar products and services as SKS Mekaniikka Oy, and the two compete to some extent within SKS Group Oy, although they have different customers whom they have formed partnerships with. The SKS Tohmac Oy offer products such as hub and shaft connectors, chain and belt drives, transmission parts and specialty lubricants. SKS Toijala Works Oy, which is the largest single group company in the SKS Group Oy, operates in contract manufacturing, specializing in system deliveries for large and demanding machine units. SKS Vision Systems Oy is developing, manufacturing, designing and implementing optoelectronic and machine vision systems for their customers. SKS

Tehnika Oy is the Estonian subsidiary of SKS Group Oy, to sell and represent SKS Group Oy's companies in the Baltic countries. (<http://www.sks.fi>)

#### 4.2 SKS Automaatio Oy

SKS Automaatio Oy is the company into which this thesis specifies to, and therefore a more detailed description of its business will provide a basis for the improvement of its marketing practices. The company was formed in 1998, when it was separated from SKS Tekniikka Oy as an independent subsidiary. The reason for this was to distinctively specify the area of specialization within SKS Tekniikka Oy to a more clearer form by having a separate daughter company to sell certain products to a certain target market or target customers. Having separated the sales of specific components to a specific customers into a subsidiary such as SKS Automaatio Oy then helped the customer as the customer could receive more accurately targeted products or entities to purchase. It was also internally beneficial as the sales personnel would now be categorized more distinctively according to what type of products were sold and what type of customers they were sold to. The division was also based on supplier relations and representation of a component supplier to specified industries. The different industries SKS Automaatio Oy is serving with its component supplies are various, but the processing industry and machine building industry can be named as the most important. In general, as the company name suggests, the targeted customer group is the automation industry or industry where automation components are required. In practice it can be any industry where automated production or semi-automated production is used to create an end product of some kind. Also in various projects of building facilities where electrical entities of any kind are installed can be customers of SKS Automaatio Oy. Thus, it is not easy to exclude an industry from potential purchasers. (<http://www.sks.fi>)

Geographically SKS Automatio Oy primarily focuses on Finnish companies and Finland. This is due to the fact that in other geographical areas other companies represent the same suppliers as SKS Automaatio Oy represents in Finland, and since the high quality component itself is the main competitive advantage it would be difficult to compete in other geographical areas against a competitor who has same components from the same

manufacturer. So, in forming SKS Automaatio Oy, the reasoning was that Finnish automation-related industries would now be able to receive a large range of high-quality components from one single supplier. After the formation, SKS Automaatio Oy has been developing and deepening the partnerships with suppliers and customers. Also the importance of value-adding services has increased during the years. The development has been positive as the company has become the leading importer of automation and electrical components for the machine building-industry in Finland. Today supplier partnerships exist with manufacturers such as PMA, PR Electronics, Harting, Werma Signal Technik, Leuze Electronic, Hetronic, Lapp Kabel and Land Infrared to name a few. (<http://www.sks.fi>)

In 2007 SKS Automaatio Oy employed 31 persons, and the turn-over was 23.2 million Euros. As mentioned before the main business for SKS Automaatio Oy is component importing, in which the company represents a range of well-known component manufacturers in this business field. In addition to components, SKS Automaatio Oy also provides various value-adding services for its customers. The services include manufacturing of semi-finished products according to the customer's requirements, planning of the technical solutions requested by the customer, maintenance and repair, and assembly and contract manufacturing of larger entities. Also the technical expertise of sales personnel can be seen as a service as the seller then understands the customer's technical needs better. Strongly related to this are also the manuals and technical drawings that are translated into Finnish by SKS Automaatio Oy, which is a value-adding service too. The company is organized into five sales groups based on product types. Each sales group has a manager appointed to it, whereas sales personnel sell across the sales group boundaries according to customer demands. Thus, the managers are moreover responsible in maintaining contacts to suppliers, budgeting, marketing and providing technical tools or information for sales personnel. The first of the sales groups is alarm equipment, housings and connectors. The second group is cables and accessories. The third is automation components, and the fourth is power supply and control equipment. The last sales group is named instruments and temperature measurement. The titles of the groups define the type of products included in the group. Each sales group also has a certain set of suppliers of whose products are represented in the product range. (<http://www.sks.fi>)

### 4.3 ATEX Product Group

The guidelines for effective marketing will be developed using the ATEX product group as an example. This particular group was chosen due to being newly formed, and because it has been difficult to clearly state how it should be marketed or how to reach the target customers and who they are. Therefore more research on the marketing aspect of this product group was needed. The title ATEX means atmosphere explosive, and thus the products in the group are components that are designed for facilities where there is a possibility for an explosion to happen. The use of components with the ATEX certificate in a certain type of facilities is defined by a European Union directive 94/9/EG updated on 23<sup>rd</sup> of March 2004. This directive is also closely connected to the EU treaty's article 95, so it is often referred to as ATEX 95. The main message of this directive is that after 1<sup>st</sup> of July 2003 every new facility that is categorized in the ATEX category has to have ATEX components within it. The purpose of this is to improve the safety of buildings and facilities where an explosion can happen due to levels of certain gases or dust types. Then, by using safer components in this type of facilities, explosion accidents can be avoided or at least reduced. The directive defines and categorizes the different types of explosion-sensitive facilities, the type of explosions, and allowed temperatures in certain facilities. Thus, the specifics of the facility define what is required from the ATEX component. The main feature of an ATEX product is that it does not cause an explosion by igniting the gas or dust formed. This means that different types of classifications of ATEX products tell how much heat (outside temperature) the component can conduct outwards, and how the component should be composed to minimize any possibility for flames or sparks caused by it. In SKS Automaatio Oy the ATEX product group exceeds the different sales-group lines, and the ATEX products can be in all of the sales groups. In some sales group, for example in instruments and temperature measurement group, the ATEX products are more important and exist in larger numbers. Due to the specialty of these products, the target customers for these products is also different. That is the reason why they form their own product group, and also why separate marketing practices are required for ATEX products. (ATEX-Merkinanto - ja hälytyslaitteet)(Komponentit ATEX - tiloihin)

#### 4.4 Traditional Marketing Methods

The methods for marketing in a business-to-business environment are various, and each company chooses a set of methods best suitable for its specific needs. In SKS Automaatio Oy the marketing methods commonly used are mentioned and explained here, as these methods will be referred to in the research conducted and in the empirical study findings reached. The marketing is generally divided into actual marketing methods and image marketing, as the company representatives have expressed this in the interviews and through personal observations while working in the company. Image marketing is separated to be its own entity because it is due to SKS Group Oy's marketing of the company brand or image. However this type of marketing does not communicate SKS Automaatio Oy's product information or selection to the potential customers, but instead informs the audience that SKS Automaatio Oy is part of the SKS Group Oy and that it can be associated with the technical expertise and other values that the group represents. Also, SKS Group Oy markets regularly in certain magazines, for instance Tekniikka & Talous, and through this marketing SKS Automaatio Oy gets more visibility in addition to its own marketing. The same applies in other forms of image marketing performed by SKS Group Oy, and it is generally considered to increase the visibility and be more regular than specific campaign advertising of SKS Automaatio Oy for example. As for the marketing methods used by SKS Automaatio Oy, the marketing manager of SKS Automaatio Oy stated that the most important and most commonly used ones are product catalogue and brochure distribution, trade exhibitions and advertising in trade magazines. Also it is stated that marketing performed by sales personnel by direct contacts is very important, and includes various public relations functions such as being present in seminars and training sessions. The internet is seen as a method too, but merely as an alternative channel to publish brochures and product catalogues. The brochures and product catalogues are usually translated into Finnish from the product information published by the manufacturer, and the translated information is then published in a carefully planned visual layout portraying SKS company logos and contact information. The catalogues and brochures usually communicate product technical information, suggestions on what type of technical entities the particular components are suitable and what standards the product fulfills. Trade exhibitions where SKS Automaatio Oy has a presence, or an exhibition stand and sales personnel representing

the company, and to which SKS Automaatio Oy invites its customer contacts or attracts and communicates with new potential customers. The events participated in are usually major exhibitions concerning a certain industry where SKS Automaatio Oy has a certain number of existing customers or potential new customers. Advertising is mostly concentrated in publishing advertisements in trade magazines that appeal to a certain customer segment or a group of people with a certain educational background and technical knowledge. The communicated matters in these advertisements are usually campaign - related, informing the potential customers of an arrival of new products, spreading awareness of the product selection and such matters. Direct contacts, and also forms of public relations mentioned earlier, are usually based on SKS Automaatio Oy's (sales) personnel being involved in occasions with customer representatives where by means of providing technical product information and installation advising the personnel market SKS Automaatio Oy and its product selection as well. (Peltonen, Jari. Interview with marketing manager)

#### 4.5 Quantitative Research

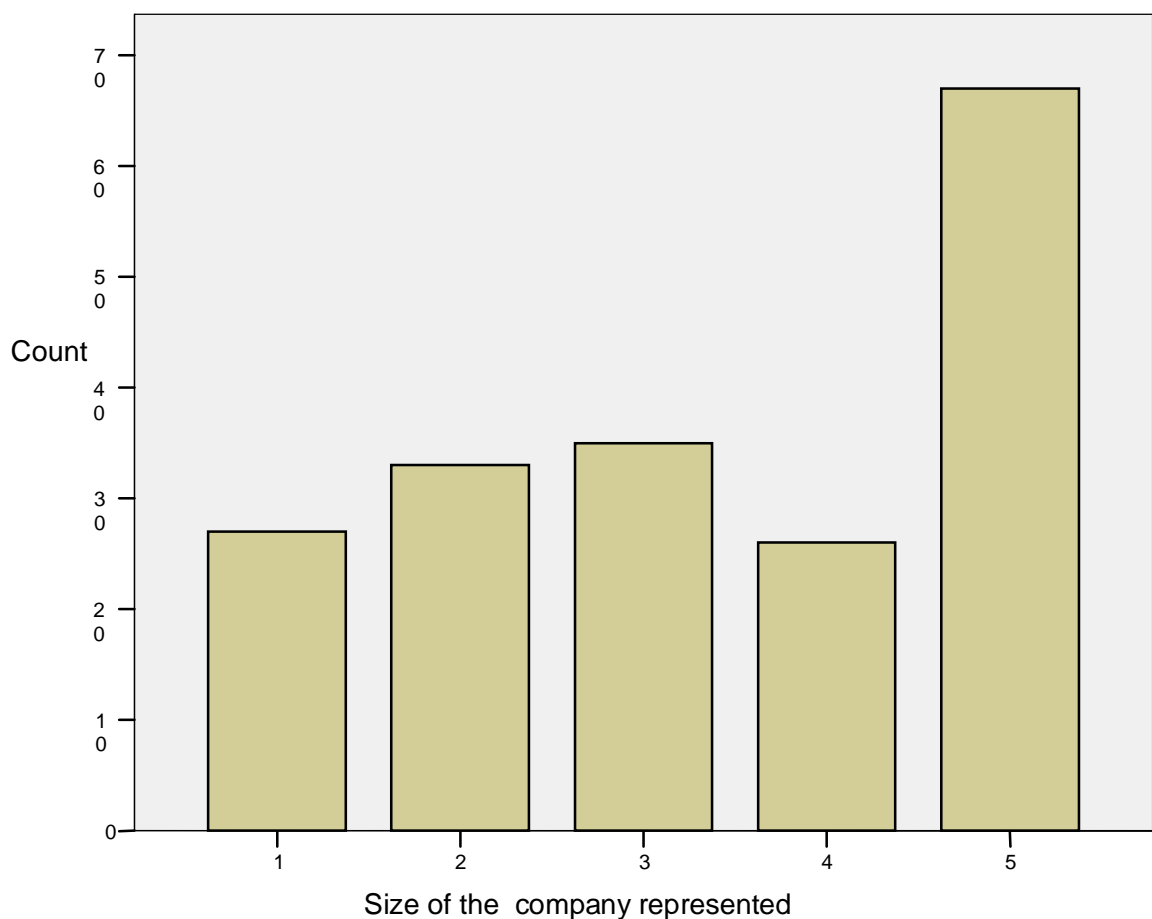
Quantitative research is constructed of questionnaires conducted among sales personnel and customers. The focus is on the questionnaire targeted to the customers, as that is the most important source of information in reaching the objectives. The questionnaire to the sales personnel will be analyzed more briefly, as the number of participants made the information less reliable in a statistic sense. First in this section, the results of the questionnaire to customers is discussed, by analyzing the responses given to each question and afterwards comparing results of different questions with each other.

##### 4.5.1 Background Information of the Respondents

Analyzing the answers given about the background information of the respondents allows to determine what characteristics the ATEX customers have. First the gender of the respondent was asked, and considering the answers, the customers seem to be dominantly male. 95.8 percent of the respondents were male, and only 4.2 percent were female. When determining the size of the company the respondents represented, five

categories for company size were formed. First very small companies employing under ten people, second companies employing 10-50 employees, third companies employing 50-200 employees, fourth 200-500 employees and fifth companies employing more than 500 employees. Figure 1 illustrates the division of answers. The answers were distributed quite equally to different size categories given to choose from, even though the largest companies represented 35.4% of total answers. This suggests that ATEX customers are from variously sized companies in general, but the largest proportion is from big companies.

