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# PRODUCTS , SPIN-OFFS AND RELATED PRODUCTS TO EXCISTING OFFERING

– How to create SME ´s product family and product synergies



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# PRODUCTS , SPIN-OFFS AND RELATED PRODUCTS TO EXCISTING OFFERING

This thesis is about a finnish SME based in Turku. A company called Emerbus. The company was founded in the year 2011 after selling an excisting company owned by the founders of Emerbus. The company is now 2 years old and employes 3persons in addition to the founders. The revenue of the year 2013 will approximately 120000€. The company operates now days in three fields, sales,marketing and event organizing. Thesis is about the creation of the product family of the company. How to create and product family that can operate broadly in different and how to regognize synergies within products. From the beginning of the company and from the start it was clear to the founders that as many services needed in running a business must be created within company. The goal is and was to use as little as possible any outsourced services. When operating with a limited budget it is not possible to do everything within in the company but every service within resources must be done within the company. The key in doing all the work within the company is to find synergies and relations in the services offered by the company.

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Ohjaaja(t)

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## TUOTTEET, SPIN-OFF TUOTTEET JA LIITÄNNÄISET OLEMASSA OLEVAAN TUOTETARJONTAAN,

Miten luoda p&k-yrityksen tuoteperhe ja tuote synergiat.

Opinnäytetyössäni käsittelen tapaustutkimuksen omaisesti pienyrityksen tuoteperheen luomista ja rinnakkaistuotteiden luomista kustannustehokkaasti. Koitan purkaa esimerkki Emerbusen tuotetarjontaa ja sen luomista. Pääroolissa toimii tuoteperheen luominen ja nykyiseen tuotetarjontaan päätyminen. Miten pienellä kassavirralla pystytään luomaan laaja variaatio tuotetarjontaan ja miten olemassa olevat tuotteet vaikuttavat sen luomiseen. Kyseinen esimerkki yritys on perustettu vuonna 2008 ja sen liike-toiminta aloina on nykyhetkellä 3 toimi-alaa. Yrityksen perustajat toimivat yrityksessä pää-asiallisena työvoimana ja yrityksen liikevaihto tulee vuonna 2013 laskeutumaan n. 120t €. Yritys toimii pääasiallisesti varsinais-Suomen talous-alueella mutta omaa myös toimintaa pääkaupunkiseudulla. Nykyinen liiketoiminta perustuu kolmeen tuotteeseen: Emerbus Event, Emerbus Sales ja Emerbus Office. Vahvimpana kolmesta toiminta-alueesta on tällä hetkellä Emerbus Event mikä järjestää liikunta-tapahtumia kolmessa eri kaupungissa vuoden 2014 aikana.



# 1 INTRODUCTION

## 1.1 Thesis objectives

The goal of this thesis is to recognize different structures and possibilities in creating a successful model for business. Thesis is done by case study basis. During the years from 2008 to 2013 a company called Emerbus is created. The company is a different kind of spin-off than usually is recognized. The definition of a spinoff (The Breakthrough Imperative, Mark Gottfredson and Steve Schaubert 2008) is a part of an existing company that becomes an independent company separated from the core company and core business. Usually spinoffs are created in larger company in the r&d departments when researching new areas of business. Larger companies have the capacity and the financial possibilities to invest in research that may never be profitable business. Some of the development can be worth the investment. For example, if you look at the largest companies in the world, General Electrics, Google inc, Microsoft inc, Nokia. etc they have separated from their original core business quite a bit. Google in the beginning was company that focused only on software and web-development, nowadays you can list a long list of products that google is developing and has developed, server halls in Hamina Finland, Google classes, etc. I think that Nokia would be the easiest example for me to give; Emerbus attended as an upcoming company in the service and it district to Nokia program called Bridge. The programs basic idea was to offer employees who were about to be let go, a change to be employed to another company. One of the companies that attended the event as well was called Uniqoteq. Uniqoteq was an company that is founded by ex-nokia workers who were working on a project for Nokia's market-area in the Latin America. The project was to develop a unit that could transfer analog broadcast to digital internet reseptor. Nokia decided that the project and the product were to expensive for nokia whos core-business was decreasing and cash was a bit tight. Nokia shut down the project and layed off

the workers from the department. The workers in the project had belief on the project and decided to go on with project and to find investors to start running the company. Even ex-Nokia executives decided to invest and to build the company. Uniqoteq had an advantage with ex-nokia executives on board and they started to go forward with the business through the networks of the executives.

