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# **MARKETING FOR PROVITER OY, A FINNISH DISTRIBUTION COMPANY**



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## **MARKETING FOR PROVITER OY, A FINNISH DISTRIBUTION COMPANY**

This thesis is a marketing research for a Finnish distribution company from Naantali, called Proviter Oy. The company was founded in 2005 and its business idea is to import different outdoor products in order to enhance the outdoor living conditions in Finland.

Proviter Oy is a growing company with a distribution network that covers all of Finland. The company is currently looking for ways to continue growing. Marketing is an area that hasn't yet received much attention, and the company has its own vision about which channels should be used. This research is done to find out the true potential of all marketing channels and through this, offer new ideas for Proviter.

The methodological approach is highly deductive and is supported by an extensive literature review. The theoretical framework was created and completed based on three expert interviews providing background information and practical knowledge of marketing. The interviewees were from Proviter Oy and Fonecta Media Oy.

The marketing concept has many definitions, but a similarity in many of them is that marketing is telling consumers about a company and their products. This age suggests that digital marketing has taken over all other marketing channels, but this thesis will offer contrary information to the claim. In the end, it's not about the best marketing channel available, but instead the best combination of marketing channels that best reach a company's target groups.

### **KEYWORDS:**

Marketing, marketing environment, segmenting, positioning, targeting, marketing mix, competition, customer satisfaction

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## MARKETING FOR PROVITER OY, A FINNISH DISTRIBUTION COMPANY

Tämä opinnäytetyö on markkinointitutkimus naantalilaiselle maahantuontiyritykselle nimeltä Proviter Oy. Yritys perustettiin vuonna 2005 ja sen toiminta-ajatuksena on maahantuoda korkealaatuisia tuotteita suomalaisen ulkoilmaelämän parantamiseksi.

Proviter Oy on kasvava yritys, jonka jälleenmyyjäverkosto kattaa koko Suomen. Yritys etsii koko ajan uusia kasvukeinoja ja markkinointi on alue, jonka eteen ei ole toistaiseksi tehty kovinkaan suuria ponnistuksia. Yrityksen johdolla oli myös omat käsityksensä hyödyllisistä markkinointikanavista, joka oli hieman subjektiivinen ja kapea näkökannaltaan, sillä kyllään yrityksen sisällä ei ole ollut varsinaista kokemusta markkinoinnista. Tämän tutkimuksen tarkoituksena on tuoda esille tämän päivän hyödylliset kanavat ja näiden avulla tehdä käytännön ehdotuksia Proviter Oy:n markkinointiin.

Metodologinen lähestymistapa on erittäin deduktiivinen ja sitä tukee kattava kirjallisuuskatsaus. Teoriaosuutta tukee kolmen, alan ammattilaisen antamat haastattelut, joiden avulla työlle saadaan taustatietoa sekä käytännön näkemystä markkinointiin. Haastateltavat ovat Proviter Oy:stä ja Fonecta Media Oy:stä.

Markkinointikonseptilla on monia määritelmiä, mutta yhteneväisenä tekijänä on, että markkinointi on tapa kertoa kuluttajille yrityksestä ja sen tuotteista. Näinä päivinä digitaalinen markkinointi on noussut erittäin suureen rooliin markkinointikanavana, mutta tässä tutkimuksessa tuodaan esille myös muiden kanavien hyödyllisyys. Loppujen lopuksi kyse ei ole kuitenkaan parhaasta markkinointikanavasta, vaan parhaasta kanavien yhdistelmästä, joilla tavoitetaan yrityksen kohderyhmät.

### AVAINSANAT:

Markkinointi, markkinointiympäristö, segmentointi, positiointi, kohdistaminen, markkinointimix, kilpailu, asiakastyytyväisyys

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## APPENDIX 1. INTERVIEW QUESTIONS

# 1. INTRODUCTION

This thesis is an assignment for Proviter Oy, a Finnish distribution company. Proviter is a young expanding company from Naantali, which is looking to improve its operations. One of the areas of improvement is marketing communications, towards which Proviter is looking to find the most effective solutions. Today's trends point strongly towards digital marketing, so a part of this thesis is to find out whether the more traditional channels, such as magazines and the radio, can also be beneficial for companies in the beginning of the 21<sup>st</sup> century.

The purpose and objective of this thesis is to find the most potential marketing channels this period in time provides, channels that reach end users as well as Proviter's retailers, and present the best of them to Proviter with sound proof to back the outcome. This means analysing the marketing environment and all the elements in it, taking a good look at Proviter and the marketing channels that have been used so far, and presenting the most suitable ones to Proviter. Another important part of this thesis is taking a good look at the marketing concept. Marketing has been around for a long time, hence there are many theories written about it. The important thing here is to choose the most relevant and up to date ones, and use these to present the most reliable conclusions possible.

The methodology of this study is discussed in section 3, where in addition the reliability and validity are discussed. The research results in section 6 provide answers to the research questions and these are constructed in relation to the theoretical framework discovered in section 2. The results collected from the three respondents of the empirical research present the practical point of view of marketing today and broaden the theoretical framework with practicalities. The conclusions are drawn together in section 7 and based on these some general recommendations are made to Proviter Oy.

## 1.1 Background

Proviter Oy was founded in 2005 and it first began with importing an unseen product in Finland called the Mosquito Magnet. The Mosquito Magnet, from the United States, was and still is clearly the best product in the market, with the idea of capturing and killing all mosquitos in a 4000 m<sup>2</sup> area. This made all home owners with a yard, as well as summer cottage owners, potential customers. After finding their first product line to import, the founders of Proviter came up with their business idea; enhancing the outdoor living conditions for Finnish people.