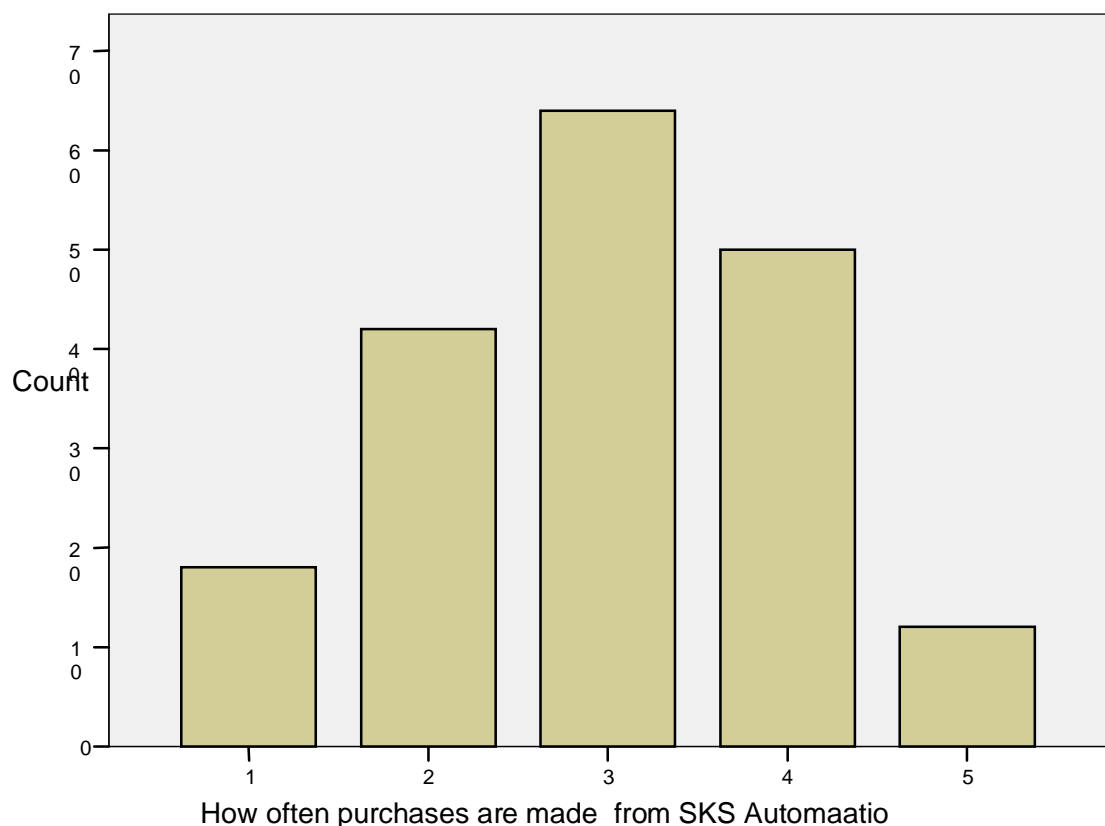
FIGURE 1





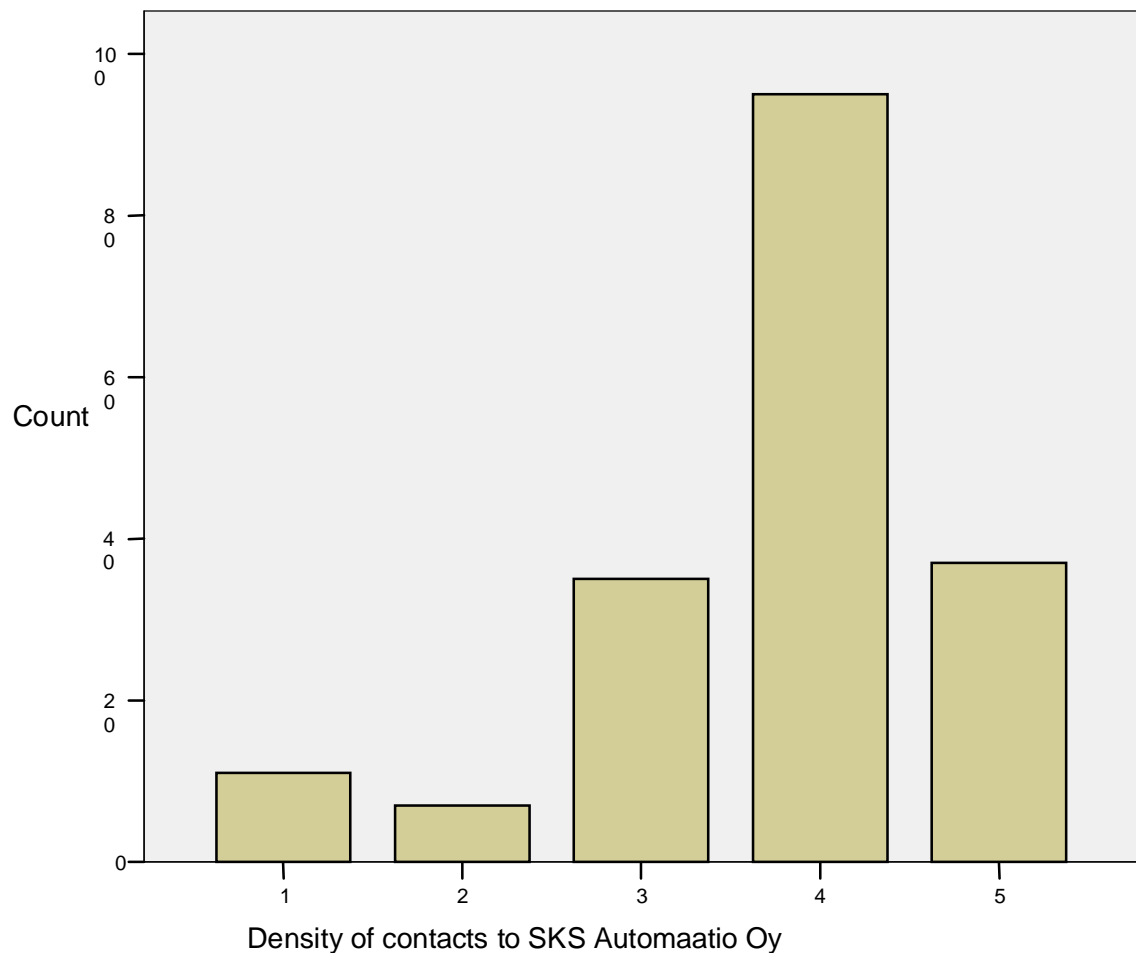
Next, the respondents were asked how often they make purchases from SKS Automaatio Oy. The answers to select from were: on a weekly basis (1), on a monthly basis (2), a few times per year (3), only single purchases for project needs (4) and only a secondary source for purchasing (5). Figure 2 below shows how the results were divided. According to the data, the largest buying patterned followed among ATEX customers is making a few purchases annually, which was selected by 34.4 % of the respondents. Also notable is that only 9.7 % of the respondents stated to purchase on a weekly basis. This set of distribution of the answers suggests that the customers make purchases merely on irregular occasions. Another detail important for defining the respondents is that only 6.5 % considered SKS Automaatio Oy a secondary source of purchases. This confirms that the personnel of companies that use SKS Automaatio Oy as a primary supplier have been reached, and most of the respondents do make purchases from SKS Automaatio Oy.

FIGURE 2



When asked about the density of contacts to SKS Automaatio Oy, the respondents answered as seen in Figure 3. The answer options given were: Almost daily (1), weekly (2), monthly (3), many times annually (4) and only when they contact me (5). A majority (51.4 %) of the respondents were in contact with SKS Automaatio Oy on an annual basis, but not more often. The results here support the finding that purchases are made a few times per year, as the level of contacts to SKS Automaatio Oy corresponds to that of purchases. 20 percent of the respondents were inactive, as they were in contact with SKS Automaatio Oy only when they were contacted. This suggests that in order to reach these customer, that have made purchases from SKS Automaatio Oy, SKS has to initiate the contact with them.

FIGURE 3



Also related to defining the customer is the type of items bought from SKS Automaatio Oy. The respondents were asked for each sales group whether they have or have not purchased items from the mentioned product group. In a sales group consisting of alarm equipment, housings and connectors, 67.2 % of all the respondents had made purchases. In a sales group entitled cables and accessories, 69.8 % of the respondents had made purchases. The sales group named automation components was the most popular among respondents, as 78.8 % told that they had made purchases from this sales group. In a sales group entitled power supply and control equipment, 51.4 % of the respondents had made purchases. From the sales group for instruments and temperature measurement, 66.1 % of the respondents reported that they had made purchases. Also, in association to particular purchases from certain sales groups, the respondents were asked if they had purchased services (not a separate sales group) from SKS Automaatio. The results tell that only 26.4 % of the respondents had made service purchases. This result is partly logically explained, as the services offered are a relatively new business, and thus customers tend to see SKS Automaatio merely as a component supplier. All in all these results prove that the group of ATEX customers, or the respondents, is scattered and that they make purchases from various sales groups. Also, it is notable that with each sales group a large number (varying from 48%-21%) of respondents answered that they had not made purchases from that sales group. This means that the selection of all the sales groups does not appeal to all customers, and therefore they each have different specified customers. In terms of marketing, these results suggest that unified marketing of SKS Automaatio as a whole might not be so effective as the customers only buy from certain sales groups.

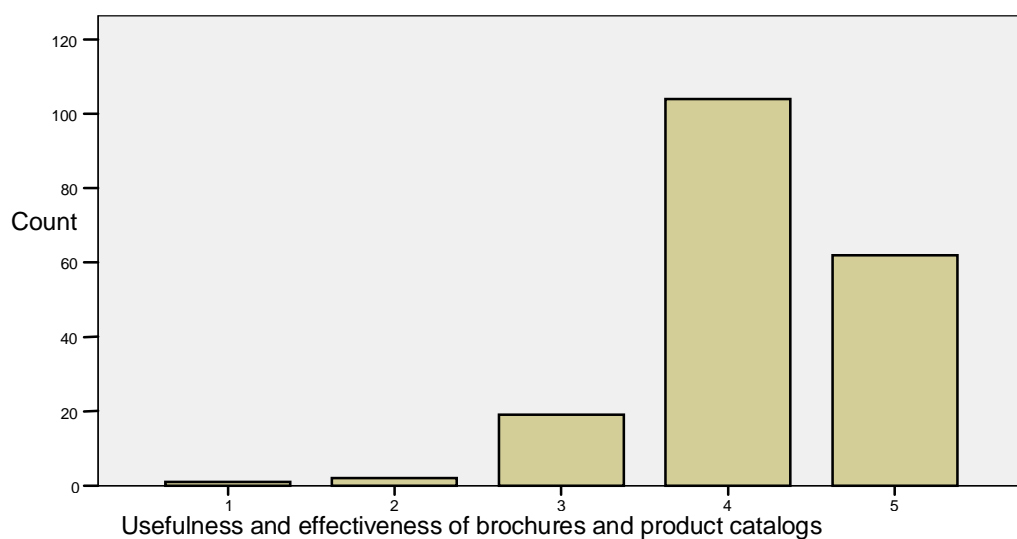
#### 4.5.2 Evaluating SKS Automaatio Oy's Marketing Methods

After gathering information on the customer types, the respondents were questioned on SKS Automaatio Oy's marketing methods, and how they perceive the effectiveness of these methods. In the questionnaire the marketing methods used were divided accordingly: brochure/product catalog distribution of new products, presence at exhibitions, advertisements in magazines, direct contacts (through e-mail, telephone calls or meetings) and internet (through website and links). These methods were chosen because they are the main methods used by SKS Automaatio Oy. First the respondents

answered a set of questions defining whether they had noticed these methods in use or not. The results provided that the marketing methods had been noticed by following percentages of respondents: 96.3 % in brochure or product catalogs, 91.0 % in presence at exhibitions, 85.0 % in advertisements in magazines, 80.2 % in direct contact and 40.6 % in the internet. Consequently, these results show that brochure or product catalog distribution and being present in trade exhibitions reach the ATEX customer most effectively at the current situation. Also advertising in trade magazines and direct contacts seem to reach ATEX customers well. Marketing through the internet seems to reach the target customers relatively ineffectively, as a majority of respondents had not noticed internet marketing performed by SKS Automaatio Oy. This suggests that marketing through the internet could be made more effective by targeting customers more accurately, as it does not reach them well currently. Also, the internet is not considered a traditional marketing method in the company, and thus the focus is more on other options which can be noticed by the internet's low ability to reach customers.

Followed by the question about marketing methods noticed, the respondents were asked to evaluate the effectiveness and usefulness of these methods. The answers were given using a scale of one to five, one representing not useful or effective at all, and five representing very useful and effective. With brochures and product catalogs, the respondents evaluated the method in a way described in Figure 4.

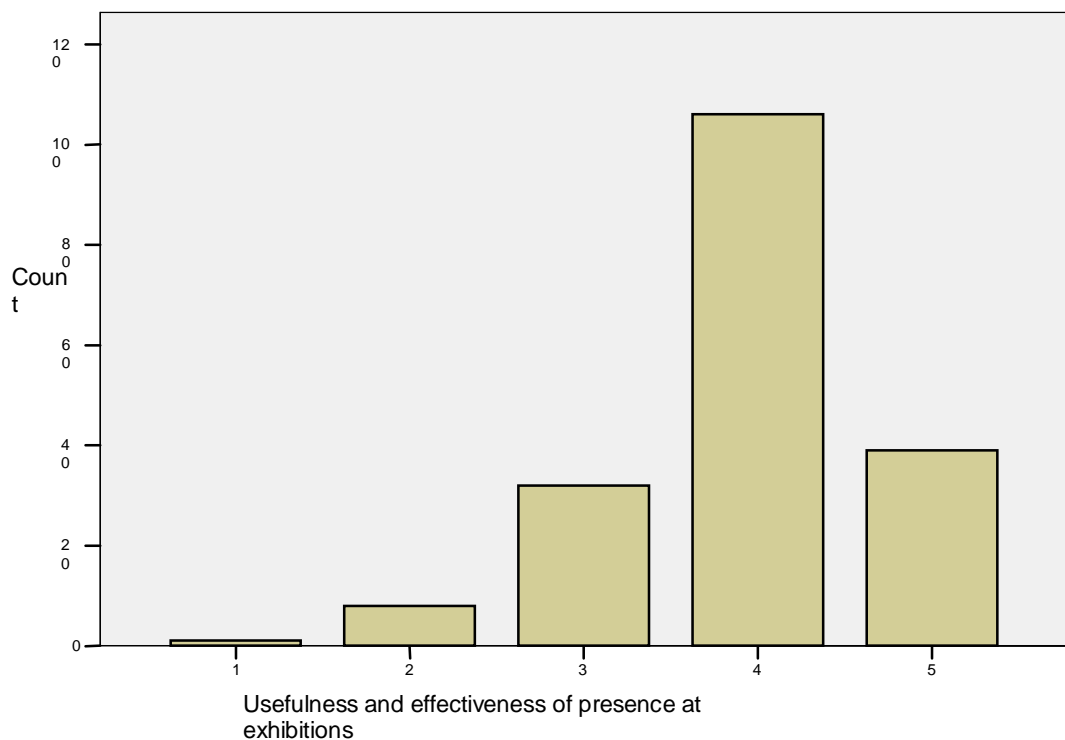
FIGURE 4



Only a cumulative percentage of 1.6 % of the respondents believe that this method of marketing is something less than useful and effective (answer options one and two). The other 98.4 % of the respondents, think that this method is useful and effective, or even very useful and effective, which was an answer selected by 33.0% percent of the respondents.

Next the effectiveness and usefulness of presence at exhibitions was evaluated, and the answers can be seen in Figure 5.

FIGURE 5

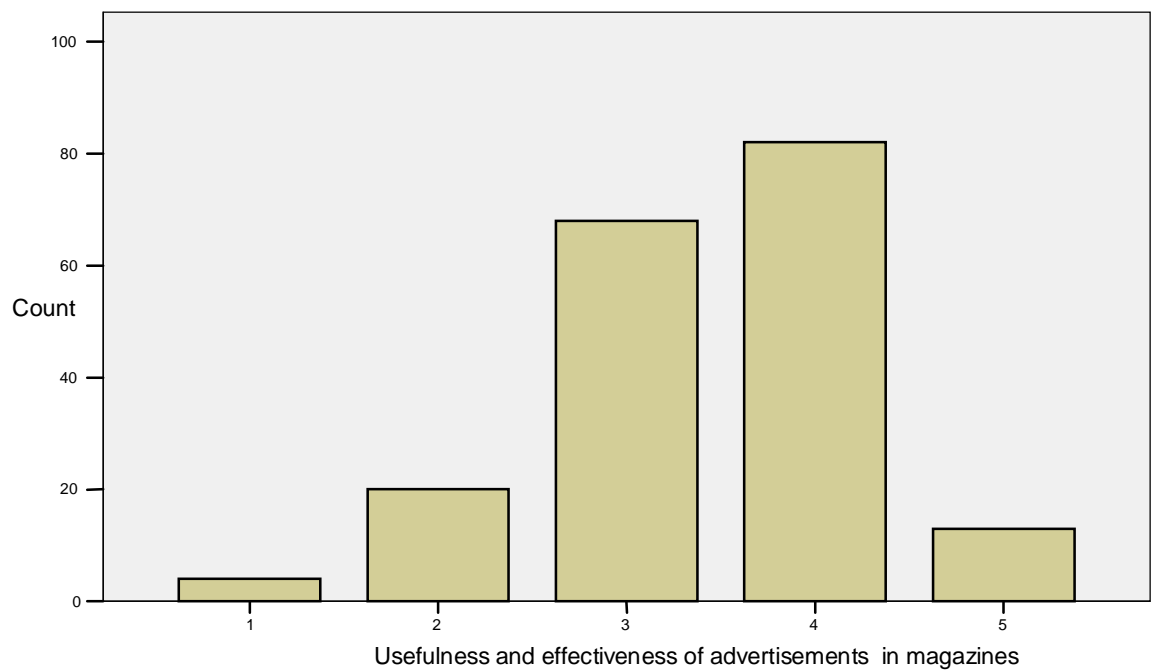


In this case the respondents answered in a similar manner as in the previous question, and the method was generally considered useful and effective. Only a cumulative 4.8 % (answer options one and two) of the respondents thought that this method was less than useful or effective.