In this thesis a few different models for expansion and the birth of the product and the structured growth for Emerbus will be demonstrated and more specifically presented. The approach to the study and thesis will be done through the opinion and experiences first hand of the founder and CEO of the company who is the author of this thesis. The goal is to recognize mistakes and to present the ways that are and will be profitable. Within in 5 years the companies founders have tried different business models that taught as basic models for business in different institutions. I will try to demonstrate through a few different graphics and to dismantle the different operations and actions by explaining the different parts of the construction stage of the business product family and what are the relations of the products. Mainly the reason for building a company which product offering is broad and offers many services is to find synergies with the company's own product offering. In addition to synergy a part that played a big role in growing the company is cost effectiveness. When working in a company that is start-up the biggest asset is trying to do most of the services yourself to save money. In our case money saving brought us our current product offering.

Emerbus currently operates with three different departments: Emerbus Sales, Emerbus Event, Emerbus Office. The company has three permanent employees in addition to the two founders. Temporarily company employs 20-35 person during bigger events. Each of the departments will be presented and the synergy and possibilities amongst the departments will be presented. The communications and marketing views of the product offering will also be examined. The problem in having a broad offering is in the communications and how to explain the offering to clients and insuring them that our company can handle a big ensemble.

In the following thesis also the history of the company's growth will be examined. How the company started from operating in the security district and after selling the security operations to a competitor to get more cash income for the growth and to build the current form was done. The life span will be put in to pieces and then put together like a small puzzle with big pieces that would demonstrate a clear picture. The questions answered in the thesis: How grow with minimum capital invest. How to find profit pools in the Finnish market area? And how to manage and to market in the most cost effective way?

In chapter 2 the beginning of the company Emerbus is explained. How the company started and which were the reasons for going in to the state of business the company is now a days. In chapter 3 the companys offering is examined and the valuation is done whether to keep products in the offering for how long and in what measure. So the company is fully analyzed and in conclusion the right and the wrong ways will be clear.

## **2 STRUCTURE AND PRODUCTS OF THE COMPANY CALLED EMERBUS**

### **2.1 KK Ravintolaturva, Front End Innovation**

#### **The Generation of the idea.**

KK Ravintolaturva was the first company founded by the same persons who currently own Emerbus. The company was founded in April 2008. The reason for starting the business were quite basic. A passion for entrepreneurship and a passion for creating something completely our own.

The founders use to work in the security services district in an SME based in Turku. The work was mainly nightclub security and some public sector services, for example prisoner transportations. The job was mainly done by night and in the central of Turku in different nightclubs. Lauri Kokko worked as a basic bouncer and other founder of the company Timo Kujanen worked as Head of operations. The two became friends really fast and learned that they share the same passion for creating something their own.

In the summer 2007 Lauri Kokko got asked from a restaurant that he was in charge of the security, that why don't he offer the same service by himself and provide the service on his own. That got him thinking. He knew all the mistakes the current service provider did and had a solution for them. He started talking about the suggestion to Timo Kujanen and he was really thrilled of it and knew as well a couple of clients that were unsatisfied to the current provider. The problems that company, that the two worked for, had was mainly basic day to day operation flaws. For example a small thing: to answer the phone or e-mails

when clients tried to contact you. Because your clients are the ones who bring your income, customer service has to be your number one priority. The reason why they didn't answer was that the work that they did was done by night and they slept all day long. Office workers in restaurants and in other client companies worked by day and demanded answers during day time so they could proceed in their own work.

So in spring 2008 the two decided to go forward with their plans and founded a company called KK Ravintolaturva, KK in short of Kokko&Kujanen. First they made a basic distribution of areas business which both were responsible of. It was mutually decided that Lauri should be head of sales and Timo head of operations. And they would always switch who answers phones and who works the night shift by two weeks.

The reason that both couldn't work nights was that somebody had to be always within the reach for clients. The main idea was to be competitive with the best customer service. Goal was to offer the best customer service in the district from sales and other services in B to B and as well in the B to C services provided by the company.

KK Ravintolaturva was at the beginning focused on just providing security services to restaurants and events.

### **Customer acquisition, applying the innovation.**

Customer acquisition was done mainly by going through clients who were unsatisfied with service provided by the company that founders use to work for.

The easiest part in discussing with clients were the knowledge of the need of the clients. KK ravintolaturva knew exactly what to offer. Basicly the offering and the products were done based on the need that clients had. The main product structure was in focusing on customer service.

### **Customer Service as a product, The customer based pull**

When talking about restaurant security the doorman is the first encounter with the restaurant customer. It is crucial that good service starts from the door. And with this angle they proceeded in sales and by explaining to potential clients that our focus is on customer service not looking scary. Many of the clients offered the service bought it. KK Ravintolaturva was founded in april and by the end of May it had 3 restaurants as clients and employed 6 persons.

The goal in Customer service was to make it personal and to get know the restaurants customers and give them a personal experience. Taken examples and guidelines were done and imitated of a big coffee house chain called Starbucks(The Starbucks experience by Joseph a.michelli).

Starbucks main goal is to make service count and make it to be noticed. For example, While your waiting for your coffee to be made, The starbucks employees want to know your name so when the coffee is ready they can shout your name. The reason for this is to make the service more personal and to give the customer a individual service.