Expanding their product line Proviter took on Tansun infrared quartz heaters manufactured in the United Kingdom, ThermaCELL mosquito repellents from the US, and a number of different Pest-Stop products from the UK, which include wasp and fly traps, traps for rodents, bird repellents etc. A similarity to all of Proviter's products is that they are all the best quality available in their own area.

The aim of the theoretical part of this thesis is to explore the marketing concept, and slice it up in order understand the different things that need to be thought of in marketing operations.

The main research questions are: How to define marketing? What is effective marketing today? The research aims on giving answers towards which marketing channels should be used at this time. Since Proviter Oy's customers are both retailers and end users, the results from this thesis will be more towards serving Proviter's interests. The research will give a good idea about marketing in general, after which the focus will move towards the situation now and in the future. Naturally, whenever marketing is under discussion, a good look needs to be taken towards whatever competition there is and may arise.

The starting point for the empirical research is to find out the true potential of all marketing channels on offer these days. Marketing as a concept has many definitions, and there is a lot of information to be found on it, so it's very important to collect relevant research information from reliable sources that can be substantiated with the gathered theory. A lot of information here will be gathered from books and the Internet, as well as from a number of interviews. These interviews should provide a lot of valuable information, because the interviewees will give in-depth knowledge about Proviter and its marketing history, information about marketing in practice from someone with a long career in marketing, and information from a company that deals in offering multiple marketing solutions for businesses.

The marketing analysis in this research can be useful for many companies that are looking to pay more attention to their marketing operations. In the end, even though this thesis is for Proviter Oy, it will give a good idea about marketing today and which marketing channels bring actual value to companies.

The empirical part of this thesis is to search and analyse information on marketing channels and their true potential nowadays. What Proviter Oy wants from this thesis, is actual proof to what marketing channels should be used in this day and age. Are some channels above others, or should many channels be used in order to reach the best marketing effect? This research will provide usable information for Proviter, and other companies struggling with similar problems. In order to acquire accurate information on today's marketing situation, interviews will be conducted with people who have up to date information on the subject. In addition to this, the theory part will provide old and new information on marketing, and hopefully this information alongside the information gathered from interviews, will give the required answers to the questions at hand.



## 1.2 Objectives

Proviter Oy has only lately begun to truly focus on its marketing operations, and for this reason this study is very topical and has the potential to provide useful information. The thesis will provide information by exploring and describing marketing and its processes. On the basis of the results, Proviter can further develop its marketing practices and make decisions based on reliable research. The three objectives of this study are:

1. To define the marketing concept.
2. To present all relevant marketing channels.
3. To explore the true potential of each marketing channel.

The thesis itself includes a theoretical part and an empirical part. The theoretical part will present relevant information on marketing and a useful analytical tool found from researching literature on the subject. The empirical part will include the searching of information and the presenting of conclusions.

The information gathered here must be qualitative information, thus the research can be defined as a qualitative study of different marketing channels in Finland.

The information will be gathered from various books, Internet pages and newspaper articles. This empirically collected information will create the backbone of this research. Furthermore the information gathered via an analysing tool will be used to determine Proviter's current marketing situation, as well as sectors where improvement is needed. Proviter's current marketing situation will be analysed by using the 9P's of the marketing mix. This should give some idea into what the company is doing, and how it should improve its marketing efforts.

### 1.3 Research problem

The study focuses on solving the main research problem: 'What marketing channels provide the best results for today's businesses?' To be able to answer the main research problem and to be able to achieve the research goals, the researcher explored sub-questions. The study is structured on the basis of these research questions.

1. How to define marketing?
  - a. What is marketing?
  - b. What kind of services and elements does it include?
2. How potential are different marketing channels today?
  - a. What marketing channels are used?
  - b. What defines a good marketing channel?
3. How should Proviter Oy direct its marketing efforts?
  - a. What channels reach the company's target customers?
  - b. How should the company approach its target customers?

## 2. MARKETING

What is marketing? Simply put, marketing is managing profitable customer relationships. The aim of marketing is to create value for customers and to capture value in return. (Armstrong & Kotler 2009, 35) Marketing is everywhere, not only in markets, and it reaches deep into the structures of society. Technology, shopping and education have become fillings to our lives. (Gummesson 2005, 31)

In the many years before the Industrial Age, marketing was done by the local merchant—the butcher, the baker, and the candlestick maker. The local merchant knew everything about his or her customers, by memory or by recording information on accounts. This interaction between customer and merchant was one-to-one marketing. (Allen et al. 1998, 3) The turn of the nineteenth century was the dawn of mass marketing. This era was typified by mass production of goods and mass advertising. There was little recognition of market segments. Everyone had the same ad in Life magazine for cigarettes, soap, and other mass-produced products. (Allen et al. 1998, 3) With the emergence of the Information Age, computing became more cost-efficient, and databases became a useful tool for marketing. In the 1970s, the practice of using demographics in marketing come into full bloom. In the 1980s, the use of lifestyle data, psychographics, became the next big trend in marketing, and in 1991, well-known marketing guru Regis McKenna introduced marketing managers to the concept of relationship marketing. Another marketing revolution, the one-to-one marketing mantra, closely followed. (Allen et al. 1998, 3)

Then what is marketing needed for? It is a dialogue between the buyer and the seller. One of the problems with new companies is that no one yet knows anything about the company and its products. An entrepreneur must make the company visible through marketing. An entrepreneur must create an image to consumers that the company's product is modern, necessary, interesting, high quality, tempting or cheaper or better than those of the competition. The main goal of marketing, of course, is to sell the products and services the company offers. Marketing doesn't end to the point of one-

time purchase, but marketing focuses especially in the maintenance of a customer relationship. (Bergström & Leppänen 2002, 7-8)

Much has been written about marketing in the past 50 years or so, but stripped of all jargon marketing is simply about gaining and keeping clients or customers. (Foster & Davis 1994, 1) Another nice definition of marketing is that at its simplest, marketing means telling a story. (Davis & Iwanow 2010, 33) These two definitions clearly work with each other. In order to gain and keep customers, companies have to win their loyalty, and telling a good story can be a good way to reach customers and win them over.