Considering the method of advertising in magazines, the respondents rated it as observed in Figure 6. There the trend in answers differs slightly from the two cases before, as a cumulative 12.8 % of the respondents perceive the method as something

less than useful and effective. Also a significantly smaller percentage (7.0%) of the respondents believe the method to be very useful and effective, when compared to brochures and presence at exhibitions.

FIGURE 6



When changing to direct contact as the method, the respondents evaluated it according to what is seen in Figure 7. The method in general was rated to be useful and effective, as only a cumulative 7.0 % considered it less than useful or effective. Furthermore, 30.6 % of the respondents thought that this method was very useful and effective, which makes this the second highest in ranking.

Finally the internet marketing was evaluated by the respondents, and the results can be seen in Figure 8. The method seems to be generally considered useful and effective, as a cumulative 14.4 % of the respondents thought it was something less than that. However this method had the largest percentage of respondents claiming that it is not useful or effective at all. Also it got the most skeptic evaluation of the different marketing methods presented.

FIGURE 7

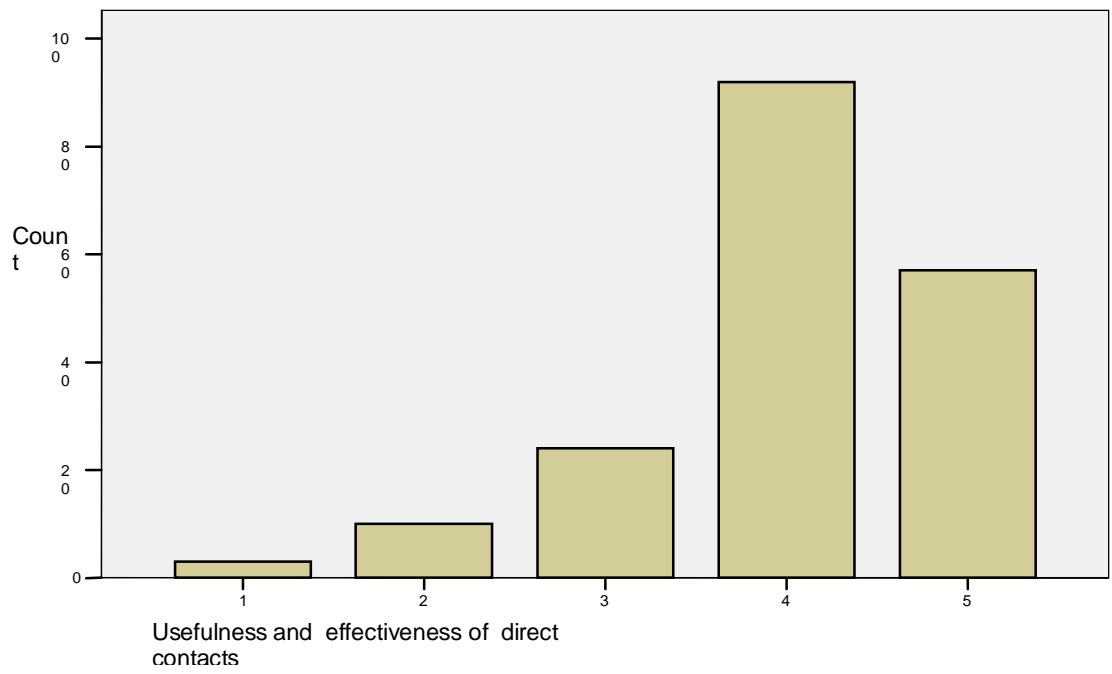
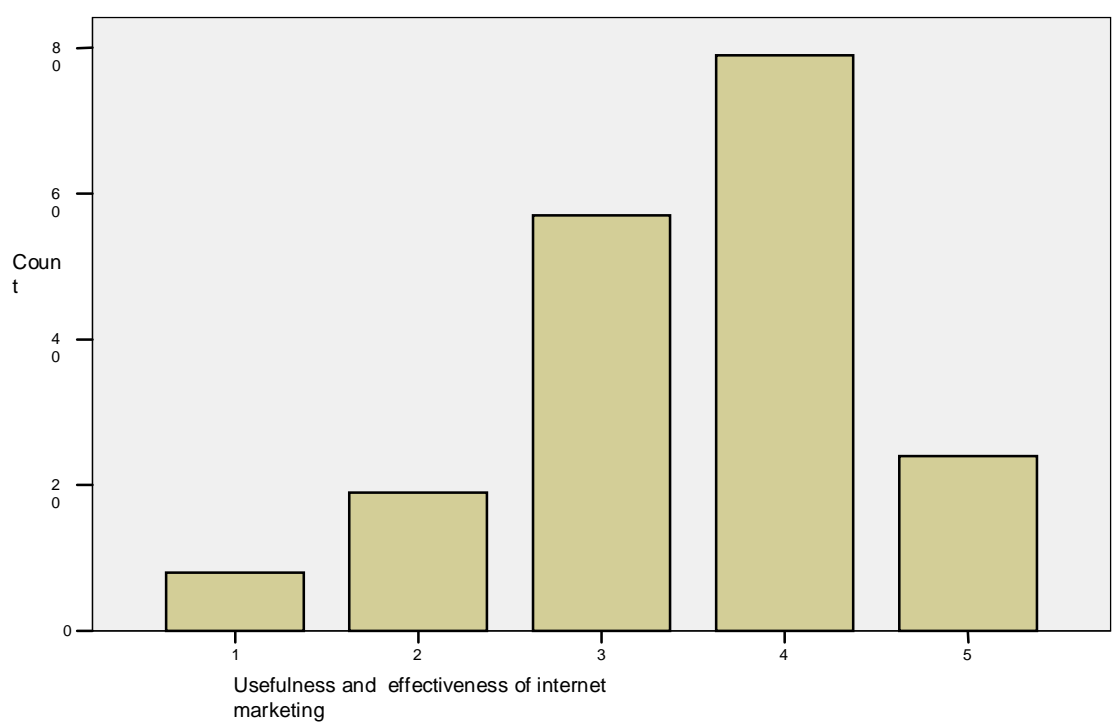


FIGURE 8



Analyzing these results as an entity, by comparing to the answers provided when

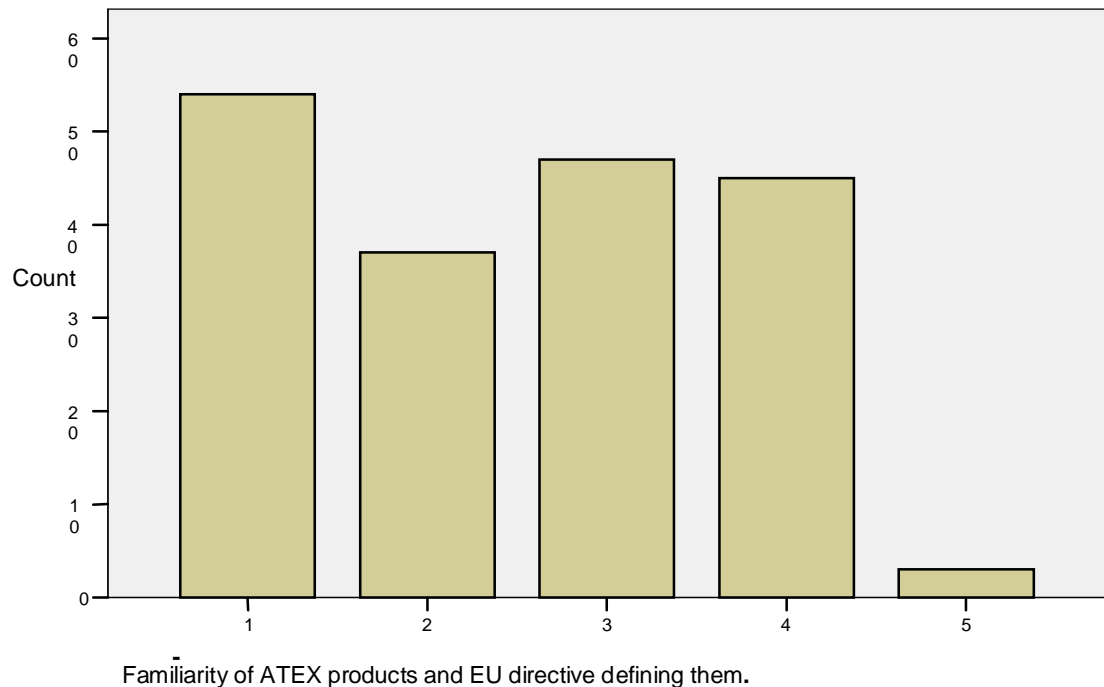
respondents were asked whether they had or had not seen the mentioned marketing methods in practice, it can be noticed that in general the evaluations correspond to these results. The methods that had reached the customer well, were also rated useful and effective. The results about internet marketing deviate from this statement to some extent, as a majority of respondents consider it effective and useful even though it has not reached that large percentage of the respondents. This suggests that the internet as a marketing method is believed to be effective and useful, but that the respondents have not seen this done by SKS Automaatio Oy. Another detail to be notified is that direct contacts as a marketing method had been experienced by 80.2 % of the respondents, but was considered to be useful and effective by 93.0 %. This suggests that SKS Automaatio Oy should increase the role of direct contacts as a marketing method.

#### 4.5.3 Customer Views on Marketing of the ATEX Product Group

A major part of the questionnaire focused on collecting information about respondent views on ATEX products, and how they are marketed by SKS Automaatio. The information gathered then enables an evaluation of the performed marketing activities, according to the views of ATEX customers. It also helps to form a clearer definition of the customers themselves. First in this section of the questionnaire, the respondents were simply asked how familiar they were with ATEX products and the EU directive defining them. The answers were given using a scale from one to five, where one represented that the respondent was not familiar at all and five represented that the respondent knew everything required. The result can be seen in Figure 9. It can be concluded from these results that the respondents, whom are SKS Automaatio Oy's targeted ATEX customers, do not possess profound knowledge about these products nor the EU directive defining them. A cumulative percentage of 48.9 of the respondents expressed that they are not familiar at all or they are slightly familiar with these products and the EU directive. Only 1.6 % of the respondents announced that they knew everything required. This result is interesting, as in business-to-business markets the customer usually possesses large amounts of information on the products and technologies applied.



FIGURE 9

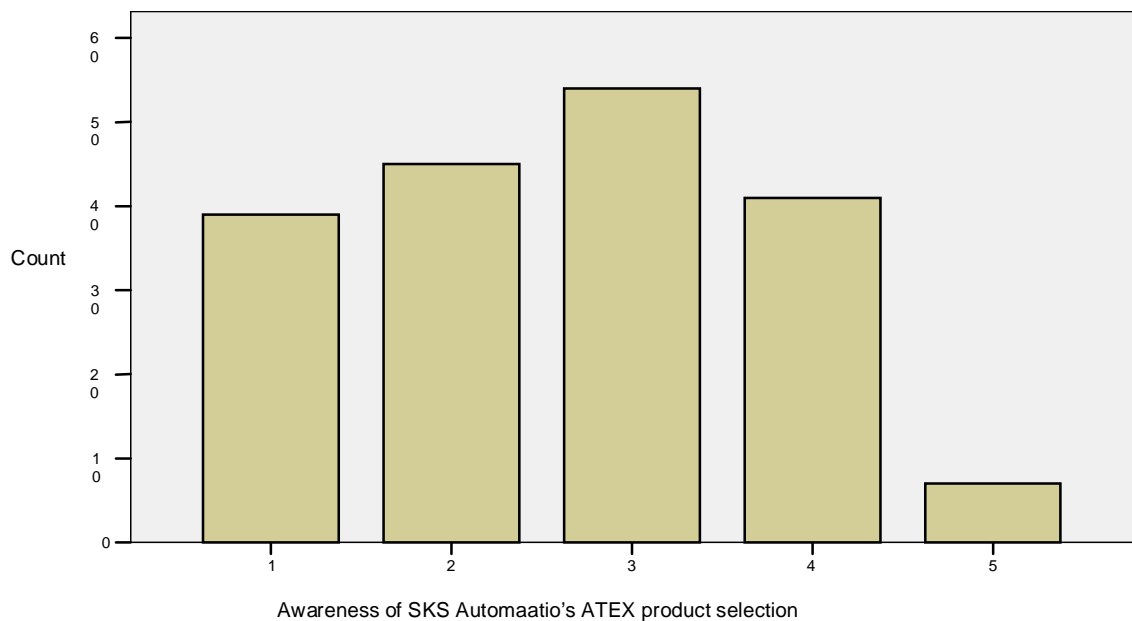


However, in this case the customers seem to be less informed, which is partly explained by the product group and legislation being relatively new. Also, this suggests that SKS Automaatio Oy has an advantage in selling and marketing these products as the company can distribute the knowledge and awareness, thus positively affecting the company's image among customers. There is also a negative side to this, as the customer does not completely understand the ATEX products and where these products should be applied, the customers might not realize they have a need for these products. This then suggests that SKS Automaatio Oy should focus on ATEX marketing even more, only to pass this information to the customers. In addition, the results also undermine the quality of answers in the following, more detailed questions relating to ATEX products.

After defining their stance on ATEX products and directive, the respondents were questioned on their awareness of SKS Automaatio's ATEX product selection. A similar one-to-five scale as in the previous question was used in answering, but this time one represented not aware and five represented very aware. The results were as seen in Figure 10. The results show a similar outcome as in the previous question, and the

respondents are not fully aware of SKS Automaatio Oy's ATEX product selection. 21.0 % of the respondents state that they were not aware of this product selection, and only 3.8 % say they were very aware. This means that there is a heavy need for marketing of these products, and that the marketing should be correctly targeted. When compared with the results in general familiarity of ATEX products, it can be notified that a bigger percentage of the respondents do know about SKS Automaatio Oy's ATEX product selection than are familiar with the products themselves. This means that the ATEX marketing has reached some of these customers, but the content has not informed them well enough for them to be familiar with the products. Briefly this would suggest that SKS Automaatio Oy should include more detailed information about the products in its marketing in addition to expanding its marketing efforts in general.