### **Service as a product,Improved service concept**

Ravintolaturva could not apply this kind of service straight on because of the private law in Finland. But the way they could apply it was a bit different but the same. They started to inform employees to keep in mind the regular customers. It was done by teaching employees what are the basic ways to recognize customers. Their gender, height, hair colour, styles of clothing and ways of speaking and personalities. Usually regular customers are the ones who have to be noticed, in a small or medium sized nightclub there are maybe 30-40 regulars who are the ones to be noticed. So the task for noticing them isn't that hard.

After getting to know the regulars it was time to apply the knowledge. Applying the service was done by saying to the chosen customers: "Nice to see you again" "how are you" If they were away for a while: "Where you've been? We missed you!" It was not common that bouncers did this sort of service. After applying this for 2 months the company got via restaurants inbox over 100 e-mails of thanking for the personal service. So the product was done and it was based on personal and customer service. It was called Ravintolaturva's Personal safety.

### **Spin-off and synergy**

As the first product was done and it was sold to the clients it was time to create more products.

Synergy is defined in many books in many different books in different circumstances. The reason to start thinking of new products was that the company had to find ways to employ the workers more. A big problem in offering security services that are done mainly at night-time is that hours aren't so good. A basic

shift for a bouncer is 6 hours in 2-4 days. Even if the work is done by night and the pay per hour has an additional 1,5 times per normal hour wage.

## **Network based innovation**

So the goal was to find additional work for the employees so they could continue working full-time for the company. Management did a survey within in the companies employees what would be a pleasant area of employment? As the work in security district demands a strong and healthy mind it also demands usually a strong physical appearance. So the answers were mainly in fitness and bodybuilding. Timo Kujanen had a background in fitness and personal training and he had the knowledge of the fitness area as a business. The goal was to find a product that the current employees could do and which had a possibility to grow by the employees and their networks. So was KK Personal BodyControl born.

## 2.2 KK Personal BodyControl

### **Product development process(FEI)**

FEI product development stands for Front End Innovation. It is defined in various places and books with a broad definition. The known association PDMA(Product Development and Management Association) defines FEI as "those activities that come before the more formal and well-structured NPD(product development process) Process. So when starting to create Personal BodyControl the structure of the developed product was clear. Only the

goal and meaning of the product was clear: to increase the level of working hours.

As the product Personal BodyControl started to develop it was not so clear how the product itself was going to be targeted. The process started from making a survey amongst the employees what kind of work would they want to do in addition to the bouncer work. It was clear that could not be scheduled in to early mornings because some of the workers had to work the night shift. A part that was clear was that the product should operate in the fitness sector.

### **Idea Genesis and Selection**

Mainly the first ideas were from personal training to group exercise instructor. The concept could to customer pulling because the shifts with the workers move around. Sometimes a employee could work four nights a week, sometimes 2. So it had to be a concept that the offering organization could control the offering at all times. It had to be a service offered inclusively so that control would stay with the organization . After a month it was clear that it had to be a product combined to service. IF there is a tangible product involved the management could control it more the service isn't the only that customer would receive. In research an device was found that measured body composition. It was called In Body 230. The device had to operated by some one , so it was a perfect product and service combination. So it became clear that addition to the offering would be Body composition measurements with an inbody 230 device.

### **Concept Development**

As it became clear what the product and service offerd would be, it became clear that with just offering measurements it would not be profitable. A concept and a service had to be offered on the side. As one of the founders had a background in personal training he knew a lot about it. It was decided that two product in addition to the measurement had to be offered. Only two because it easy to handle and easy to shut down if the products wouldn't succeed. So the

concept was to offer the customer after the body composition measurement a personal training program that they could do without a personal trainer always being around. The idea was to offer so basic programs that would be as universal as a personal trainer program not run by a personal trainer could be. They found a good program online that provided basic movements in the gym and the instructions on how to do them as an SAAS(Software as a Service).

The products Developed were called:

2StayFit: The 3 month program for getting fit by following basic rules and information. The programs contains a 3 month gym and fitness program and nutrition diet based on the IN Body 230 Body Composition measurement.

2BeFit: A 6 month fitness and gym program . That has the same qualities as the 2BeFit program except the duration is 6 months.

### **Market research**

Market research for developed product was done basicly with 0 budget and in the region of Turku. The product was planned to offered just in the hometown of the company because of the 0 budget. They started asking the local gyms would there be a market for such an product and a service. The response was really good and many of the gyms didn't have no idea that a device called In body 230 excisted. By teeling them that the product would combine to things: service and a product, the feedback was good. Gyms are always looking for new services to be offered to the customers which would offer them a better return of their monthly payment. Negotiations were done with the ruling houses in Turku, called Elixia and Gym2000.