As mentioned, much has been written about marketing. For this reason there is no right or wrong definition of it. It all depends on the point of view. A definition from a very theoretical viewpoint; Marketing may be defined as the processes established by an organization to understand, develop, and influence exchanges with individuals, groups, or organizations in a way to reach the company's objectives. (Dubois et al. 2007, 25)

A new market place is emerging in many Western economies – one that is characterized by sophisticated and demanding customers and consumers and where the competitive environment is more volatile and less predictable. In these conditions the classic marketing reliance on the '4 Ps' of product, price, promotion and place is no longer sufficient to achieve market leadership. Instead, winning companies are those that can speed up the rate of innovation, bring new products and services to the market place faster, replenish demand with shorter lead-times and greater reliability – in short these companies are more responsive. Creating the responsive organization has to be the main priority of management in any business and to achieve this will require a much greater focus on the processes through which demand is met. This is the arena of marketing logistics – the critical interface between the market place and the organization seeking to satisfy customer requirements. (Christopher 1997, 1)

Today's successful companies have one thing in common: they are strongly customer focused and heavily committed to marketing. These companies share a passion for understanding and satisfying customer needs in well-defined target markets. They motivate everyone in the organization to help build lasting customer relationships based on creating value. (Armstrong & Kotler 2009, 37) The theory of good marketing is that it should comprehend what is known, make an assessment of what is likely to happen in the future and then evolve a set of guides for action which will lead to improved managerial performance. (Foster & Davis 1994, 3) Marketing, more than any other business function, deals with customers. There are many definitions for marketing, but perhaps the simplest one is: Marketing is managing profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. (Armstrong & Kotler 2009, 37)

## 2.1 Understanding the marketplace

The marketing concept says that an organization's purpose is to discover needs and wants in its target markets and to satisfy those needs more effectively and efficiently than competitors. (Slater & Narver 1998)

The most basic concept underlying marketing is that of human needs. Human needs are states of felt deprivation. They include our physical needs for food, clothing, warmth, and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression. These needs were not created by marketers; they are a basic part of the human makeup. (Armstrong & Kotler 2009, 38) Good marketers are able to create other needs that have very little to do with reason. Wants as human needs are shaped by culture and individual personality. An American needs food but wants a Big Mac, French fries, and a soft drink. When backed by buying power, wants become demands. Consumers' needs and wants are fulfilled through market offerings—some combination of products, services, information, or experiences offered to a market to satisfy a need or want. (Armstrong & Kotler 2009, 38-39)

As market segments vary, so do the approaches companies take in their marketing. Two examples of these approaches are Consumer-led businesses and Market-oriented businesses. Consumer-led businesses focus on understanding the expressed desires of the customers in their served markets and on developing products and services that satisfy those desires. Typically, customer-led businesses use focus groups and customer surveys to enhance their understanding of customer wants and perceptions of current products and services, and techniques such as concept testing and conjoint analysis to guide the development of new products and services. Customer-led businesses may also develop close relationships with important customers to gain deeper insight into those customers' desires. (Slater & Narver 1998) Depending on the industry a company is functioning in, it must find the best suited approach to win over customers. In many cases, the customer-led businesses have the right approach when wanting to gain loyal and long-term customers. We as marketers know that we must build community with our customers or someone else will. Up until now it has been a challenge with geographical barriers of distance and language. Community was historically built with customers either through phone calls or sales visits. Today, technology provides us with a new tool for building community. If marketers are creative in their implementations, their customers will reward them with their purchases and feedback. (Allen et al. 1998, 182)

On the surface, market-oriented businesses resemble customer-led businesses. Market-oriented businesses are committed to understanding both the expressed and latent needs of their customers, and the capabilities and plans of their competitors through the processes of acquiring and evaluating market information in a systemic and anticipatory manner. They continuously create superior customer value by sharing the knowledge broadly throughout the organization and by acting in a coordinated and focused manner. Compared to customer-led businesses, market-oriented businesses scan the market more broadly, have a long-term focus, and are much more likely to be generative learners. Generative learning is critical to innovation. (Slater & Narver 1998) Market-oriented businesses also have a sensible approach, since they pay more attention to the entire market's needs. It's less about building relationships and more about providing actual value, which in the end, will still forge a lasting relationship with the consumer.

### 2.1.1 Consumer behaviour

All of us are consumers. We consume things of daily use, we also consume and buy these products according to our needs, preferences and buying power. (New age publishers, Consumer Behaviour) The important thing is to remember that consumers have needs and wants. Effective marketing can influence the wants, and in some cases even turn them into needs.