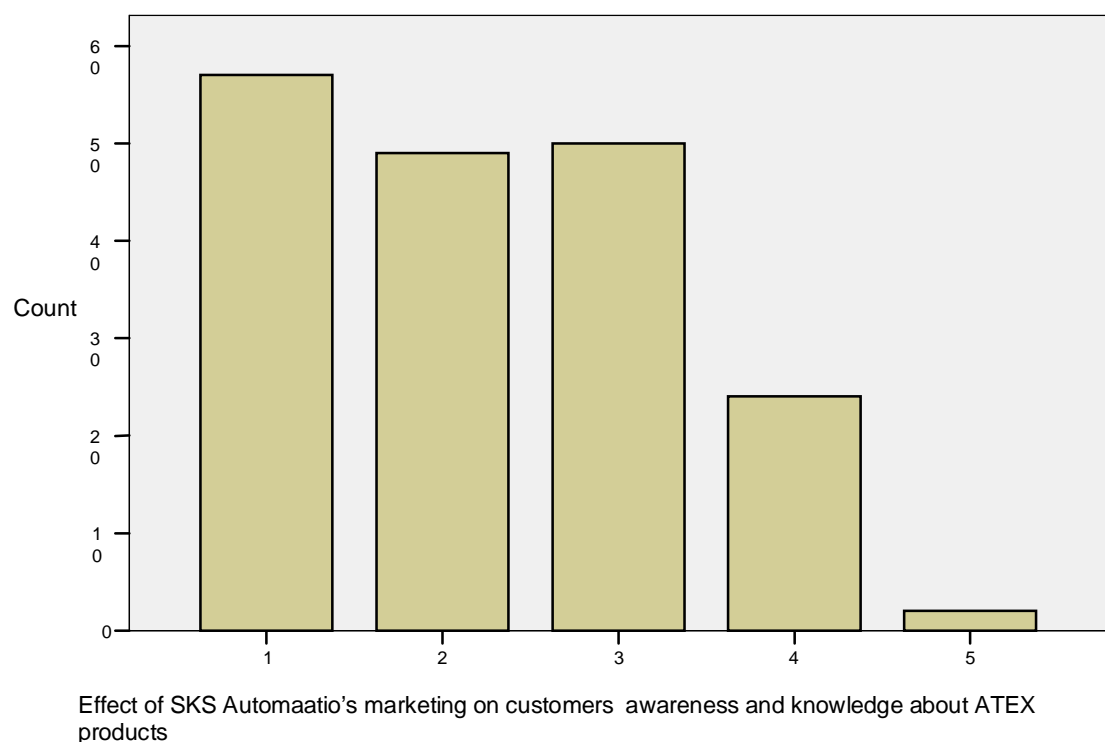
FIGURE 10



However, next in the questionnaire a confirmation for this assumption was made as the respondents were asked how the ATEX marketing performed by SKS Automaatio had affected their awareness and knowledge about these products. On the one-to-five scale, the answers divided as presented in Figure 11. Considering the answers given, the respondents seemed to have not been affected very greatly by SKS Automaatio Oy's

marketing. 31.3 % of the respondents stated that the marketing by SKS Automaatio Oy have had no effect on their awareness nor knowledge of ATEX products. Only 1.1 % told that the marketing conducted had a high effect on their awareness and knowledge of these products. From these numbers it can be said that the ATEX marketing performed has not been very informative, even though it has reached some of the target customers. It seems that the ATEX customers in general know that SKS Automaatio Oy has ATEX products in its selection, but do not seem to know much more than that.

FIGURE 11

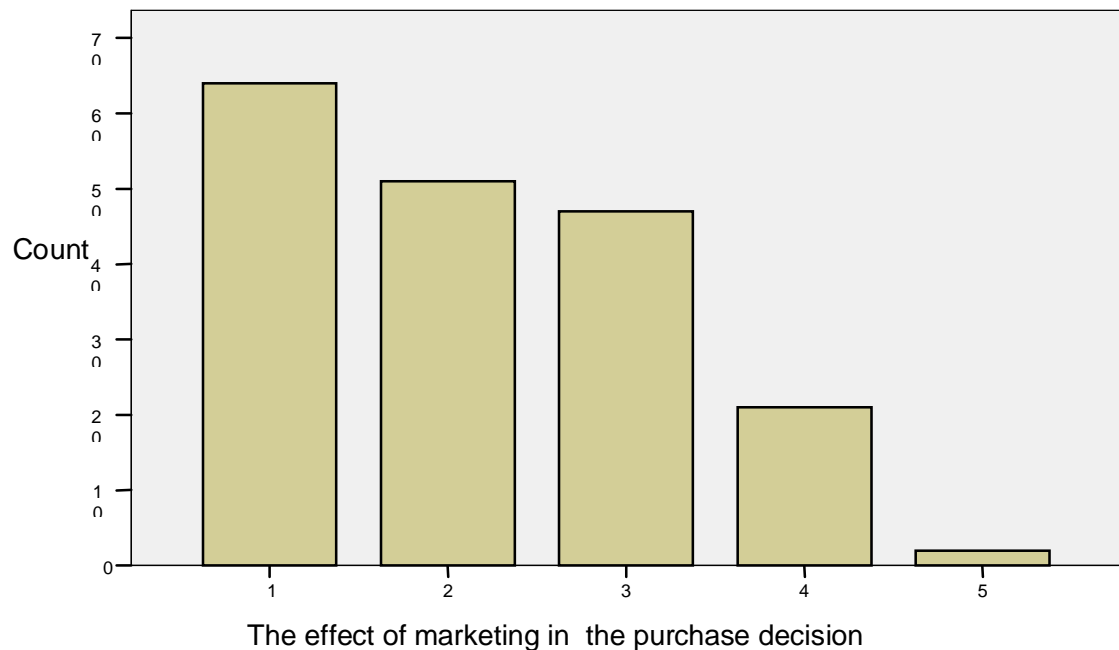


Next, the respondents answered how much the marketing by SKS Automaatio Oy had affected their (possible) purchase decisions on ATEX products. Considering the results in the previous question topics, the answers in this topic follow the same logical pattern which is presented in Figure 12. As could be assumed from information gathered in previous questions, the respondents thought that SKS Automaatio Oy's marketing did not affect, or the effect was very minor, in making the purchase decision.

A significant 34.6 % of the respondents stated that the marketing had no effect at all on their purchase decision. In contrast, only 1.1 % of the respondents thought that the

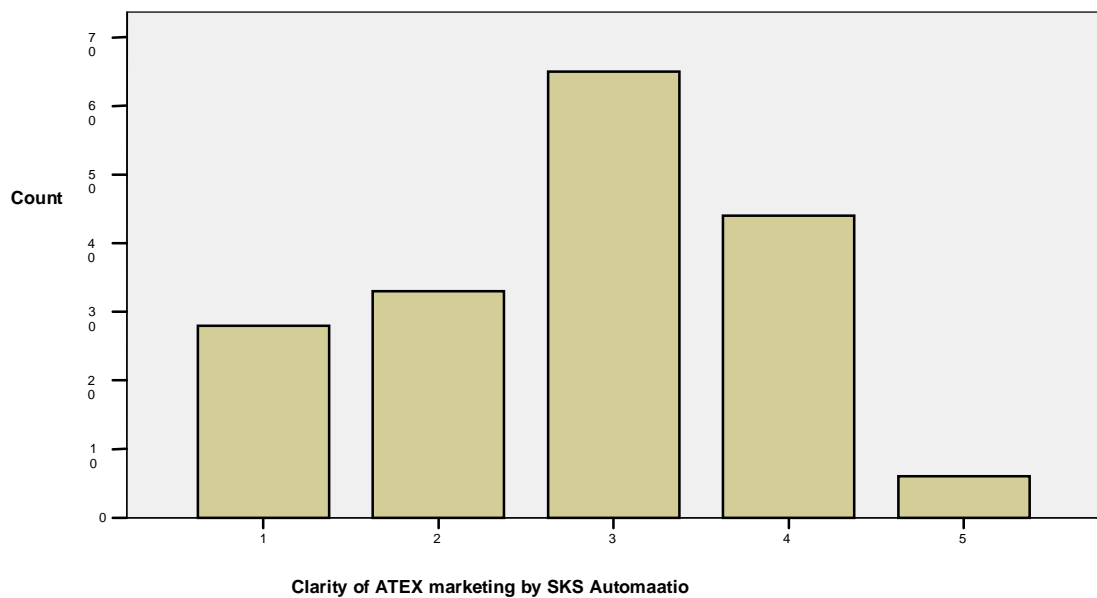
marketing had a high influence on purchase decisions. This result indicates that the marketing has not affected the buying decisions, but has instead focused on other aspects, such as spreading awareness. This can be explained by the product being new, but as well by the longer reaction time typical to business-to-business markets. Also ATEX products are often bought for project needs of various kinds, and in case the customers have no project where ATEX components are required they will not have a demand for them. Another detail that requires attention is that many of the respondents had stated that they were not familiar with ATEX products, which would mean that they did not know when they were obliged to use these components. In such a situation, the marketing is likely not to affect the purchase decision, but instead inform the customer that such products and EU directives exist. However, if SKS Automaatio could now instruct these customers on where to apply ATEX components, then when the need will arise the customer might remember that instruction provided and prefer SKS Automaatio Oy as a supplier. This would then mean that the influence of marketing conducted at the present moment would be more measurable after a longer time period.

FIGURE 12



Analyzing the effectiveness of marketing further, the respondents were asked to describe the clarity of ATEX marketing conducted by SKS Automaatio. The answers were given using the same one-to-five scale, where one represented unclear and five represented very clear. The results were as shown in Figure 13.

FIGURE 13

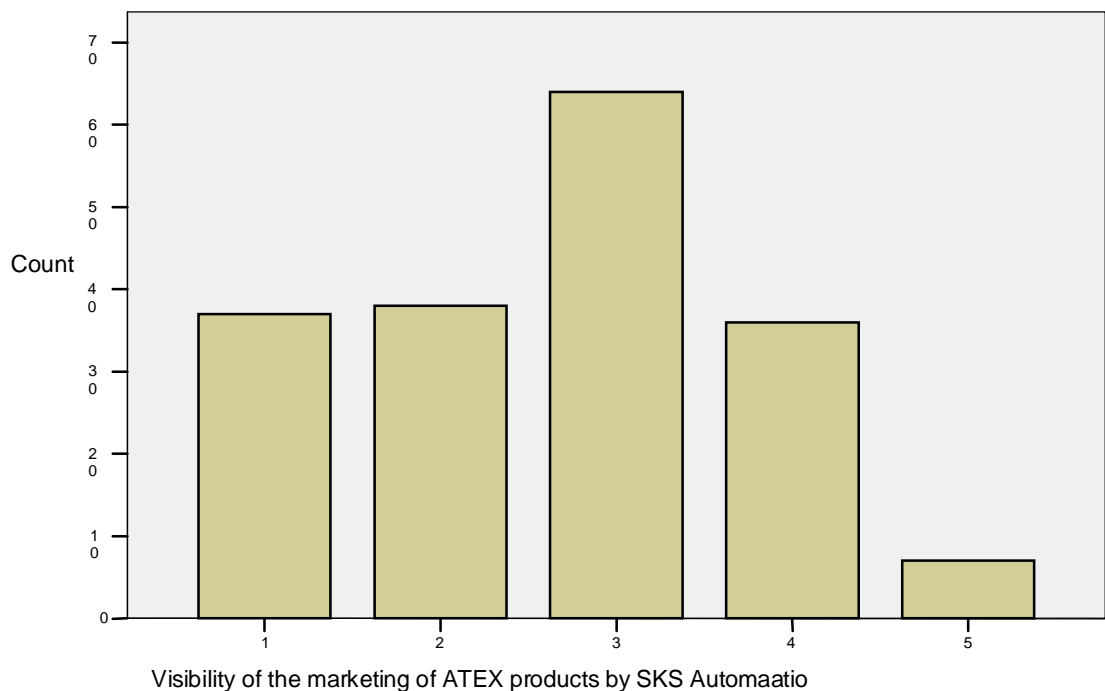


The results suggest that improvements on the clarity of the ATEX marketing could be useful, as a cumulative 34.7 % of the respondents thought that it was unclear or less than clear. Also, only 3.4 % of the respondents expressed that the marketing was very clear. Without the information from the previous questions this could be an alarming result, as the marketing should aim to be very clear in its communications. The results could also mean that SKS Automaatio Oy has focused on communicating matters that are understood internally in SKS Automaatio Oy, but not fully understood by the customer, thus decreasing the clarity of the marketing perceived by the customer.

Next the customers were questioned on their opinion on visibility of marketing of ATEX products by SKS Automaatio Oy. The answers used the same scale of one-to-five as in the previous questions, and resulted in a division shown in Figure 14. The results show that the respondents consider marketing efforts not very visible. A cumulative

percentage of 41.2 the respondents think that the marketing has had no visibility or that it has had low visibility. From all the respondents 3.8 % state that the marketing has been very visible. This suggests that the marketing of ATEX products should be designed to be more visible and attention catching. Also it should use more marketing channels and methods, so that the quantity of communications would make the marketing more visible.

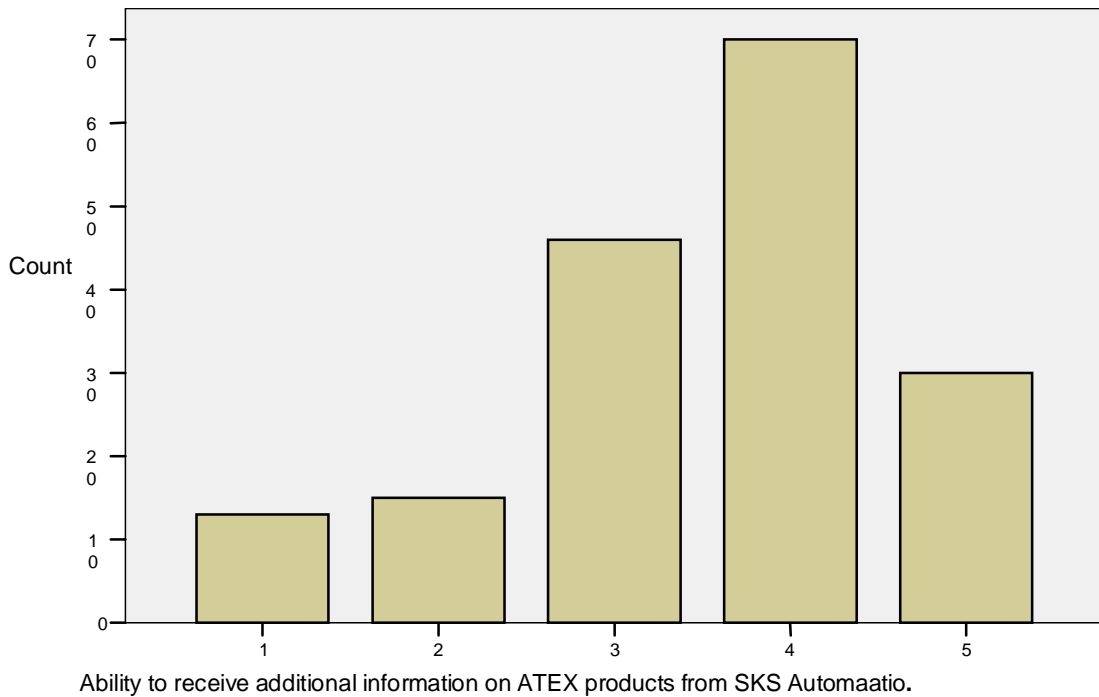
FIGURE 14



However, as mentioned in a section where awareness of this product selection was discussed, 21.0% of the respondents had stated that they were not aware of it. This would then explain this low ranking of visibility, as the customers have mostly not seen or heard anything of this product group, which would make it obvious that they consider it to have no visibility. When these marketing activities of ATEX products are continued and repeated over time, the visibility might then increase, for example if a certain advertisement appears many times in a magazine instead of only once. This information, supported by information from previous questions, tells that the customers are clearly divided into active and inactive observers of marketing communications.

After defining the customers stance on visibility and clarity of the marketing, they were asked to describe the ability for them to receive additional information about what was marketed from SKS Automaatio. When a one-to-five scale similar to the previous questions was used in answering, the results divided as shown in Figure 15.