### **Market information**

As the product was knew the definition for a going price rate was hard. They decided to calculate the emolyee cost and put a profit margin of 60% on top. So the price was 20€/measurement .

## Market Segmentation

The product was first marketed mainly to women. Women a customer segment is more likely to invest in such a product. In average women spend 2 times more money on health and beauty than men do.

## Market trends

Trends in the fitness sector were in the year 2009 going more internet based services and how to save cost on everything. In that kind of economical situation in 2009 everybody tried to save cost on everything. So the service provided was well taken.

SWOT Analysis			
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
New Product	Using the same staff as the bouncer job, night shifts→people are tired,and offer poor service	Blue ocean market, very little competition	big investment on equipment,The cost of the device was 12000€
Little or no competition	Blue ocean market→high on marketing cost, as a new product		

SWOT Analysis

## **Usable departments within the company, Synergies**

After creating the product PBC it had many synergies with the existing KK Ravintolaturva. The same personnel was usable, the usage of the personnel upgraded and volume based services could be used as well. For example accounting costs actually went down because the company could switch from a standard billing to volume based billing. After creating this product it came in mind how could the company exploit more the existing client base? PBC gained clients in both sectors B to B and B to C. It was planned that the product would be aimed more to consumer markets but it was clear after a while that there would be market in the B to B sector as well. For example; As the company operated in the security district mostly in restaurants, more than half of restaurant employees smoke and drink more than average person. So the health issues in the restaurant district is bad. The company decided to try out with one campaign designed to the employees of restaurants. It was called: A Healthier employee is more efficient. the campaign was a success and they got a bunch of clients from their existing network. This was very profitable and low cost.

## **2.3 Emerbus stands for Emerging Businesses**

After creating two working products under the KK Ravintolaturva company it was time to expand operations. The company had a rule for expansions, If the preexisting product is working on its own with basic operation it is time for a new product. When starting the company it was clear that for taxation reasons the company format was Avoin Yhtiö. When starting the new product it was decided that the format of the company should expand to LTD, because of the increased risk and possibility for outsourced financing. So was Emerbus/Varitalent Ltd created.

When creating a totally new brand and product was it clear that it would be very expensive. Start-up is not easily financed by banks or any other public institutions. The Finnish government gives its support by many different institutions, for example Tekes, Finnvera and many other. The problem with this company was that people who were starting the company were already entrepreneurs and partners in an existing company, so start-up money had to be forgotten. A way of getting financing from the government was that, if the product is a highly innovative product and brings a totally new solution for some existing problem then the government will support it. Our innovation didn't bring any new or a solution to a problem it only provided a better service and a product to the current offering.

### **Result in financing:**

After looking to the government based options and banks it was decided that financing should be done internally. When working and operating mainly in the service district, there isn't many concrete ownership of tangible assets. So they couldn't sell any of their products. The result was in selling the service KK Ravintolaturva and its client base to the competitor in the security district. Inquiries were made to two competing companies and negotiations began with one. The result was that the existing agreements and client base were sold in December 2010 to the competitor for the amount of one year turnover.

### **The Product Emerbus.com**

Mission statement and Code of ethics:

Emerbus site and Varitalent Ltd operates in accordance with common ethical values and practices. Services and workers comply with the society to benefit from adding value. We comply with the services provided and the decisions of a

fair and honest operation. We reach our customers' trust and respect of ethical, honest and fair activity. Our Mission is to offer SME's affordable SAAS services and progress their business operations to be more efficient.

## Idea

The Idea of creating a product called emerbus.com was to offer SME's a easy and cost effective way to reach clients and to expand their networks. As the IT sector was blooming at the time there was no doubt of the fact that service should be software based, a so called software as a service(SAAS). As the owners did not have any experience in the IT region but had some experience in the businesses of the SME district it was relevant to get a strategic partner in the IT sector. When they found a good strategic partner and a developer in the It the idea started to develop. The Idea developing processes was an front-end process. When operating in the SME district the owners came across the same problem several times: It is really hard to find other companies easily and to do business in some kind standard way. The issues were in sales, invoicing, and contacting. After hearing this several times the idea started to develop., There is a need in the market for a service where you can contact a another business easily and control the co-operation easily and via internet.

## **Customer needs**

When the idea became clear that there was a demand in the market for a system where companies could contact each other and start to do business. The owners made a questionnaire with the existing client base that is there such an demand and the answer was clear : YES. After being assured bu their clients it was time to start developing the product.

## **Details of the selected concept**

It was decided that the product should contain the following : Contacting, Messaging, Invoicing and Offer sending. These products were chosen by the questionnaire provided to the customers. The needs were clear and so the decision was made to start developing such products available by a SAAS.

## **Product definition and specifications**

### **E-office**

E-office was created to be an your mobile office wherever you are in the world. Through E-office you are able to control your client relations, invoicing, marketing and advertising.