Customers produce all the organisation's revenues and profits and are the only reason for an organisation's continued existence. At the very least the organisation intent on survival will need to know their customers and what they want. If you and your organisation want more than simple survival, you will need to know much more if you are to compete successfully in rapidly internationalising and commoditising markets. Although knowing may itself be a tall order – often customers don't really know what they want, they just want – and need. (Fifield 2008, 132)

Customers make choices based on their perception of the value that products and services deliver to them. Customer value is the difference between the value that the customer gains from owning and using the product, and the costs of obtaining that product. Customers often fail to evaluate a product's value and its costs accurately or objectively and act on the basis of perceived value. Gains are not only based upon utilitarian product performance, which depends on concrete product or brand characteristics. They may also be obtained by social benefits, which provide the customer with status; by hedonic benefits, which refer to a product's capacity to provide pleasure or fun; and by experiential or emotional response benefits. Costs not only include the price paid, but they also involve the time spent and the psychological efforts involved. It follows that numerous factors may contribute to the perceived value of a product or service. (Dubois et al. 2007, 204)

### 2.1.2 Segmenting

Segmenting is one of the basic things of marketing, and other solutions in marketing are dependent of it. Segmenting refers to the seeking of different customer groups and selecting them for the targeting of marketing. The old way of marketing was to create a product and then see whether there would be buyers for it. In today's heavy competition this method will no longer suffice, instead companies must begin from the needs of consumers and do marketing according to them. (Bergström & Leppänen 2002, 54)

The goal of segmenting is to build customer groups constructed of people or companies with the same buying behaviour, or at least as similar as possible. Through this a company's marketing reaches and interests as many people as possible belonging to this group. (Bergström & Leppänen 2002, 55) The relevant thing here is that there is not just one way to do things. A good marketing strategy is built of many small pieces that work together towards a bigger goal.

Once a company has decided on the way of segmenting, and chosen suitable segments to target in its marketing, it must begin to plan and execute its marketing procedures. Different segments require different methods of communication that are best in satisfying the specific segment's needs. (Bergström & Leppänen 2002, 58)

Traditional marketing people who have wanted to improve their ability to target prospective customers have done such things as rent lists of people who have been observed doing a particular behaviour. For instance, if you sell safety equipment, such as lab coats to protect the person working in a laboratory, then you'll be interested in using a mailing list of laboratories that have purchased related products. By targeting your communications to people who have demonstrated an interest in an area in which you sell products, you can increase the likelihood that any particular person in that audience will buy your products. (Allen et al. 1998, 281)



### 2.1.3 Positioning

Much of the work on positioning comes from advertising and marketing communications research. The basic idea behind positioning is not what you do to your product or service but it is all about what you do to the mind of the prospect. (Fifield 2008, 253)

While every company's situation is unique, we know from long experience that there are common criteria for a company's success in reaching and winning a market. Whether your company is centered on consumer packaged goods, business services or emerging technology, your part-time CMO and the Chief Outsiders team will consider the following dimensions in developing a market positioning strategy:

- Brand Positioning Strategy
- Product Positioning Strategy
- Competitive Pricing Strategy
- Competitive Positioning Strategy
- Alternatives to Marketing Consulting Firms

#### Brand Positioning Strategy

Positioning a brand is serious business. There are several key questions which have to be answered in brand positioning. First, you determine what dimensions are critical to the positioning. This has everything to do with the target customers. What are the top two to five core criteria for their decision making? Then, you need to understand where the brand is currently positioned, assuming you're already in market, against these brand criteria. Often this sort of analysis is conducted to determine what gaps are underserved, which presents a potential positioning opportunity of where you'd like to be positioned. You then need to determine if the new positioning opportunity is purely a

matter of messaging (relating what you do, why it's relevant, and how it's different) or a matter of bolstering your offerings.

### Product Positioning Strategy

Good product positioning strategy requires looking both internally and externally. First, your business as a whole needs to be properly positioned, then your product or services portfolio needs to be positioned. Some companies fail to recognize that their own offerings need to “hang together” and make sense – relative to one another and to your business overall. When a company has diverging offerings or brands, they might best consider two different company banners. Similarly, when companies try to extend the brand of a product in too many directions they can dilute the value of the offering and confuse the customer. With a product portfolio that makes sense, your business also needs to successfully differentiate each product from its competition.

### Competitive Pricing Strategy

Pricing strategy has its roots in the very heart of competitive positioning. If your company boasts a better product or service and also leads in market reputation (or brand) then you have the opportunity to command premium pricing. However, an initial question becomes: to what degree are my customers price-sensitive? In many cases, especially in small or middle market companies, the unique value your offerings bring may fully justify a premium price. On the other hand, if you lack a competitive presence or are subject to a negative reputation, no amount of pricing discount may equalize your handicap.

## Competitive Positioning Strategy

Positioning strategy, by its very nature, involves your value relative to your competition. What do you do or offer that's better (or not as competitive) as others who offer similar products and services? When these differences are identified, supported with proof points, and properly merchandised your prospects will have an accurate and compelling basis to compare your company to others.

## Alternatives to Marketing Consulting Firms

Mid-market CEOs will do well to solicit executive management consultants or top marketing consulting firms rather than a marketing agency or advertising firm when developing strategies for market positioning. Solid work up front will ensure both effective and efficient go-to-market planning and execution. An alternative to strategic consulting firms is the use of fractional or part-time executives.