FIGURE 15

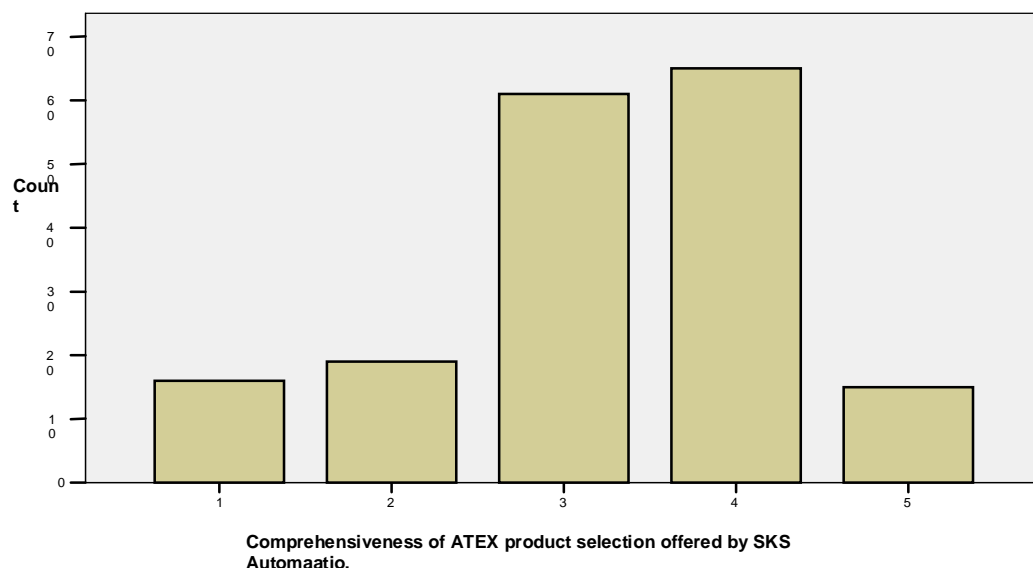


As can be seen, the respondents evaluated the additional information to be easy to be obtained in general. A majority of the respondents, with a cumulative 57.4 %, thought that obtaining additional information was easy or very easy. Only a cumulative percentage of 16.1 the respondents stated that obtaining additional information was very difficult or relatively difficult. These results suggest that SKS Automaatio Oy's relationships to customers function, and customers believe that SKS Automaatio Oy will provide them with necessary information if that is requested by customer. Also it could be stated that these results determine that SKS Automaatio Oy is trusted to cooperate with customers. However, the cooperation is not perfect, as some respondents consider it difficult to receive extra information, thus suggesting that in this sector improvements could be useful as well.

#### 4.5.4 Respondent Perception of SKS Automaatio's ATEX Product Selection

This section focuses on questionnaire questions on ATEX product selection's comprehensiveness and how well the selection satisfies the customer needs. The results then define how the actual selection of products was evaluated by the customers. First, the comprehensiveness of ATEX product selection was asked to be evaluated by the respondents. The answers were given on a scale of one to five, where one represented compact or brief selection and five represented very comprehensive selection. The answers formed a pattern seen in Figure 16.

FIGURE 16



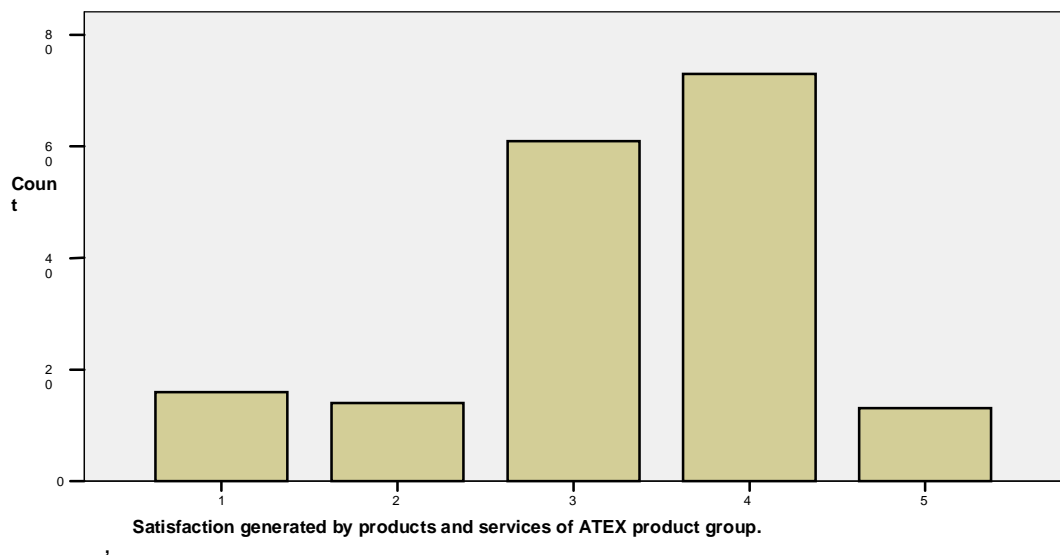
When analyzing the results, it could be stated that in general the respondents perceived the ATEX product selection of SKS Automaatio to be comprehensive enough. A majority of the respondents (80.1 %) rated the selection to be at least somewhat comprehensive. Also it should be remarked that the ATEX product selection is planned to be expanded by SKS Automaatio Oy in the future, and in that sense the situation will only be improved. The results allow to conclude that the customers in general find what is needed and expected from the product selection offered. Also, as the selection will expand in future, it should be then even more comprehensive from customers' point of view, and SKS Automaatio Oy could then benefit from this in its marketing. Offering a selection wide enough, SKS Automaatio Oy can strengthen its image as a partner that can provide



solutions to its customers' ATEX product needs, and thus gain advantage over competitors. Also acting fast after the legislation change, SKS Automaatio Oy can convince the customers on the company's expertise in ATEX technology, and be the first in its market area to offer such selection.

When asked about their stance on satisfaction generated by products and services in the ATEX product group, the answers were very similar to what was seen in the previous question about the comprehensiveness of the selection. Using similar scaling of one to five, the answers were as presented in Figure 17.

FIGURE 17



The results show that a majority (83.1 %) of the respondents are satisfied at some level in the services and products in the ATEX product group. In contrast, 9.0 % of the respondents state that they were disappointed in the services and products offered in the ATEX product group. This suggests that even though SKS Automaatio Oy provides a satisfying set of services and products in its selection there is still a need for improvements. When considering the general level of knowledge and awareness of the respondents in ATEX products, the customers seem to be surprisingly satisfied. This is either because the customers do not know enough about products to determine what they require from the supplier or that they can expect by experience that their selection

will be satisfying even though they do not know about product specifics. This shows that they trust SKS Automaatio Oy to provide what is needed, as they rank the selection satisfying and comprehensive without knowing much about ATEX products.

#### 4.5.5 Improvement Suggestions from Respondents on Marketing of ATEX Products

Finally, as the last question on the questionnaire, the respondents were asked to form an open answer to suggest improvement ideas to SKS Automaatio's marketing of ATEX products. Many of the respondents did not express any improvement ideas, but the suggestions from the respondents who did express them are summarized in this section. In general, a common theme in many of the open answers was that the respondents informed that they do not know what ATEX is or that they do not need ATEX products at current time. Some hinted that the company they represent is related to ATEX products only if the facility categories which ATEX products are required expand, which has been done. For improvement ideas, it was suggested that SKS Automaatio Oy should conduct a questionnaire directed to these customers where it would clarify whether they would be interested or not in these products. Then the marketing was suggested to be directed to only that segment that had stated to be interested in these products. Many respondents shared a view that SKS Automaatio Oy should be more involved, through direct contacts, seminars or conferences, with various stakeholders in ATEX facility planning. This involvement was specified to be educational and informative, basically supporting the customer organization in choosing the right type of components for its specific needs. In general it was suggested that more training events of various types, individually for the particular customer or for a larger group through seminars, should be organized. This was also expanded in some answers to include participation in educational institutions' processes to inform students about the ATEX directive and ATEX solution provided by SKS Automaatio Oy. One respondent even stated that he or she had been using ATEX material from SKS Automaatio Oy in training purposes, and this way had been marketing SKS Automaatio to the audience of that training session. In addition to the demanded increase in training and informing, it was stated that the internet as a channel should be more effectively used. One respondent expressed an opinion that the search-engine marketing in the internet should be considered, as now only customers who know about SKS Automaatio Oy and their ATEX product selection can find them over

the internet. It was specified in this answer that searches in internet search engines did not provide links to SKS Group Oy's web site, thus making it difficult to reach by customers. This claim is also strongly supported by the statistics from evaluating the marketing methods used, and particularly the internet marketing which was ranked the least effective of all the methods by the respondents. Also, relating to the fact that SKS Automaatio Oy's ATEX product selection is still expanding, it was suggested that SKS Automaatio Oy should inform the customer segment on a monthly basis of the new products added via opt-in e-mails.

#### 4.5.6 Employee's Perspective on Marketing of ATEX Products

Despite the fact that only 18 employees of SKS Automaatio Oy responded to the questionnaire conducted, the result can provide some suggestion on how the sales personnel and other workers on an operational level view the marketing practices of the company, especially regarding the ATEX product group. As in the other questionnaire directed to the customer, the employees were asked to rate the different marketing methods used on a basis of how effective these methods were seen. The methods were divided in a similar way as in questionnaire to customers, except that there was an additional marketing method titled "alternative method" for evaluation. From the answers given, it can be concluded that brochure and catalog distribution and presence at exhibitions were perceived to be the most effective as they received mean value of 3.61 and 3.83 on the scale of one to five. Direct contacts and advertising in magazines both received mean values greater than three, which suggests that they are seen as effective methods in general. The internet and the alternative methods both received a mean value of less than three, suggesting that they are seen as less effective methods by the respondents. These results correspond to what have been seen in answers from customers, thus proving that SKS Automaatio Oy's personnel in general understand which methods are effective. The only slight difference in comparing these results is that customers valued direct contacts much more effective than the sales personnel did, implying that the sales personnel do not value the marketing that is basically performed by themselves as highly as the customer does. This could be explained partly by the fact that in evaluating the effectiveness of the methods, customers tended to rate the methods more positively, and the personnel in contrast were more skeptical in their

views on the effectiveness of the methods. Thus the skepticism towards own marketing conducted is one conclusion that can be drawn from responses received. This can be both a negative and a positive feature, as a skeptical attitude can mean that the personnel have a critical view on their work or that the personnel do not believe in what they are doing.

Regarding the questions where the respondents were asked to rate the effect of marketing to sales and the effect of marketing a new product for the number of customer contacts, the personnel in general believed that the effect from marketing was mediocre. In both questions the results provided a mean value greater than three, when the scale of answers was from one to five, one representing no effect and five representing very high effect. This means that the personnel believe and have observed in practice that the marketing conducted by SKS Automaatio Oy affects the sales in a positive manner.

For the questions regarding ATEX products the respondents were first asked whether they had noticed an increase in the number of sales or inquiries of ATEX products. Reflecting the results from the questionnaire directed to the customer, the personnel had not noticed large increases in ATEX sales nor inquiries, as the product group is relatively new and had not yet reached all customers. Next, the respondents were asked to determine whether the increase observed was a result of the marketing by the company or if it was due to other external factors. Here the respondents were optimistic, as the answers formed a mean value greater than three, suggesting that the personnel believe that the increase experienced was largely due to the company's own marketing activities. When asked about the own knowledge of ATEX products, the personnel rated theirs to be mediocre in general. The rating given suggests that the personnel of SKS Automaatio Oy in general have some understanding of ATEX products, but do not know everything about them. When compared with results from the questionnaire to customers it can be concluded that the personnel rank their own knowledge more highly than the customers do, hence suggesting that the employees know more about the ATEX products than the customers do. After this, the respondents were asked to evaluate the level of knowledge they believe the customers hold. The results give a mean value of 2.94 on a scale of one to five, which suggests that the

personnel have higher expectations of the knowledge possessed by customers than the customers actually do have according to the questionnaire directed to them. Also a continuation to this question on the questionnaire defines that the personnel believe the knowledge the customer possesses to be mainly from external sources rather than from the marketing by SKS Automaatio Oy. In addition to similar questions what the customers were asked, the personnel were questioned also briefly on some internal issues. From these results a useful notification can be made regarding the balance between efforts in sales and efforts in marketing, as the respondents determined that they believe these two variables to be unbalanced. This would then suggest that more efforts are made in either sales or marketing, but the work amount differs, which again can be explained by the ATEX products being recently launched. Also, the respondents were asked about their stance on selling or directing customers to other group companies products within SKS Group Oy. The results determine that the attitude towards this type of action is positive and supportive, as the mean value was greater than three when using a scale of one to five (where one represented negative stance and five represented highly positive stance). This question was used to survey how the personnel would then act in situations where they would receive inquiries about products they personally do not sell, but which are sold by some other persons in the group. The positive attitude towards this suggest that personnel do focus on inquiries that they themselves do not process, and at least on a theoretical level are willing to help other group companies as well.

#### 4.6 Qualitative Research

##### 4.6.1 Results of the Interviews

The interviews with five sales group managers of SKS Automaatio Oy compose the main body of the qualitative research. The questions of the interviews were designed to generate an overview of the current situation in SKS Automaatio Oy's organization as well as to help to understand how the company functions in general. The managers of the sales groups were questioned separately by the same 20 questions, and the results of these interview answers are summarized in the section below. The topics represent

the questions asked, and the answers of all the five managers are included in the summary.

#### 4.6.2 Role of the Sales Group Manager

Considering the answers given in the interviews, a broad range of responsibilities are given to describe the role of sales manager in SKS Automaatio. The role of sales manager within the sales group and in the whole organization is essential, and it determines to some degree how the other employers view different aspects in their work. Therefore the sales manager's views of their role sets the direction of the whole organization. The results from the interview conclude that sales managers have somewhat a similar idea of their main functions in the organization. This is of course already a positive sign, as they should view the role in a similar way to be able to cooperate and reach the objectives set for the whole group. Then again, the sales groups differ from each other to some extent, and different activities are prioritized differently according to the sales group specifics. The role of a sales manager is described by including budgeting, relations to suppliers, warehousing, creating tools for sales personnel, product support, search for new products or expanding the product catalog, pricing the products and overall marketing. It is stated that even though marketing is important, it is not considered the main function of the sales manager. More importance is placed on activities such as product support, creating tools for sales personnel and managing relations to suppliers. Although marketing is not directly considered important, the other activities considered more important are linked to marketing. The product support and creating tools for sales personnel are both activities which basically mean that the managers are making sure that everyone in the organization understands the product specifics and how to sell them. Providing this information can already be seen as marketing, or at least supporting marketing, as the actual marketing cannot be efficiently conducted without the staff knowing about the products. The small differences in defining the role of sales manager do not indicate any problems, as the mentioned priorities can only reflect the current situation, for example what the sales manager has been working with intensively in the certain period of time.

#### 4.6.3 Effective Marketing in SKS Automaatio Oy

When asked what is effective marketing for the sales group represented, the answers were more different between the managers. In many cases effective marketing was seen as the marketing as a whole, so that all the used methods were mentioned, and it was explained to be the entity instead of some particular method. What was mentioned in most cases was carefully targeted marketing, to specific customer segments, through direct contacts or by advertising in magazines that target the right customers. Also generic marketing of the whole SKS Automaatio Oy, or even the whole SKS Group Oy, was considered to be an important part of the effective marketing as a whole. Generic marketing was connected to marketing the image of the whole company, and visibility of SKS as a brand. This means that as SKS Automaatio Oy or SKS Group Oy is marketing something, and the company name receives visibility, it will then remind the potential customers of the company. This is how customers are reminded of the SKS brand more often, whereas specific products or specific group company will have their own advertising less frequently. Mainly effective marketing was stated to consist of advertising spots in targeted magazines, product catalog distribution, brochures of certain product groups, the internet and exhibitions. When considering the effectiveness, it was stated that using external marketing companies in implementation of the marketing plans and receiving support from SKS Group Oy's marketing personnel contributes to effectiveness. Also strong supplier brands were mentioned as a factor bringing effectiveness to SKS Automaatio Oy's marketing, as they are often more well-known than the SKS brand and can be used to gain recognition and define quality. On the contrary, it was also suggested that there is much to improve in marketing in SKS Automaatio Oy to make it more effective. Even though it was not mentioned in all the cases, the difference in defining the effective marketing support the claim that there is a need for deeper orientation to marketing within this level in the company.