### **Contacts**

Through the specialized search service you can search for a specific company in specific sector/location and add them to your contact list. Through your online contact network you can easily let your clients and contacts know about the activities and opportunities your company has to offer.

### **Offers**

The Offers feature allows you to submit and receive offers and invoices, quickly and efficiently. Through this service you are able to respond to clients with quotations and tenders instantaneously, whilst being able to review with ease the offers you receive from partners and suppliers.

## Messages

Messages are used to keep in touch with your contacts through individual and group messages as well as providing an invaluable marketing tool.

## Search

This comprehensive search service allows you search and add new businesses to your contacts list, providing you with an easy a effective tool for expanding into new markets.

## Economic analysis of the product

When starting to develop a totally new product usually the costs are high. The product started to develop from scratch. The main decisions that had to be made in the start were what was the template that the system would be developed on? Who would be the developer ? What were the investments that the parts required?

The developer was chosen easily because one developer suggested that he would do the job for a provision based payment. He would get 5% of every income made. He also agreed to develop a publishing template for the system as well as the operating system totally.

## Pricing

After developing the system with all of its qualities it was time to price the product. An agreement was made that the product should be a membership based purchase. The main reason for this was to ensure repeatable purchases. Companies would renew their membership every year hopefully. As the product is totally operated via the internet no basic costs were in the pricing process. The

costs came mainly from the developing process. It was calculated that within one year the product should have covered all costs. So the price finally settled on 50€+VAT. The price is in pieces: 5€/product for marketing ,average 10% of the income. 5€ logistical cost in getting the product out. 10€ to developing costs and 10€ provision to the salesman. 30€ profit margin.

## Promotion

The promotion of the product was at first made to the existing client base who implemented the need for the product. Promotional actions had to be made as cost friendly as possible because of the small budget. Mainly the promotions were made in the internet different free forums etc. It became clear fast that the biggest problem in operating with an internet based product is huge competition in the market-area. The suitable budget for such an product would 20-30 thousand euros. The company had 2000€. So it was really hard to get the product out. Which became the biggest issue with the product. Sales promotion were made in the turku region. The sales during one year was 10000€. and 240 clients were sold to. Sales were by calling the client up and visiting the client. The problem in visiting clients physically is the cost of sales . To be lucrative a sales should have sold 10 memberships per day. Within a 8 hour work day this is impossible. After realizing that sales based promotion is profitable the company turned to internet based marketing mainly google. In marketing with google the problem is how to market your product so that it would appear more better than others. Volume based marketing is very high cost in Google. For example with the Emerbus product CPC cost per click were almost 1€. As the budget was so small the options were very limited. It became clear within one year that with the budget that was available it was nearly impossible to get the product flying.

## **Business evaluation, shutting down a unprofitable product.**

When it became clear that with the current resources it would be impossible to get the product to be profitable, it was time to evaluate the products existence and profitability. First the mistakes done were examined. The biggest mistake with the product was done with pricing . The price of the product should have been twice the asking price. The price could not carry promotional and other costs. When starting a new product almost the most important thing is to get product out in the open and in the knowledge of the customers. This was not possible with price that was calculated. Another mistake was done in market research. The poor knowledge of the competition in the market was crucial. the developers did not look as careful as they should how is the competition in the market-area. It was very hard as it became clear. A problem with organizing sales was also a huge stepping stone. Any sales men could not be hired because now body wanted to work with a commission based income with a new product. So after one year the decision was made to shut down the product remove it partially from the offering. It couldn't be moved entirely because yearly memberships were sold and had a bunch of active users. All promotional actions were shut down. It was decided that the service can remain active for the existing clients but no new clients were accepted. The remained in the offering but no investments were made anymore to improve the product. Losses of 45000 were with the product. The only good thing with creating the product was the expansion of the network of the company and a lesson learned that everything must be evaluated before starting to develop a big product. After the shutting down of the product evaluation of the client base were made on how to take advantage of the situation.

## 2.4 Emerbus Event

“Emerbus Event is a service that organises various events and arranges event programs. We produce both small and large events on a national scale. Our main focus is on well-being and company events. City Workout sports events and Turku Expo fairs are included in our product range. We also offer event marketing, product demonstrations and promotion workers.”

As the background of the company was in the security service district and in fitness services a decision was made to try to create a product that would contain both of these sectors and how to combine the core competence of the owners. When providing security services earlier it was very familiar to the owners how to organize events and what the main qualities of a good event. The next question was how to combine the two fitness and events?

### City Workout events

When trying to combine the two services was City workout events created. The basic idea in the events is to gain as much as possible visitors to one place to do instructed workouts. The first event was organized in Logomo Turku, Called Turku Workout. The event gained a little over thousand “workouters” to the place. It became clear after the first event that this was the way to go for the company. The existing networks in the event organizing and fitness reguion were very important in organizing the event.