(Chief Outsiders, Market Positioning Strategy)

## 2.2 Creating customer value

The most valuable asset in any business organization is the strength of its relationships with its customers. Long-term relationships are the basis for enhanced profitability. Such relationships however will only exist as long as the customer perceives there to be a superior benefit arising from the arrangement. (Christopher 1997, 46) This is good news for marketers, because it's all about the perceived value of products. The product itself may be useless, but a customer can find it to be priceless through the right kind of marketing. Much evidence exists to suggest that retained customers are generally more profitable than new customers and hence the marketing challenge is to find ways of building enduring relationships with customers. Whilst many factors will influence the quality and longevity of a customer relationship, it will usually be the case that superior

service performance will be a key determinant of customer retention. (Christopher 1997, 25)

We are witnessing an amazing transformation in organizations. Driven by more demanding customers, global competition, and slow-growth economies and industries, many are on a journey, searching for new ways to achieve and retain competitive advantage. Managers have been implored to consider their customers when determining which improvements are needed, and customer satisfaction measurement has emerged to bring the “voice of the customer” into quality efforts. (Woodruff 1998, 139)

Companies today recognize that they cannot appeal to all buyers in the marketplace or at least not to all buyers in the same way. Buyers are too numerous, too widely scattered, and too varied in their needs and buying practices. Moreover, the companies themselves vary widely in their abilities to serve different segments of the market. Instead, a company must identify the parts of the market that it can serve best and most profitably. It must design customer-driven marketing strategies that build the right relationships with the right customers. Thus, most companies have moved away from mass marketing and toward target marketing—identifying market segments, selecting one or more of them, and developing products and marketing programs tailored to each. (Armstrong & Kotler 2009, 199)

One-to-one marketing and service is not a new concept in the physical world. Nordstrom’s, an upscale department store, has a personal shopping service that helps customers buy clothing that best suits their lifestyles, jobs, and personal tastes. Web sites, online stores, and online information services are taking cues from these types of services and are leveraging information technology to bring one-to-one services to the online masses. (Allen et al. 1998, 5) All of these are ways to bring more value to the customer. The easier and quicker the purchasing process is made, the more pleased most customers will be, to the exclusion of those among us who enjoy the shopping experience.

### 2.2.1 Customer retention

How do you keep your customers? Customers are supremely selfish, will stay with you as long as they believe they are getting something out of the deal. Just to be sure we understand each other here; customers will stay with you as long as *they* believe *they* are getting something out of the deal. I know you need something as well but that's not doing anything for the customer. (Fifield 2008, 321) Customer retention has to be planned and built into the organisation – the businesses that have seen it as a quick fix or just something to be sorted out by 'tweaking the bonus system' have achieved little or nothing from their efforts. (Fifield 2008, 318)

By definition customer retention is the activity a company undertakes to prevent customers from defecting to alternative companies. Successful customer retention starts with the first contact and continues throughout the entire lifetime of the relationship. (Impact Learning Systems, Customer Retention) You may or may not agree with Barack Obama's policies, but no one can deny that the inspiration he sparked in people helped him win the race to the White House in a historic & decisive manner. People are emotional creatures. Not only is our decision-making influenced by what we feel, we get an energy boost from strong emotions. When you're able to inspire and motivate people, particularly when they need it, you leave a mark. (Customer Loyalty & Retention)

A question that often appears on customer surveys is: "Did we meet your expectations?" If the response is in the affirmative, the company may conclude that they must have done a good job – which may not necessarily be the case. Consider a situation where a customer who has had a bad prior experience comes in with very low expectations. When a client anticipates that service will be lousy and that's precisely what they get, then technically their expectations have been met. The key is to set realistic customer expectations, and then not to just meet them, but to exceed them -- preferably in unexpected and helpful ways. Setting customer expectations at a level that is aligned with consistently deliverable levels of customer service requires that

your whole staff, from product development to marketing, works in harmony with your brand image. (Richard Branson | July 16, 2012)

### 2.3 Competition

Competition is desirable because it tends to improve marketing efficiency. It requires firms to allow dynamic policies and strategies specially evolved for specific conditions. Thus competition promotes greater innovation and the introduction of new products. It should result in better service to customers. Unregulated monopolies, in comparison, tend to encourage higher prices, discourage innovation, tolerate lower quality of service and product and permit slothful management. (Foster & Davis 1994, 148)

In recent years, one of the most significant developments in the way that companies manage their operations and formulate their competitive strategies has been the focus on time. There are clearly many ways in which firms compete and through which they seek to gain advantage over their rivals. However, the ability to move quickly, whether it be in new products development or in replenishing customers' inventories, is increasingly recognized as a pre-requisite for marketplace success. (Christopher 1997, 93)

Competition occurs at all levels of business and in all functional areas. Price is not the sole criterion. Non-price competition in product quality and design, promotions, merchandising, delivery and so on is also important. (Foster & Davis 1994, 148) This is the area where companies compete. It's no longer enough to have the lowest prices, because consumers are all the time becoming more and more conscious about what is out there. In the end, it's all about the price-quality ratio. Consumers realize that low-price products can't be of high-quality, because no manufacturer would be foolish enough to mix up the market price level. Even if manufacturing costs were low, the product has to be priced at a realistic level compared to other similar products in the market. If the product is good, it simply can't be cheaper than lower-quality products.

If there's one piece of advice I'd offer to any entrepreneur starting out, it's this: Never discount—no matter how much you may be tempted to— always look instead to add

value. Many seasoned entrepreneurs discount as a way of doing business, without ever really looking at their numbers or the real costs of cutting their prices. They'll point to "discount" success stories like Wal-Mart or complain that the competitive landscape forces them to cut prices. While Wal-Mart, one of the great retail success stories of all time, has built its brand on low prices, most business owners don't see the very real distinction between "low price" and "discount." (Brad Sugars | December 22, 2011)

### 2.3.1 The marketing mix

Marketing comprises a number of elements. The relationship between these facets has become known as the marketing mix, a term coined by Philip Kotler (1980). Effective marketing is based on the right balance of marketing elements and processes depending on the nature of the product, service or idea being marketed. (Cartwright 2002, 13) The Marketing Mix is a planned mix of the controllable elements of a product's marketing plan. Traditionally, elements of the marketing mix are often referred to as the 4Ps: Product, Price, Promotion and Place. Although Nickels and Jolson suggested the inclusion of Packaging as the 5<sup>th</sup> P in the 1970s, it was not well accepted. In the meantime, three Ps have also been added to the marketing mix namely People, Process and Physical Evidence; which serve mainly the service industry and are widely recognized. (Slideshare, 9P's of Marketing)