When asked about specific methods of marketing that are considered efficient, the answers again differed from each other. This is to some degree due to differences in sales groups, their products and customers targeted. Thus, it still indicates that there is not necessarily a general understanding on what the efficient marketing methods are, or rather on what is more efficient than others. Advertising in magazines, to generate

visibility, was mentioned as an efficient method. Another one was the internet, where more specific information about the products is available. Exhibitions were considered by some to be a very efficient method, whereas some considered them less efficient. The general opinion however was that a broad range of methods was needed for marketing, and that it was difficult to determine one method that would be seen as efficient by all. It was concluded that this means the methods that are logical for SKS Automaatio Oy to use, excluding television advertising and radio advertising for example. Also during the interview's section focusing on the methods, targeting the correct and small enough segment was mentioned.

In the next question, the managers were asked how the sales group's products affected the marketing activities that could be used. The answers were more unified in this than in previous ones, and all respondents mentioned the same topics. Mainly the answers outlined that obviously the marketing activities used in business-to-customer marketing were excluded. The marketing had to be more targeted to the small customer groups, due to the specialty of the products. This was because only a small segment of potential buyers would be interested in the products, or would benefit from buying them. Also it was mentioned that the technical features of the products in many cases excluded marketing where for example single products would be priced differently for a certain campaign, for instance two for the price of one and similar pricing. In addition it was said that the customers of SKS Automaatio Oy were in many cases operating in a way that a need for a certain components would only be for a project of theirs. Thus, the marketing of the products would be less efficient unless the customer would have such a project. So the marketing activities should then reflect this, and they should more focus on image marketing instead.

Questioning the managers on how the marketing has affected the sales of their sales group resulted in two statements that everyone seemed to agree on. The first of these was that marketing was clearly having an effect on sales, and different examples of these effects were given. Direct contacts and exhibitions were ones that resulted many times in an increase of sales, that could be noticed and linked to the marketing activity itself. The second matter everyone agreed on was that the effect of marketing was very difficult to determine or calculate in exact sales figures. Image marketing, which much



of SKS Automaatio Oy's marketing is, was stated difficult to measure. Then again, even more specific marketing of new products was mentioned difficult to measure, as the time span for customer's reactions from the marketing activities could be very long. The scenario was, in many cases, that for example an advertisement for a new product in a carefully chosen magazine could bring purchasing contacts years after. The advertisement in the magazine then only informed the audience that SKS Automaatio Oy has this type of product, and the customers then later remembered this information as they needed the advertised component for their operations. In this type of marketing activities, it was highlighted that the target audience should be more carefully selected. This selection would be executed by receiving more accurate information about the customer, and ongoing projects. Thus, in this way the advertising of specific products could be made more measurable.

#### 4.6.4 Role of Sales Personnel in Marketing and Customer Relationships

When asked about the importance of sales personnel in marketing, the managers answered in a very similar manner. Despite the fact that many did not consider this a direct form of marketing, the sales personnel were still noted to be very important in marketing activities. The general statement was that sales personnel do the largest share of the total marketing in SKS Automaatio Oy. It was said that direct customer contacts in various forms were crucial not only to the marketing activities of the company, but also to the business as an entity. It was mentioned that it was the single most important activity in the whole company. Some estimated the amount of the total marketing that is executed by sales personnel alone, and concluded that it is about 80%. Also the direct customer contacts are the type of marketing where the results can be measured more easily. Still quite many of the managers suggested that there could be improvements made in the direct marketing, and that they could have even a bigger role in the marketing. One area where improvements could be made is technical sales personnel, and their activity in marketing. It was stated that in occasions the technical sales personnel are rather passive in marketing products other than what has been requested for purchase by the customer. This contact then, even though it could include more of the marketing elements, only focuses on placing the order. Regarding the regional sales personnel, it was stated that in some cases, older and more experienced

members tend to develop routines in their way of performing their tasks. This sometimes results in being passive towards new products, or new ideas, which would break that routine. For both of these weaknesses, training was suggested as a solution.

Next, the managers were asked about the effects of the length of customer relationship to marketing. Also the importance of sales personnel's role in marketing in respect to the length customer relationship was asked. The answers were more divided in this section, although some ideas were told by each respondent. As one would expect, one generally agreed principle was that the marketing efforts varied according to the current purchase volumes and future potential of the customer. Thus, the main customers, many times in a longer relationship with SKS Automaatio Oy, would then receive more direct contacts and visits from SKS sales personnel. Therefore the efforts taken in marketing, mainly in a form of direct contacts, would then increase as the relationships grew. In contrast some managers thought that marketing, and especially the role of sales personnel efforts, would be highlighted in the newly formed customer relationships where the customer does not know SKS Automaatio Oy and its product selection so well. In these cases the new customer was also described as more critical towards SKS Automaatio Oy and its activities. These managers also stated that in longer relationships the customers have become partners, and an interdependency exists between the two, resulting in less demand for marketing and more on general communication. Also, in answers to this question, it was told that both in longer and shorter customer relationships the importance of sales personnel's role was due to the information about the customer's needs that they delivered to SKS Automaatio Oy. This was in addition to the marketing of the products and services. In both objectives for sales personnel the shortage of staff or time the staff had for their duties was mentioned as a weakness. It was mentioned that by spending more time with customers, the sales personnel might be able to market new products more, and would not necessarily have to move directly on project specifics, for example. Also, when information about customer needs is received from different sources, the lack of resources was said to decrease the reactions to this information.

#### 4.6.5 Evaluating the Focus on Marketing and Suggesting Improvements

Asking managers about how much focus is put on marketing in their sales group provided various answers with one strong unifying theme. Four of the five sales group managers stated that efforts in marketing were too small at the current time. One who claimed that the focus on marketing was sufficient at the time, also explained how in that sales group, through selection of a new supplier, the time and effort spend on marketing had increased very much. This was a logical answer as the selection of a new supplier generates an increased amount of marketing activities that need to be executed, for instance when making new brochures and product catalogues. The other managers told that product support functions, and other functions linked in serving the current customers at the present time, were prioritized over the marketing activities. Also usage of time at work was mentioned as a factor creating difficulties, as there was a shortage of time when considering the amount of duties. This shortage of time then resulted in focusing on tasks that were prioritized over marketing. Also, marketing was explained to be the one activity that was easier to organize to have less attention as it merely connects to future sales, whereas other activities are more linked to the current sales and turnover. However managers were unanimous with the opinion that in general time and efforts spent on marketing should be higher. Solutions given to increase the focus on marketing were more effectively organized timing, more human resources for marketing and more support from the organization as a whole. One interesting dilemma was raised from discussion related to this question, and it was on the efforts required in internal marketing. Considering new products it was mentioned that sometimes marketing new products internally, to sales personnel, might be even more difficult than marketing them to the customer. The reasons for this was the routines of the sales personnel, and that they rather go and market the familiar products than new ones, especially ATEX products which were used as an example in this case.

Next the managers were asked what could be improved in the marketing, from their sales group's perspective. The answers highlighted clearly that the marketing should be more specifically targeted to the right customer group. This was considered essential and some examples were given on how this targeting could be done. These examples were about the selection of a right type of magazine in which advertisements are

placed, and how the audience of the magazines should be considered more carefully. In addition it was revealed that this more specific targeting of customer segments was something that the company has recently started to pay more attention to, and the launch of ATEX products had made that idea more relevant than before. In this same context it was discussed that the list of ATEX customer contacts (the list of contacts used in the customer questionnaire), that was collected in various seminars and business meetings, was a very successful idea and a similar list could be created for other product groups as well. Also in general, the idea of developing clear guidelines for the marketing procedure of a product or product group was suggested in different forms. Moreover, the guidelines were suggested to include a definition of what was needed and in what form, as well as who should perform this. One manager mentioned the outsourcing of the marketing functions to some extent as a solution, whereas another suggested that a product launch team should be formed internally in the company. Timing was mentioned again as a problem, and improvements for time resources available for this type of function were suggested.

#### 4.6.6 Marketing and Sales Procedures for New Products

Regarding the launch of a new product, and procedures in that, the set of answers from the managers provide various different solutions. A common theme can still be found, and that is the lack of clear structure in launching. In product launch the important procedures are the following: providing the customers and sales personnel with brochures and catalogues, translating these brochures and catalogues, marketing in the internet, participating in exhibitions and sending samples. It is also mentioned that during different campaigns the set of marketing tools differs, and it is very much dependent on the product specifics what the marketing activities are to be. The managers also specify certain problems in the product launch that reduce efficiency. One of these problems is once again targeting of a right segment. An example on sending the samples is given, and the targeting the right customer, or even a right person in the customer buying unit, is told to be very important in delivering the right message. It is explained that when marketing is targeted wrongly, it costs the company money in a form of lost time, and also it can even irritate the customer especially in the case of sending samples. Another problem is mentioned to be the internal preparations for the

product launch, and in more detail, how to make the sales personnel more actively involved. Especially the regional sales personnel, who are more independent, were considered difficult to include closely in the launch of new products. The very essence of this problem is told to be caused by the situation where the sales personnel prefer selling the older products of which they have expertise knowledge and which are therefore easier for them to sell. In older products, the customers also know the product features better, and many times the sales personnel only have to confirm the quantity of pieces wanted. This type of situation is explained to be harmful for the launch of new products, and linked to the previous answers in other questions, it can be reasoned that this is very problematic as the sales personnel represent a large portion of the total marketing.

#### 4.6.7 Marketing ATEX Products

Next the managers were asked about their own knowledge of ATEX products, and the importance of these products in their sales group. The answers differed from a sales group to another. In the temperature measurement and instruments sales group, the manager expressed ATEX products to be in the most important role when compared with other sales groups. In terms of sales figures these products were stated to have a large share, but they were described to be even more important for image purposes. This was explained to be due to the fact that the company's thermo sensor manufacturing unit (operating under this sales group) had received first in the EU the ATEX certificate for the sensor they produce. This fact could then be used in image marketing of SKS Automaatio Oy, stating that the company was first in Europe, and thus a forerunner in this field. Another sales group where ATEX products were considered important in terms of sales was alarm equipment, housings and connectors. There the manager also knew well the ATEX products in the sales group and the general theory about them. The importance was due to the situation where the growth was expected to happen in ATEX products, and other products were expected to only maintain their sales volume. In other sales groups, managers considered the ATEX products less important in terms of sales, but still said there is growth potential in future. The knowledge in ATEX products was stated to be sufficient at least. It was also mentioned that even though ATEX

products might not be important for one single sales group, they were still important for the entity and coverage of the whole selection.

When asked about the effects of the EU directive on sales and marketing of ATEX products, and the differences it creates when compared to other products, the answers much depended on the sales group represented. Comparing differences in a physical form of the components, many explained how the construction of ATEX components then needed to be different from others due to the directive. The differences in marketing and sales, and partly how the directive affected these functions, were mainly related to the correct documentation of the products. This was also mentioned to be something that could be used in marketing, having correct documentation and certificates in manufacturing. Yet it was noted that SKS Automaatio Oy does not have the right documentation in all cases. It was explained that in some cases, the customer does not know that such a document should be included, hence making the missing documentation an unimportant detail. This, of course, is not the objective, but an example of the differences on how the directive affects sales and marketing. Another matter related to the documentation is the small but important function at the warehouse level when the products are sent, the personnel doing that task should also be aware when to include the documentation. This is stated to lack a clear structure or a guideline. The documentation also can increase the amount of translation needed when creating marketing material internally and to the customer. In the documentation problems, the solution is stated to be training by many managers. The directive itself was speculated by some of the managers to have an affect that the customers would be forced by law to buy these products with the ATEX certificate in situations where they are needed. This was then interpreted to further increase in ATEX sales in the future. Despite this, one manager claimed that the effect could also be different, as the customers could neglect the directive by reconsidering the technical layout of whatever they might be building. Then if the facility would be constructed in a different manner, which the directive would not classify as an ATEX facility, then normal components could be used. All in all, it was stated by many that the ATEX directive's effect was only starting to show, and all participants were still learning and developing their procedures in ATEX projects.

Next the managers were asked of their views on how the marketing has affected the sales of ATEX products, and whether the marketing has been successful. The answers were very similar, due to the position of ATEX products in the product life cycle. It was unanimously stated that marketing has not had an effect yet, as the products have not been launched properly and were relatively new in the selection. All managers said that the effects of marketing now will only provide results after some years. Some mentioned that only the direct contacts have shown some results in sales from marketing activities. Only in the temperature measurement and instruments sales group the number of sales had risen to a level where it could be claimed that marketing had been somewhat successful. That was also said to be the group where SKS Automaatio Oy has had ATEX products, mainly thermo sensors, for an estimated period of five years. Still in the beginning of that time period, the sales were insignificant, and only during the last year the sales had increased to approximately € 500 000. Many managers agreed that the real beginning or launch of ATEX marketing was in autumn of 2007, when ATEX products were taken to exhibitions.

Next the managers were asked what they consider the problems to be in sales and marketing of ATEX products. The problem that was described by all managers was the lack of information, both internally and externally. It was told that many times the customers do not know what ATEX is exactly, and what the directive requires them to do. It was stated that some might know that their project includes a facility that fulfills ATEX conditions, but then might not know what the exact classification might be, or what type of components should be used there. Thus, the customer might not know to ask ATEX products. Then it was told that internally, in SKS Automaatio Oy, the level of ATEX knowledge among the personnel varied much. Many of the sales personnel were speculated to know too little to start actively sell and market ATEX products. Also it was mentioned that lack of certainty in the sales personnel's own ATEX knowledge would then result in passiveness in discussing these matters with customers. Another factor that has been announced in previous sections too was that in general, it is supposedly part of human nature to reject new ways when certain routines in work had been developed. Hence the problems in an internal level of information were related to the problem of activating staff to receive something new in a short time period. A good remark was also made on the potential SKS Automaatio Oy would have if it could prove

its expertise on ATEX matters to the customer. This was based on the fact that customers know very little about ATEX in general, and then if SKS Automaatio Oy's sales personnel would know even the basics, they could impress the customer with their knowledge. This was then assumed to increase the amount of trust that the customer has on SKS Automaatio Oy's expertise, and then eventually result in improvement of these customer relationships.

#### 4.6.8 Improvements on ATEX Marketing

When asked about improvements that could be applied in marketing of ATEX products the managers provided different answers, although many related to similar problems. Some managers stated that continuing the marketing already started to more closely targeted segments would be beneficial. This process would then also include the selection of the right marketing channel, through which the specified segment would be most efficiently reached. Another improvement was mentioned to be proper tools, mainly internally, to the sales personnel, which would then ease the actual sales process. These could include booklets or small manuals on what needs to be considered when selling ATEX products. This was also connected to an increased amount of training, mainly internally, but also to customers. Increased cooperation with different organizations related to ATEX matters, such as "neuvottelevatsähkösuunnittelijat ry" and seminar organizers, was something which was considered an area where improvements could be made. Through organizations which reach a large number of people related to ATEX matters, SKS Automaatio Oy could be able to contact with the right segment. One manager even suggested cooperation with, or acquisition of, the smaller competing companies specializing in ATEX components, namely EX-tekniikka Oy and Malux Finland Oy. Another section where improvements could be achieved was the seminars hosted by Seppo Ojanen, or where he was participating as a lecturer. These improvements were more related to further developing the whole concept of marketing through seminars, which have already been ongoing for some time. These seminars, which were also mentioned on other occasions, were stated to be very useful as they addressed in most cases the exact right segment. Improvement ideas there were dependent on the type of seminar, but in the ones hosted by a SKS representative it was mentioned that the segment from which customer representatives are invited could be



made even smaller and specified. The seminars for internal purposes were said to be effective, but as the ATEX selection has been increasing, updates on the content of the seminars would be needed. Other more general suggestions for improvements were reconsideration of the reward system for sales personnel and the image of SKS Automaatio Oy as an ATEX company. The latter argument was also very relevant, as it was explained that customers in general did not necessarily associate SKS Automaatio Oy as an ATEX component provider, but instead as a normal component provider.