Specifics of the events were developed in co-operation with some very stratetic partners. They chose to contact the biggest provider in group exercising which

at the time was Les Mills. they offer a very broad variation of many different concepts. they wanted to offer in the events very happily their offering. so the offering of exercises in the events were made to be more or less Les Mills based. This was great choice because the first event was successful.

### **Market research**

Market research with the workout product were made more thoroughly than in the past with the Emerbus.com product to avoid the same mistakes. The first target of researching was competition. There were no existing competition at the time. Later on competition arose. The evaluation of the place where the event would be organized was next. In the Turku region there aren't many places that you can organize events that can take over 1000 visitors. the place Logomo was decided because of its services and technical solutions. The location of the place was also easy accessible. Almost in the center of Turku. Other market research actions were made basically by asking the gyms in the region would there be a demand for such product and the answer was most definitely.

### **Branding**

They decided to segment the product mostly to ladies because women are more group exercise oriented than men. So basically all promotions and visual effects were made to seem more feminine.

### **Promotion, strategic partners**

Promotion of the events are made mostly with the local gyms and local media as well. In the year 2014 they have one strategic partner for promotion: NRJ Finland. It is the most popular pop radio station in the country.

Les Mills still remains as the partner for offering the workouts in the events.

### **Workout Store**

Workout Store is basically a way in taking advantage of the client base created in the events. the problem in the events was how to create more revenue from

the events. So workout store was created, workout store sells workout clothing in the events and in the year 2014 a webshop is created.

## 2.5 Emerbus Sales

Emerbus Sales is a service for companies wanting to increase their sales. The companies competent and effective salespersons will help clients boost their sales and build a sales network that serves their specific interests.

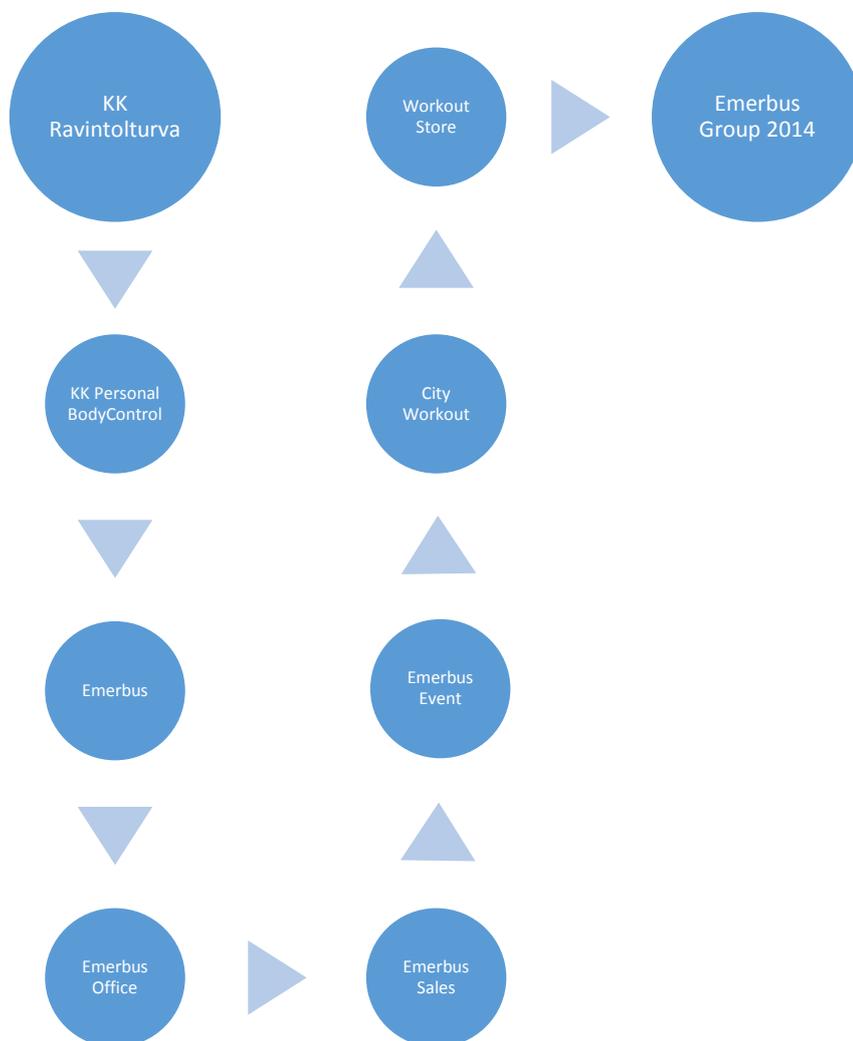
With the help of the service, growing companies will quickly and cost effectively reach new clients: they won't need to hire an in-house salesperson.