Nickels and Jolson's idea to include Packaging as one of the Ps has been examined through the years, now many marketers believe Packaging should be the 8<sup>th</sup> P in the marketing mix. In 2008, Bryan K. Law of Fox College of Business suggested Payment should also be included; as ease and security of transaction plays a crucial role in marketing, especially in this cyber age. It makes a total of 9 elements in marketing; which are the 9Ps. (Slideshare, 9P's of Marketing)

What is the importance of the marketing mix? All the elements of the marketing mix influence each other. They make up the business plan for a company and handled right, can give it great success. But handled wrong and the business could take years to recover. The marketing mix needs a lot of understanding, market research and

consultation with several people, from users to trade to manufacturing and several others. (The Economic Times, Definition of “Marketing Mix”)

## Product

As the product is the item being sold to the customer, the thing that will bring in money, its features and design need careful consideration. Whether the firm is manufacturing the product or purchasing the product for resale, they need to determine what product features will appeal to their target market. (Learning Marketing.net) To retain competitiveness in the market, product differentiation is required and is one of the strategies to differentiate from competitors. (Slideshare, 9P's of Marketing) Modern selling techniques have shifted the emphasis away from the product or service and onto the benefits to the customer of acquiring that product or service. (Cartwright 2002, 15) This gives a new approach for marketing communications by speaking directly to the benefits arising from purchasing a product, rather than talking only about the product.

## Price

Price is what is charged for your product or service, and all products and services have a price attached to them. (Cartwright 2002, 14) There are lots of different pricing strategies, but every strategy must cover at least your costs, unless the price is being used to attract customers to the business. A product is only worth as much as people are prepared to pay for it. The amount your target market is prepared to pay for your products/services depends on product features and the target market's budget. You will also need to consider competitor pricing and factors within your marketing environment. (Learn Marketing.net, The Marketing Mix)



## Promotion

Promotion is all the communications that a marketer may use in the marketplace. It has four distinct elements: advertising, public relations, personal selling and sales promotion. Not all products will fit in the same promotion. A designer brand will never use a radio commercial to promote their brand image, while a politician will not use fashion magazines to promote their schemes. (Slideshare, 9P's of Marketing)

## Place

Not all transactions take place on the supplier's premises and recent years have seen a move towards making the provision of products and services convenient to the customer. New technologies including the Internet offer existing prospects, especially for the delivery of services. (Cartwright 2002, 15) Place represents the location where a product can be purchased or the channels where the product can go through to be placed for sale. Therefore, it is often referred to as the distribution channel. Place is where the product is available or an image of the product is created in the mind of the customer. Channel may refer to the media, the network and the way your message is delivered. (Slideshare, 9P's of Marketing)

## People

People are an essential ingredient in service provision; recruiting and training the right staff is required to create a competitive advantage. Customers make judgments about service provision and delivery based on the people representing your organization. This is because people are one of the few elements of the service that customers can see and interact with. (Learn Marketing.net, The Marketing Mix)

## Process

Process is the procedure, mechanism and flow of activities to provide service or to produce a product. The prevailing ISO standards are designed to help organizations ensure their processes can meet the needs of customers and other stakeholders in their field. A well organized and quality controlled process may reduce the impact of people. (Slideshare, 9P's of Marketing)

## Physical Evidence

Physical evidence is about where the service is being delivered from. It is particularly relevant to retailers operating out of shops. This element of the marketing mix will distinguish a company from its competitors. Physical evidence can be used to charge a premium price for a service and establish a positive experience. For example all hotels provide a bed to sleep on but one of the things affecting the price charged, is the condition of the room (physical evidence) holding the bed. Customers will make judgments about the organization based on the physical evidence. (Learn Marketing.net, The Marketing Mix)

## Packaging

Marketing people have always emphasized the importance of packaging as it is the way to make a first impression on the customers; especially for the products on shelves. However, some people believe that Packaging should be a part of Product and some people think it is a part of Promotion. (Slideshare, 9P's of Marketing)

## Payment

Payment is the consideration for the delivery of goods and services. It is an ease and security of transaction. Traditionally retailers would try to provide as many options of payment as possible for the convenience of their customers and hence attract more business. Many merchants offer bonus points to their customers, such as mileage points offered by airline companies, club points offered by retail stores and airtime points offered by mobile phone companies. These are all incentives to the customers, but the points are also a kind of payment itself. (Slideshare, 9P's of Marketing)

New businesses need customers--now. But choosing the right marketing mix isn't always easy. The key is to assemble a group of marketing tactics that will win early sales and then sustain your business as you build a customer base. It's not as tricky as it sounds. Just follow these three steps to create a marketing mix that will get your business off to a flying start.

1. Pinpoint your target market. Start by writing a one- or two-sentence description of your ideal prospects. This handy target-audience profile will be indispensable as you evaluate each potential marketing tactic. If you're targeting consumers, base your profile on demographics including their gender, age, and any other qualifying criteria that are important to you. Does household income matter? What about the number of children in the household, or the kind of car they drive? If you're marketing to other businesses, list the specific types you're targeting and all other qualifying criteria, such as their size or location. Is there a specific job title, such as CEO or purchasing director, that you must reach? You need to know.
2. Outline your goals and budget. Before you can pick a family of marketing tactics, decide what you want to make happen. What results do you need from your marketing program in order to achieve success? For instance, say your business needs 20 new accounts in the first six months. That would require a more aggressive group of marketing tactics and a larger budget than if you

were to set a goal of 10 new accounts. Make a short list of measurable marketing goals, such as "generate 300 leads a month." And be sure to keep them realistic to avoid overspending.