#### 4.6.9 Future Potential of ATEX Products

Next the managers were asked about their views of future potential that ATEX products have. The estimations on the potential were dependent on the sales group represented, and this was also mentioned by the managers. All of the managers agreed that ATEX products have growth potential as the whole product selections is relatively new and sales are still at a low level. Some estimated that ATEX sales will most likely grow in their sales group, but will never become the most important product group. In two sales groups ATEX products were seen to possess more potential, and in temperature measurement for example, the ATEX thermo sensors were expected to have potential to double or triple the current sales figures. In this sales group the ATEX thermo sensors were valued by the manager to such an extent that it was estimated that these sensors could even be marketed and sold internationally. This estimation was stated to be dependent on the success in marketing, moreover in establishing new customer relationships internationally. The difficulties in reaching the potential in this particular case, where SKS Automaatio Oy was stated to have a strong position, was told to be mistakes done in previous marketing and pricing activities. The mistake focused on was too low pricing of the first ATEX sensors to some of the main ATEX customers. The problem arose from the need to make the first sales of ATEX products too quickly, by lowering prices. Then the customers who had maintained these low prices would not accept higher prices, unless SKS Automaatio Oy could provide some justification for it. Thus, the low prices given, in a segment with a highly differentiated product like the ATEX thermo sensors, decreased the potential for sales. This was then connected to the fact that the differentiation done would make SKS Automaatio Oy to be almost in a monopoly position in supplying these particular products, hence giving opportunities to apply a high pricing policy. Still, even with this mentioned, the potential was estimated

to be high, as new contracts to new customers could be formed with better pricing. Another sales group where the potential of ATEX products was stated to be considerable was alarm equipment, housings and connectors. There the selection of ATEX components was comprehensive, and a 25-30% market share was said to be targeted. In this sales group, and in all ATEX sales potential in general, the number of large customers was stated to be very limited. In naming the biggest ones, companies such as Kemira, Neste Oil, Borealis and Fortum were mentioned. With large customers, the sales were specified to be component supplies to large projects and then spare-part supply afterwards. The problem in fully taking advantage of the ATEX potential was said to be scattered and small companies, in which there was a need for ATEX components, but only in less frequent occasions and in small amounts. It was mentioned that these type of customers existed in large numbers, as the new ATEX directive had expanded the facilities where these products were required, but it was rather difficult to locate all of them. The essence of this problem was told to be partly in lack of knowledge on the customer's side, thus resulting in them not necessarily fully understanding what type of ATEX facility they were building and what type of components they would need. It was also specified that the extension of the ATEX directive to include facilities where dust can cause explosions, increased the number of potential customers to a level where it is easier to state what can be excluded from ATEX customers rather than to state which ones are included in its jurisdiction.

#### 4.6.10 Describing the ATEX Customer

In answers to the question about the typical ATEX customer and the type of purchases made the managers had unified views. All stated that it was difficult to define a typical ATEX customer, and that a unifying characteristic of all was only a need for ATEX components due to a building project of a facility or a device which belongs to ATEX directives jurisdiction. Many managers gave examples of industries, and single companies, where they assumed the largest demand for ATEX components to be. The petrol-chemistry industry was suggested to be one where demand for ATEX components would be large for some sales groups. Customers in this field were stated to have good relations to SKS Automaatio Oy, which was considered a factor increasing openness and ability to communicate on the needs, thus resulting in involvement of SKS Automaatio

Oy in their projects. Another manager referred to companies mentioned in the previous section, focusing on Neste Oil as an example of a typical ATEX customer. The features of Neste Oil as an ATEX customer were stated to be purchases for projects, large amounts requested at one-time-only order and requirement for exact documentation. Then after the order only spare parts and components for possible extensions of what was build were considered a typical feature. Also, as mentioned in the previous topic, the large number of small companies purchasing small volumes on less frequent occasions were described to be another typical type of ATEX customer. It was further described that focusing on these small customers would be beneficial to SKS Automaatio Oy because if they would remember where they purchased ATEX products for their first project that required them, they would then return to SKS Automaatio Oy if there was a second project. There was also a problem mentioned with these customers, which was that they still require work effort on SKS Automaatio Oy's behalf, but not necessarily provide enough income.

#### 4.6.11 Relationship Between the Work Efforts and Potential of ATEX Products

Next the managers were asked about the relationship of work efforts and the sales figures or sales potential considering ATEX products. The question focused on the balance of the two variables, in order to determine how much additional work launching a new product causes. In answers to this question the managers seemed to have a common understanding of the situation, even though the effects on specific sales groups differed much. In general, everyone stated that ATEX products had increased the amount of work required, and that the sales levels were not currently corresponding to the level of work input. Despite this, all noted that the extra work now would generate sales in the future. Also it was told that the increased work input was merely a temporary phenomenon. This was due to (marketing) activities that needed to be executed in the beginning when new products were added to the selection. These activities were mentioned to be producing the marketing material, organizing stock, translating marketing material, preparing samples, and in general communicating about the new products with potential customers. It was stated by many that this launching procedure of new products would be the most work intensive phase, and if done properly, the future sales and marketing would then require much less and be more

automatic as tools for sales and marketing would be available in use. In numeric terms, many managers gave estimations of the situation and how it is going to evolve, resulting in a time span of one to five years in which the relationship between work amounts and sales figures would be positive. This means that in the current situation ATEX products require more from SKS Automaatio Oy than they produce for it.

#### 4.6.12 Effects of Sales Personnel's Knowledge on ATEX Products

When asked to evaluate the effects of sales personnel's knowledge on ATEX products to sales and marketing of those products, the managers had very unified views. The main argument was stated to be that sales personnel will not sell, or especially market, products which they lack knowledge in. This was mentioned to be applicable in new products in general, and did not relate to ATEX products only. With ATEX products it was argued that the only concrete difference with other new products was the directive defining ATEX facilities and components that should be used in those facilities. It was also said that the sales personnel did indeed lack knowledge in ATEX products, and especially the directive defining the facilities where they could be used. Some managers further evaluated the effects, and stated that in a situation like this the ATEX-related work then start to accumulate on persons who know more about the topic. Then it was mentioned that increasing overall knowledge about ATEX among the sales personnel could balance the ATEX-related work efforts more equally. In relation to this, it was also told that within the company there had already been arrangements made as Mr. Seppo Ojanen had been given a role as an account manager on processing-industry's ATEX sales.

#### 4.6.13 Supplier's Role in ATEX Marketing and Sales

In the last question the managers were asked about the role of suppliers in sales and marketing of ATEX products. Managers' answers had all a similar message, but the example and details given differed from the sales group to another. The main issue was that a supplier's role is very important, especially with ATEX products as there the correct documentation is mandatory. The supplier's role was described to be the

provider of correct documentation; certificates, manuals, instructions, product samples and marketing material. In short, it was stated that a supplier has to have the product's technical support information available. This was of course in addition to the supplier providing good quality components. In a supplier's role it was mentioned that the communication has to function properly in collecting this product-technical material to SKS Automaatio Oy. When discussing the communications matters, it was mentioned that the supplier should also be export-oriented or internationally-oriented, instead of locally-oriented. Related to communications too was the timing of the activities, which was stated to have caused some problems. One example of timing problems was given by one of the managers who told about a situation in an exhibition where a supplier had launched a product which had not obtained the ATEX certificate. In this case the marketing done had then resulted in SKS Automaatio Oy receiving contacts about this component from customers, even though the availability of the product had been postponed. The main message of this was stated to be that marketing done too much in advance then becomes partly useless, as the products cannot be sold yet, and also causes very much explaining. Thus, the mistakes done by the suppliers are then reflected on SKS Automaatio Oy as well. Other than this, some of the managers told how the brand name of suppliers can be used also as a supporting factor in marketing. The problematic aspect with this was that the supplier might not be yet associated with ATEX products, but instead with some other products, which decreases the possibilities of using their brand name in ATEX marketing. It was also stated that in general, the suppliers role was to support the sales and marketing, but SKS Automaatio Oy still had its own marketing and sales strategies which were not affected by the supplier.

## 5. CONCLUSIONS AND RECOMMENDATIONS

In conclusion it can be stated that SKS Automaatio Oy has a functioning marketing strategy, and it in general understands the customers needs and is able to reach them with its marketing activities. However in the ATEX product group the marketing performed has not been as effective as it normally is, mainly due to this product group being new both to customers and to SKS Automaatio Oy. In setting guidelines for increasing the efficiency of marketing of the ATEX product group, the empirical study conducted provides information on what should be focused on. First, defining the

customer characteristics for the ATEX product group will then form guidelines on what the marketing should consist of or what should be considered in applying it. The customers of the ATEX product group are mainly men from various-sized companies in general. However it should be noted that the largest single group of customers is from companies employing over 500 people. The customers tend to make purchases from SKS Automaatio Oy couple times per year or for project needs only, and other more frequent purchase patterns are not so commonly followed. A majority of the customers state that they are in contact with SKS Automaatio Oy on an annual basis, but not more frequently. Also a minority of 20 percent of the customers are inactive in their contacts to SKS Automaatio Oy. The customers of the ATEX product group also tend to make purchases in mixed manner between the different product groups existing in SKS Automaatio Oy, instead of favoring only a certain type of products. This means that the marketing should correspond to the customers' characteristics by being very active in communicating individually targeted messages to very small segments or by being image marketing targeted to a wider audience.

The promotion mix of particular marketing methods used by the company should be adjusted to meet the requirements set by the ATEX product group and its target customers. The adjustments should include prioritizing the personal selling, and creating internal incentives to increase the number of direct contacts made to customers. The direct contacts should not only be increased by number, but should also reach a larger part of the customer base. Improvements in internet marketing should be made especially in the ability to reach the targeted customers. The main focus in improving internet marketing should be on internet search-engine marketing, where a search of a certain set of words would generate a list of results where the link to SKS Group Oy's website would be highly visible. In sales promotion, the adjustments should be focused on participation in or hosting of seminars and training sessions, which should be increased in number without decreasing the quality. In other sales promotion activities, such as the product catalog and brochure distribution as well as exhibition presence, the procedures should be maintained at the current state but increased in amounts when suitable. Advertising in magazines should be maintained at current levels, except that targeting should be used more in selecting the media where advertisements appear. Also, in general, the ATEX customer segment should be divided into smaller segments

where more unifying characteristics would exist, and to which the different marketing methods could be specifically altered to meet the exact customer preferences.

Nonetheless, this type of reconsideration of segments would require more information on customers, thus here it can be only suggested that this type of study on customers would be conducted.

The content of the marketing communications directed to the ATEX product groups customer segment should be more informative and spread awareness more efficiently. At the time when the questionnaires were conducted, the ATEX customer segment in general had not been affected by SKS Automaatio Oy's marketing of the ATEX product group. The marketing as an entity has had no major effect on the general awareness or knowledge of the customer, and did not affect the purchase decisions made very greatly. Also visibility and clarity of the marketing was stated to be relatively low. Thus, the marketing should first communicate to the targeted customer what the ATEX products are and how the ATEX directive affects that customer segment. As communicating complex messages with this sort of information can be difficult, the marketing should focus on advising the customer where and how to find additional information within SKS Automaatio Oy. The supplier brands should be included in marketing to a great extent, as mentioning them adds value that is perceived by the customer. In terms of image marketing, the image that should be communicated to the audience should be the expertise and knowledge possessed by SKS Automaatio Oy in ATEX components and how they are applied in different technical entities. Also the image communicated should include SKS Automaatio Oy being a trustworthy partner for its customers, whom they can rely on providing the right type of components and documentation in time. The comprehensiveness of the ATEX product selection is another feature that the image of SKS Automaatio Oy should communicate to the audience. Focusing on creating this type of image and delivering the mentioned content in the marketing communications SKS Automaatio Oy could achieve competitive advantages over competitors, by being perceived by the customer as a trusted expert in this field, that is willing to instruct and educate the customer in addition to providing the customers with a certificated product solution to any of their ATEX product needs.

When considering the effective marketing of new products in the future, this study concerning ATEX products can provide some general guidelines. First, the customer segment should be small enough, so that targeting it in the marketing activities would be easier. The customer segments could be divided according to the industry represented, or by educational background and publications followed. In launching the product, or introducing the new product to the customer, SKS Automaatio Oy could form a team for this purpose. In the team would then be expertise regarding various fields of knowledge required for communicating matters about this product to the right type of customers. The team, or other form of control over the marketing activities, could be used in coordinating the effective timing of the marketing too. Also, with new products, the company should develop means to make the sales personnel adapt to this change in product selection. A system for rewarding the sales personnel in including new products effectively in their sales and marketing practices should be formed or the existing system should be enhanced. Also sanctioning the sales personnel for excluding certain new products in their selling and marketing practices should be considered. The traditional product catalog and brochure distribution should be maintained, and the distribution of these catalogues in the website should be continued with additional focus on directing the customers to this information. In general, SKS Automaatio Oy should continue to select its suppliers and particular products very carefully, as a cooperative supplier with reputable brand eases significantly the marketing required for a new product.



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## 7. APPENDIX

### Appendix 1: Interview Questions for Sales Group Managers

For the interviews of Sales Managers

Q1: What are the main responsibilities of a Sales Manager (of the sales group you represent) in SKS Automaatio? How would you define your own role in the company?

Mitkä ovat myyntipäällikön (myyntiryhmä jota edustaa) päävastualueet SKS Automaatiossa? Miten kuvailisit rooliasi SKS Automaatiossa?

Q2: How would you define effective marketing for SKS Automaatio, and the sales group you represent in particular?

Miten määrittelisit tehokkaan markkinoinnin SKS Automaatiossa, ja eritoten omaa myyntiryhmääsi koskien?

Q3: What would you consider to be the most efficient marketing methods, concerning your sales group?

Mitä pidät tehokkaimpina markkinoinnin keinoina oman myyntiryhmäsi näkökulmasta?

Q4: How much you think the products in the sales group you manage affects the type of marketing activities that can be applied to them?

Kuinka paljon uskoisit edustamasi myyntiryhmän tuotteiden vaikuttavan siihen minkälaisia markkinoinnin keinoja on mahdollista käyttää niiden markkinoimiseen?

Q5: How would you describe the effects of marketing on sales of the products in your sales group?

Miten kuvailisit markkinoinnin vaikutusta myyntiryhmäsi myyntiin?

Q6: In your opinion, how much of the firms total marketing is done by sales personnel? How important factor in marketing they represent?

Paljonko mielestäsi yrityksen koko markkinoinnista tapahtuu myynnin henkilökunnan toteuttamana? Kuinka tärkeänä vaikuttaja markkinointiin heitä pidät?

Q7: How do you think the marketing to customers with whom SKS Automaatio has a long relationship differs from customers who are new or have shorter relationship? Does the role of sales personnel increase in importance?

Miten luonnehtisit eroavaisuuksia markkinoinnissa asiakkaille joiden kanssa SKS Automaatiolla on pitkä asiakassuhde ja asiakkaille joiden kanssa asiakassuhde on lyhyt? Kasvaako myyntihenkilökunnan merkitys pitkissä asiakassuhteissa?

Q8: How much marketing aspects are focused on in the sales group you manage?

Paljonko johtamassasi myyntiryhmässä keskitytään markkinointiin tai markkinoinnin näkökulmaan?

Q9: What could be improved in the marketing of SKS Automaatio, particularly considering the sales group you manage?