Emerbus can also design your sales campaigns and contact your old clients. Philosophy is based on visiting the clients personally and achieving profitability through direct contacts. In addition, offerin for comprehensive sales training is done.

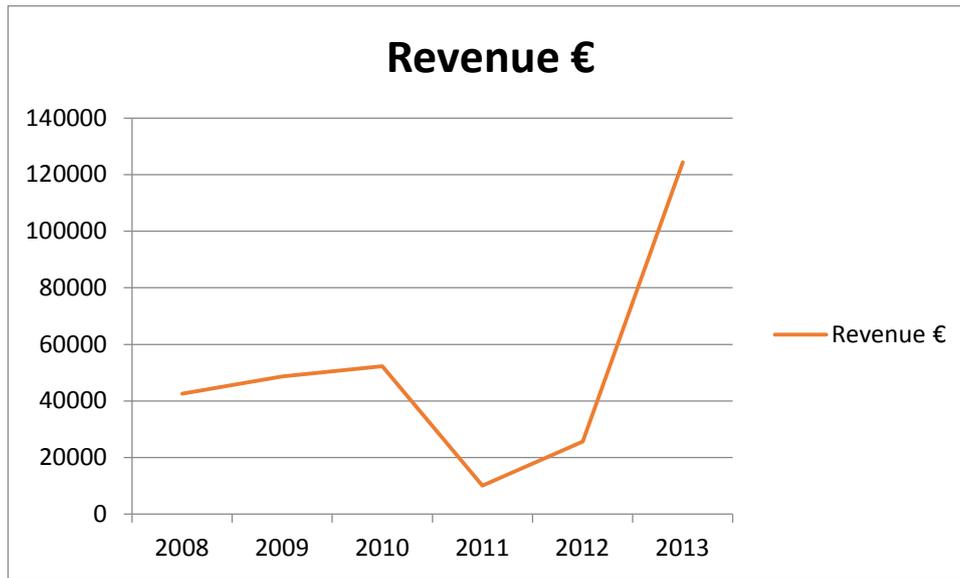
For the international clients, the company provides a service for importing products and services to Northern Europe. The service covers importing, market research, marketing, sales and logistics.

# 3 PICTURES, FIGURES AND TABLES

## The Structure



## Growth 2008-2013



## 4. Theoretical frameworks

### 4.1 Product life-cycle (Philip Kotler, Marketing Management)

#### Introduction

The introduction part is usually defined as the slow sales part. Sales aren't going so good because of the newly launched product. In this part it is also possible to create a monopoly if the product is new and there is no other competitor in the market. Of course the need of the product is defined in this stage. If there is a need for the product it can be easy to sell. Usually in the introduction part companies incur losses rather than profits. Information plays a big part in the introduction stage. It is very crucial to do informative work on the product so that the consumer knows what the product is all about. Extra information should be provided through different medias. The stage has the following parts:

1. Low competition
2. Firms usually gain losses more than profits
3. Advertising and marketing costs are high.

## **Growth**

In the growth stage marketing plays a major role. Your goal is to tell consumers why your product is much more better than the competitors. Marketing cost will still keep rising in this stage. The product is now known in the market so the role of marketing is to get the product to differentiate from others. The growth stage gets the product going and possible sales growth is relevant. Growth comes with the markets adapting your product. If there's a possibility for a monopoly companies should look for possibilities to do following products to maintain the growth stage.

## **Maturity**

The third stage maturity only comes if the product survived the last two stages. This is the stage when profits start to stabilize. In this part it is very crucial to maintain the market position and still remind in advertising why your product is much better than the competitors. Of course in this part also competition will start to arise. This is the most vital stage in the product life cycle. In the maturity stage the product must spend the most time. In this stage it is possible to start counting on the product and to make investments in to the product.

## **Decline**

In the Decline part usually the sales of the products slows down and the success is gone. This part can't usually be avoided. The market area evolves and competition arises. The stage can be avoided in to some extent, but can't be totally avoided because of the free market areas where competition can't be avoided. By extending the three other stages decline can be put further. Recognizing the decline stage is crucial. When the costs of products go beyond sales and profits must the product be shut down.

## **4.2 Innovation stages (Innovation Management and new Product Management 4<sup>th</sup> edition Trott , 2002)**

### **1.Idea generation**

In the idea generation stage is usually called the “Fuzzy front end” Or FEI front end innovation. At this stage the idea or ideas are starting to generate. Usually lots ideas are produced and most aren’t that good. It is common that in this stage theres a hole team throwing around ideas about the new product or service. Its suppose to act as the first stage of the development process. In this stage every idea counts.

### **2.Idea screening**

In the idea screening stage different ideas produced in the earlier stage are more examined. Which of the ideas could be really a new product. Questions in the stage: Is it possible? Is it profitable? This stage acts as an filter for the earlier stage.