Some marketing tactics require significant out-of-pocket expense while others are virtually free. The marketing dollars required to launch a business vary greatly depending on how established and well-funded your competitors are, how easy it is to reach your unique target audience, the complexity of your message and the cost of the media required to reach your prospects. If you're launching a totally new kind of product or service, you'll need a more generous budget to educate and motivate your prospects than if you're offering an existing, well-understood commodity at a better price or in a unique, new way. So be realistic and set a budget you can sustain.

3. Choose your tactics. The final step is to pick a family of tactics that will touch your prospects throughout the sales cycle. Choose tactics that reach your target audience with little waste and will directly help you achieve your marketing goals. Select tactics you can use over the long term with enough frequency for your message to penetrate--without exceeding your budget.

Since your new business needs customers right away, choose at least one tactic that reaches prospects when they're actively looking for what you sell, such as advertising on search engines and in online and print directories. Next, identify the media your prospects look to for information about the type of product or service you market--from magazines, newspapers and cable TV to websites--and use public relations or advertising to reach them. And consider tactics such as direct mail and social networking that reach out to prospects and motivate them to learn more about you by visiting your website.

(Kim T. Gordon | September 28, 2009)

## 2.4 The changing marketing landscape

Every day, dramatic changes are occurring in the marketplace. As the marketplace changes, so must those who serve it. (Armstrong & Kotler 2009, 57) A very good example is the network between consumers, which today holds enormous potential, and companies have only lately begun to realize its value. (Gummesson 2005, 120) Today's social media's provide excellent channels for businesses to utilize in this regard. Tomorrow these channels may be something entirely different. This is the interesting thing about the business world and marketing channels. We never know what the next best thing will be, but we have to react to it when it appears. The world is changing all the time and technology is taken further and further, so those businessmen who are the most open-minded and react to new developments have the best chance of rising above their competition.

The recent technology boom has created a digital age. The explosive growth in computer, telecommunications, information, transportation, and other technologies has had a major impact on the ways companies bring value to their customers. Now, more than ever before, we are all connected to each other and to things near and far in the world around us. Where it once took weeks to correspond with others in distant places, they are now only moments away by phone or the Internet. The technology boom has provided exciting new ways to learn about and track customers, and to create products and services tailored to individual customer needs. (Armstrong & Kotler 2009, 58) Technology has also brought a new wave of communication and advertising tools—ranging from cell phones, iPods, DVRs, Web sites, and interactive TV to video kiosks at airports and shopping malls. Marketers can use these tools to zero in on selected customers with carefully targeted messages. (Armstrong & Kotler 2009, 58)

## 2.5 Marketing environment

Marketers need to be good at building relationships with customers, others in the company, and external partners. To do this effectively, however, they must understand the major environmental forces that surround all of these relationships. A company's

marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers. Successful companies know the vital importance of constantly watching and adapting to the changing environment. (Armstrong & Kotler 2009, 97)

The changes in the marketplace and economy are affecting consumer behavior and attitudes nationwide. Products that were once considered everyday purchases may now be considered luxuries, even by affluent consumers. Organic foods, for example, were always priced higher than regular fare. Now as prices on many other foods have risen and put the squeeze on consumer pocketbooks, some consumers say they are less willing to pay top dollar for the healthier organics. How have marketplace changes affected your customers' attitudes toward what you sell? If you're unsure, use meetings, phone calls, surveys or informal roundtable discussions with customers to get inside their heads. Your survival may depend on your ability to adapt your marketing messages immediately to fit customers' newly minted mind-set. (Kim T. Gordon | August 18, 2008)

More than any other group in the company, marketers must be the environmental trend trackers and opportunity seekers. Although every manager in an organization needs to observe the outside environment, marketers have two special aptitudes. They have disciplined methods—marketing research and marketing intelligence—for collecting information about the marketing environment. They also spend more time in the customer and competitor environments. By carefully studying the environment, marketers can adopt their strategies to meet new marketplace challenges and opportunities. (Armstrong & Kotler 2009, 97)

## 2.6 Defining marketing's role

An organization exists to accomplish something. At first, it has a clear purpose or mission, but over time its mission may become unclear as the organization grows, adds new products and markets, or faces new conditions in the environment. When management senses that the organization is drifting, it must renew its search for purpose. It is time to ask: What is our business? Who is the customer? What do consumers value? What should our business be? These simple-sounding questions

are among the most difficult the company will ever have to answer. Successful companies continuously raise these questions and answer them carefully and completely. (Armstrong & Kotler 2009, 69)

Each company must find the game plan for long-run survival and growth that makes the most sense given its specific situation, opportunities, objectives, and resources. This is the focus of strategic planning—the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. (Armstrong & Kotler 2009, 69) So what is marketing's role in a company? It is communication between a business and its customers. Since customers are the single most important thing to all companies, marketing's role is very big and needs to be taken seriously. It is one of the most important tools organizations need in order to reach their goals.

## 2.7 Marketing channels

Few producers sell their goods directly to the final users. Instead, most use intermediaries to bring their products to market. They try to forge a marketing channel (or distribution channel)—a set of interdependent organizations that help make a product or service available for user or consumption by the consumer or business user. (Armstrong & Kotler 2009, 326) The simplest form of marketing, direct sales, has been used through-out our entire existence. Naturally, since it has always proven to be effective within small areas. When the market grows, so must the ways of marketing. Direct sales are still needed, but it is not very cost efficient to a company. Luckily this day and age provides us plenty of marketing channels, we only need to find the ones best suited to our needs.