Mitä voitaisiin parantaa tai kehittää SKS Automaation markkinoinnissa, eritoten oman myyntiryhmäsi näkökulmasta?

Q10: What are the procedures followed, concerning marketing and sales, when new products enters the selection?

Minkälaisia menettelytapoja markkinoinnin ja myynnin osalta käytetään uusien tuotteiden tullessa tuotevalikoimiin?

Q11: How would you describe your own knowledge on ATEX products and how important you consider them to the sales group you manage?

Kuinka kuvailisit omaa tietämystäsi ATEX tuotteista, ja kuinka tärkeinä pidät ATEX tuotteita oman myyntiryhmäsi osalta?

Q12: What effects does the EU directive defining ATEX products have on sales and marketing of ATEX products by SKS Automaatio? How does it differ from other products?

Mitä vaikutuksia ATEX tuotteet määrittelevällä EU direktiivillä on kyseisten tuotteiden myyntiin ja markkinointiin SKS Automaatiossa? Kuinka ATEX tuotteet erottuvat muista tuotteista?

Q13: How has the marketing of ATEX products affected the sales of them? Has the marketing been successful?

Miten ATEX tuotteiden markkinointi on vaikuttanut kyseisten tuotteiden myyntiin? Onko markkinointi ollut onnistunutta?

Q14: What do you consider to be the problem areas with sales and marketing of ATEX products?

Mitä pidät ongelma alueina ATEX tuotteiden myynnissä ja markkinoinnissa?

Q15: How would you improve the ATEX marketing so that it would be even more beneficial to ATEX sales?

Miten kehittäisit tai parantaisit ATEX markkinointia siten että se olisi vielä hyödyllisempää kyseisten tuotteiden myynnin kannalta?

Q16: How much future potential you see in ATEX products? How much can be achieved? Kuinka potentiaalisena pidät ATEX tuotteita tulevaisuuden kannalta? Kuinka paljon on mahdollista saavuttaa?

Q17: How would you describe the typical ATEX customer and the type of purchase they make from your sales group? Examples?

Miten luonnehtisit myyntiryhmällesi tyypillisen ATEX asiakkaan ja hankinnat joita he tekevät? Esimerkkejä?

Q18: Do you think that ATEX products cause additional work efforts in SKS Automaatio internally? Is ATEX sales and sales potential in balance with the additional work efforts? Uskotko että ATEX tuotteiden lisääminen valikoimaan on lisännyt työn määrää SKS Automaation sisällä? Onko ATEX tuotteiden menekki ja tulevaisuuden potentiaali tasapainossa lisääntyneen työmäärän kanssa?

Q19: How would you evaluate the effect that sales personnel's knowledge on ATEX product has on marketing ATEX products? How much difficulties arise in marketing and selling new products which all the staff is not familiar with?

Miten arvioisit myyntihenkilökunnan tietämyksen ATEX tuotteista vaikuttavan kyseisten tuotteiden markkinointiin? Kuinka paljon hankaluuksia myyntiin ja markkinointiin aiheutuu uusista tuotteista joihin henkilökunta ei ole vielä perehtynyt?

Q20: How big role you think SKS Automaatio's suppliers have in sales and marketing of ATEX products? How much of what can be done depends on them?

Kuinka suuri rooli SKS Automaation toimittajilla on yrityksen ATEX myynnissä ja markkinoinnissa? Kuinka paljon siitä mitä voidaan tehdä riippuu toimittajien menettelytavoista?

## Appendix 2: Interview Questions for Marketing Manager

Q1: What are the main responsibilities of Marketing Manager in SKS Automaatio?

Mitkä ovat markkinointi johtajan päävastuualueet SKS Automaatiossa?

Q2: What do you consider to be the main marketing methods used by SKS-Automaatio?

Mitkä markkinointi metodit koet tärkeimmiksi SKS Automaatiossa?

Q3: What about the effectiveness of these methods? Do they always bear results?

Kuinka tehokkaina pidät näitä menetelmiä? Tuottavatko ne aina toivottuja tuloksia?

Q4: How would you define "effective marketing" for SKS Automaatio? What is required for it to occur?

Kuinka määrittelisit "tehokkaan markkinoinnin" SKS Automaatiossa? Mitä tarvitaan sen toteutumiseen?

Q5: How much does marketing vary between different customer segments? How are the customers divided in marketing terms?

Kuinka paljon markkinointi vaihtelee eri asiakasryhmien välillä? Kuinka asiakkaat on jaettu markkinoinnin kannalta?

Q6: What other activities of the company are strongly reflected in marketing and planning it?

Mitkä muut toiminnot SKS Automaatiossa heijastuvat voimakkaasti markkinointiin ja sen suunnitteluun?

Q7: What would you consider to be the most successful marketing achievement in SKS-Automaatio within few recent years?

Mitä pitäisit kaikista onnistuneimpana markkinointi saavutuksena SKS Automaatiossa muutaman menneen vuoden ajalta?

Q8: What limitations does the marketing in SKS Automaatio have? What confines marketing activities?

Mitä rajoitteita markkinoinnilla on SKS Automaatiossa? Mitkä asiat rajoittavat markkinointia?

Q9: What do you see as the goal or objective of marketing in SKS Automaatio?

Mitä pidät tavoitteena SKS Automaation markkinoinnissa?

Q10: What do you consider to be the main weaknesses or problems of marketing in SKS Automaatio?

Mitä pidät suurimpina heikkouksina tai ongelmina SKS Automaation markkinoinnissa?

Q11: How has these weaknesses and problems been solved, or are planned to be solved?

Kuinka näitä heikkouksia ja ongelmia on ratkaistu, tai miten niitä on suunniteltu ratkaista tulevaisuudessa?

Q12: Do you think SKS Automaatio's marketing efforts always promote SKS Automaatio to customers or is it sometimes promoting supplier companies and their products? Do you think this is beneficial or harmful to SKS Automaatio's marketing?

Uskotko että SKS Automaation markkinointi toimet mainostavat aina SKS Automaatiota asiakkaille vai mainostaako se joskus toimittajia ja heidän tuotteita? Onko tämä mielestäsi haitallista vai hyödyllistä?

Q13: How would you describe the role of sales personnel in the marketing activities?

How large share of the total marketing is done by sales personnel's contacting the customers?

Miten luonnehtisit myyntihenkilökunnan roolia markkinoinnissa kokonaisuudessaan?

Kuinka suuri osa markkinoinnista tapahtuu myyntihenkilökunnan toteuttamana heidän ollessa asiakkaisiin yhteydessä?

Q14: Does marketing of ATEX products differ much from marketing of other products?

How?



Poikkeaako ATEX tuotteiden markkinointi paljon muiden tuotteiden markkinoinnista?  
Millä tavoin?

Q15: Has the legislation (the EU directive) made the marketing of ATEX products easier or harder? Is it a advantage or disadvantage?

Onko lainsäädännölliset vaikuttajat (EU direktiivi) tehnyt ATEX tuotteiden markkinoinnista helpompaa vai vaikeampaa? Pidätkö sitä hyötynä vai haittana?

Q16: What marketing methods have been used in marketing ATEX products? How would you evaluate their effectiveness or success?

Mitä markkinointi menetelmiä ATEX markkinoinnissa on käytetty? Miten arvioisit niiden tehokuutta tai menestystä?

Q17: Will the same methods be used in future ATEX marketing, and what will be improved or added?

Ovatko samat menetelmät käytössä myös tulevassa ATEX markkinoinnissa? Mitä lisätään tai parannellaan?

Q18: Do you believe that the sales of ATEX products have corresponded the level of efforts in marketing them?

Uskotko että ATEX tuotteiden myynti on vastannut markkinoinnin ponnistusten tasoa?

Q19: What do you consider to be problem areas in marketing ATEX products or new products in general?

Mitä pidät ongelma-alueina ATEX tuotteiden tai yleisesti ottaen uusien tuotteiden markkinoinnissa?

Q20: How would you describe the level of internal communications and knowledge concerning ATEX products? In what way and how significantly does that affect the ATEX marketing?

Miten kuvailisit yhtiön sisäisen kommunikaation tasoa ja tietämystä liittyen ATEX tuotteisiin? Millä tavoin ja kuinka merkittävästi se vaikuttaa ATEX markkinointiin?

Q21: Do you believe that the ATEX product selection of SKS-Automaatio would have demand other than domestically? What would change in marketing if foreign customers would be targeted?

Uskotko että SKS Automaation ATEX tuotevalikoimalle olisi kysyntää kotimaan markkinoiden ulkopuolella? Miten markkinointi muuttuisi jos sen kautta yritettäisiin tavoittaa ulkomaalaisia asiakkaita?

Q22: What factors do you consider to be important in further increasing the efficiency in marketing of ATEX products? What contributes to efficient marketing of ATEX products? Mitä vaikuttajia pidät tärkeinä kun ATEX tuotteiden markkinointia tehostettaisiin lisää? Mitkä asiat myötävaikuttavat ATEX tuotteiden tehokkaaseen markkinointiin?

### Appendix 3: Questionnaire Questions for Customers

#### Questionnaire to Customers

This questionnaire is composed to measure the attitudes and views of SKS-Automaatio's ATEX product groups potential customers towards marketing efforts of the company. For each multiple choice question select an answer that describe the situation in most accurate way.

Q1: What is your gender?

- a) Female
- b) Male

Q2: What size of company do you represent? Select from a scale of one to five, one representing very small company and five representing a multinational company.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q3: What SKS Automaatio marketing can you remember?

Brochure/product catalog distribution considering new products

- a) Yes
- b) No

Presence at exhibitions

- a) Yes

- b) No

Advertisements in magazines

- a) Yes
- b) No

Direct contacts, through e-mail or meetings

- a) Yes
- b) No

Internet, through website and links

- a) Yes
- b) No

Q4: How useful and effective would you describe the following marketing methods?

(In terms of affecting purchasing decisions or providing new information)

Select from a scale of one to five, one representing not useful or effective at all and five representing very useful or effective.

Brochure/product catalog distribution considering new products

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Presence at exhibitions

- a) 1

- b) 2
- c) 3
- d) 4
- e) 5

Advertisements in magazines

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Direct contacts, through e-mail, phone calls or meetings

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Internet, through website and links

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q5: What have you (the company you represent) mainly purchased from SKS Automaatio?

Alarm equipment, housings and connectors

a) Yes

b) No

#### Cables and accessories

a) Yes

b) No

#### Automation components

a) Yes

b) No

#### Power supply and control equipment

a) Yes

b) No

#### Instruments and temperature measurement

a) Yes

b) No

#### Services

a) Yes

b) No

#### Q6: How often are purchases made from SKS Automaatio?

a) In weekly basis

b) In monthly basis

c) Few times per year

- d) Single purchases for project needs
- e) Only a secondary source for purchasing

Q7: How often are you in contact with SKS Automaatio?

- a) Almost daily
- b) Weekly
- c) Monthly
- d) Several times per year
- e) Only when they contact me

Q8: Are you familiar with ATEX ("atmosphere explosive") products and the EU directive defining them? Select from a scale of one to five, one representing that you are not familiar at all and five representing that you know everything required.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q9: Are you aware of the ATEX product selection of SKS Automaatio? Select from a scale of one to five, one representing that you are not aware and five representing that you are highly aware.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q10: How much has the marketing activities of SKS Automaatio affected your knowledge or awareness of ATEX products? Select from a scale of one to five, one representing no effect and five representing a high effect.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q11: Have you purchased ATEX products from SKS Automaatio?

- a) Yes
- b) No

Q12: How much has SKS Automaatio's marketing activities influenced the purchasing decision (question 9)? Select from scale of one to five, one representing no influence and five representing high influence.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q13: How would you describe the clarity of marketing the ATEX products by SKS Automaatio? Select from a scale of one to five, one representing unclear and five representing very clear.

- a) 1
- b) 2
- c) 3
- d) 4



e) 5

Q14: How would you describe the visibility of marketing the ATEX products by SKS Automaatio? Select from a scale of one to five, one representing not visible and five representing very visible.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q15: How easy was it to receive additional information from SKS Automaatio on matters related on ATEX products? Select from a scale of one to five, one representing very hard and five representing very easy to receive information.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q16: How would you evaluate the comprehensiveness of the ATEX product selection of SKS Automaatio? Select from scale of one to five, one representing not comprehensive and five representing very comprehensive.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q17: How satisfied are you with quality of SKS Automaatio's products and services concerning ATEX product group? Select from a scale of one to five, one representing disappointed and five representing very satisfied.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q18: Suggestions for improvements of marketing the ATEX products from customer point of view?

Open Answer

## Appendix 4: Questionnaire Questions for Employees

### Questionnaire for Sales Personnel

This questionnaire is composed to measure the attitudes and views of sales personnel towards the marketing of ATEX products by SKS Automaatio, and its effects on sales activities. For each multiple choice question select an answer that most accurately describes your opinion.

Q1: How would you describe the effectiveness of the following marketing methods for SKS Automaatio? Select from a scale of one to five, one representing not effective at all and five representing very effective.

#### Brochure/product catalog distribution

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

#### Presence at exhibitions

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

#### Advertisements in magazines

- a) 1

- b) 2
- c) 3
- d) 4
- e) 5

Direct contacts, through e-mail, phone calls or meetings

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Internet, through website and links

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Other alternative marketing methods

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q2: How has the marketing affected the sales in general? Select from a scale of one to five, one representing no effect and five representing very high positive effect.

- a) 1

- b) 2
- c) 3
- d) 4
- e) 5

Q3: Does marketing activities of SKS Automaatio on new products increase customer contacts/inquiries (related to what was marketed)? Select from a scale of one to five, one representing no increase and five representing very high increase.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q4: Have you noticed increase in ATEX product sales, or inquiries about ATEX products, within one year period? Select from a scale of one to five, one representing no increase and five representing very high increase.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q5: Do you think that the increase (question four) is due to SKS Automaatio's marketing or other factors affecting the sales or inquiries? Select from one to five, one representing completely due to other factors and five representing completely due to SKS Automaatio's marketing.

- a) 1
- b) 2

c) 3

d) 4

e) 5

Q6: How much, in your opinion, you know about ATEX products? Select from a scale of one to five, one representing very little and five representing everything required.

a) 1

b) 2

c) 3

d) 4

e) 5

Q7: In your opinion, how much does a potential ATEX customer know about the products? Select from a scale of one to five, one representing very little and five representing everything required.

a) 1

b) 2

c) 3

d) 4

e) 5

Q8: Where do you believe the customer's knowledge on ATEX products is from? Select from a scale of one to five, one representing "completely from external source" and five representing "completely from SKS Automaatio's marketing".

a) 1

b) 2

c) 3

d) 4

e) 5

Q9: Have you noticed an increase in ATEX sales or inquiries after exhibitions where SKS-Automaatio has been present, promoting ATEX products? Select from a scale of one to five, one representing no increase and five representing very high increase.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q10: How much additional attention new products (like ATEX products) get from sales manager when they are added to the product selection? Select from a scale of one to five, one representing no attention and five representing high amount of attention.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q11: Do you believe that the ATEX products receive as much attention in sales activities as they do in marketing? Are the two in balance? Select from a scale of one to five, one representing a situation where the two are completely unbalanced and five representing a situation where the two are well balanced.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q12: What is your view on selling other sales groups products or directing customers to sales staff of that sales group over group company lines? Select from a scale of one to five, one representing negative/pessimistic view on such activity and five representing positive/optimistic view on such activity.

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

Q13: What do you consider to be the single most important factor in further increasing ATEX sales?

Open Answer

Q14: What problems have you encountered with ATEX sales or inquiries?

Open Answer

Q15: Suggestions to improve marketing of ATEX marketing from sales point of view?

Open Answer