### **3.Concept Testing**

In the concept stage an idea is selected and its more thoroughly examined. The different parts of examination are :

- Intellectual property right issues, is it legal to develop.
- Target market: what is the market area that is developed for
- Different features of the product and what are the characteristics of the product
- Cost effectiveness
- Benefits

### **4. Business Analysis**

In the business analysis stage the financial part of the product is evaluated. When launching a product one the most important part is to make the product to be profitable. In this stage all financial issues are detrmind. Estimating and valuating the selling price of the product. Pricing should include all the costs and

a profit margin. Estimating also the sales volumes and cash flow is crucial. When selling something ROI (return of investment) has to be evaluated. Also Product Life cycle has to be estimated. After going through all the financial parts of the product prototyping is current.

## **6. Market Assessment**

In this stage all the market researching is done, how will the current markets adopt the product? Is there a place in the market for the product? Also an analysis of the market is done at this stage. Is the market ready for the product? And also industry analysis must be done. Can the product be developed with existing technologies.

## **7. Commercialization**

After the product has gone through all the other stages it is time to make commercial. If the product is possible to manufacture and it will be profitable it is time to start the commercialization and promotion of the product. A successful launch is always important. For example a big part in launching new Apple products was the launch parties by Steve Jobs. In this stage the marketing plan is implemented and promotion strategy is done. Also other parts of business is valued and determined in this part for example Distribution pipeline, measurements and costs.

## **8. Monitoring and Evaluation**

As it is known products always have a life cycle. In this stage it is valued how long the product is profitable and what changes should be done to the product to make more profitable. Opportunities, challenges, and problems are valued and changes are done. Marketing plans are made more efficient and other processes as well such as, production, financing, purchasing are valued.

## **9. SAAS**

Short for Software as a Service, SaaS is a software delivery method that provides access to software and its functions remotely as a Web-based service. Software as a Service allows organizations to access business functionality at a cost typically less than paying for licensed applications since SaaS pricing is based on a monthly fee. Also, because the software is hosted remotely, users don't need to invest in additional hardware. Software as a Service removes the need for organizations to handle the installation, set-up and often daily upkeep and maintenance. Software as a Service may also be referred to as simply *hosted applications*.

## **10.Pricing**

Pricing is a very important aspect of business. In pricing a product, the emphasis will be on:

- covering costs and then having a margin of profit on top
- making sure that the pricing structure gives a competitive edge over similar products (if any exist)
- providing an adequate return to providers of capital and shareholders in a company.

### **Pricing decisions on the Emerbus products:**

- The cost of constructing the templates for various business practices.
- The cost of doing the operating system and marketing materials. Mainly easily calculated because everything is almost based on labor cost. This includes a range of aspects including: servers, infrastructure, planning marketing, engineering costs.
- The quality of the specification. The more detailed and up-market the specification of a new product the more costs it involves, the higher the costs of promotion, time and skills required for construction of the operating system.

- The market in the area. Mainly promotional cost
- Current demand. How strong is the demand in the selected market area. How much of the pricing has to involve marketing costs.

## **11.WOM Word Of Mouth**

Describing word-of-mouth marketing is to get people to market your product by experiencing something worth telling a friend. WOM is good way to gain brand awareness . Of course your product must have a quality that is worth telling about. Social has had a strong influence is growing WOM marketing. people are more aware of products and more easily spread the word. The word spreads more virally because people are more connected. Of course this has a flipside, when people experience something bad they tell friends. WOM is more operative with the female population. Women tend to speak to each other more.

## **12.Guerilla Marketing**

Jay Levinson, the father of Guerilla marketing put it this way:

"I'm referring to the soul and essence of guerrilla marketing which remain as always -- achieving conventional goals, such as profits and joy, with unconventional methods, such as investing energy instead of money."

Guerilla marketing is all about finding new ways to market products to clients. Guerilla marketing is very suitable for small companies because its all about saving in cost and doing the work your self. Mainly Guerilla marketing is used to gain knowledge and attention. The example of Guerilla marketing is to do very noticeable marketing, Big ads with unconventional pictures. For example: graffiti, sticker bombing, flash mobs

The need for guerrilla marketing can be seen in the light of three facts:

1. Because of big business downsizing, decentralization, relaxation of government regulations, affordable technology, and a revolution in con-

sciousness, people around the world are gravitating to small business in record numbers.

2. Small business failures are also establishing record numbers and one of the main reasons for the failures is a failure to understand marketing.
3. Guerrilla marketing has been proven in action to work for small businesses around the world. It works because it's simple to understand, easy to implement and outrageously inexpensive.
4. Picture of a example Guerilla Ad



## REFERENCES

The best of Guerilla Marketing ,Jay Levinson 2008

Innovation and new product Development 5<sup>th</sup> Editon by Paul Trott

The Breakthrough Imperative, Mark Gottfredson and Steve Schaubert 2008