E-mail broadcasts and one-to-one personalized e-mails enhance a Web marketer's ability to form loyal, long lasting relationships with customers through personalized dialog. The more you know about your customers, the easier it is to provide them with the things they value. In addition to building customer relations, e-mail marketing can

also help you compete more effectively. Since we are all feeling the pinch of time, we only have enough capacity to spend time on Web sites that provide us with the most value. Therefore, if a customer highly values your e-mail service, he or she will spend more time with you and less with your competitor. If you are a practicing one-to-one Web marketer, then you have a powerful tool to enhance your competitive position. (Allen et al. 1998, 49)

A company's channel decisions directly affect every other marketing decision. Pricing depends on whether the company works with national discount chains, uses high-quality specialty stores, or sells directly to consumers via the Web. The firm's sales force and communications decisions depend on how much persuasion, training, motivation, and support its channel partners need. Whether a company develops or acquires certain new products may depend on how well those products fit the capabilities of its channel members. (Armstrong & Kotler 2009, 326)

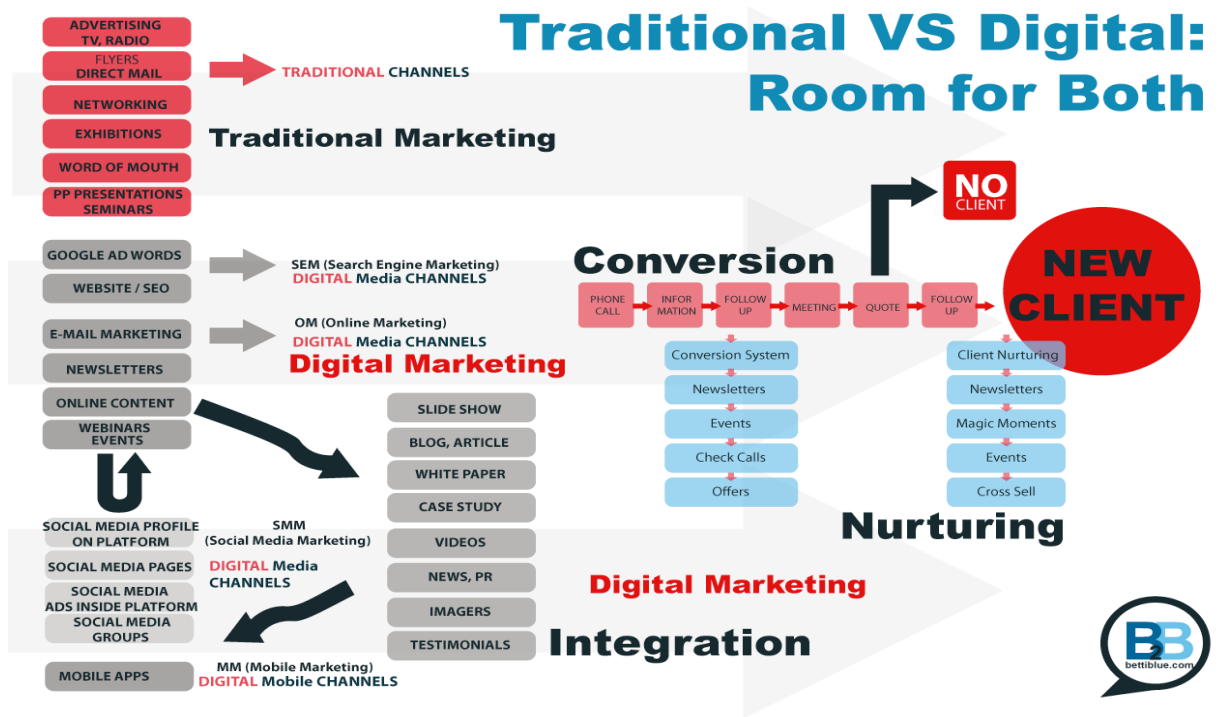
The opportunities for B2B marketers in the digital arena continue to grow, as new tools and more effective marketing channels offer companies new ways to reach their target audiences. Increasing budgets and the growing willingness of B2B marketers to try new strategies will make next year of increased activity in digital channels. Companies recognize that search, social media, video and mobile have high potential to deliver new leads and keep existing customers loyal. A growing number of digital marketing strategies are effective for both acquiring new leads and keeping customers engaged; and marketers are willing to put these tools to the test. From Search Engine Marketing, which leads the pack as the most effective way to reach a targeted audience, to Social Media Marketing (SMM), Online Content Marketing (OCM) and the Mobile Web Marketing (MWM), marketers are relying heavily on digital marketing and will continue to do so this year. (Irina Kalonatchi)

Everyone today is talking about Facebook and Twitter, but what many people don't realize is that YouTube is one of the most underutilized and underestimated marketing channels for small businesses. There are 4 billion views every day and over 880 million unique users per month. That means your ideal audience, your ideal customers are out



there waiting to be engaged. (James Wedmore) Clearly YouTube is a channel to be taken seriously, if you have the tools to make a video that truly conveys the message you want to send to your customers. YouTube offers a very good channel for a low price, but the thing to remember is that as a channel, YouTube has the potential of delivering your message to a lot of people. If it's a badly built message, it will also go out to all of them. So, if your company is looking to invest in YouTube marketing, it's worth doing well, in order to have a channel working for your advantage.

The beginning of the 21<sup>st</sup> century has been constantly about moving towards digital marketing channels, and to be honest, so it should. At this time, they pose the most cost-effective solutions to all businesses. Nevertheless, there is a saying: "Don't put all your eggs in one basket". The traditional media's shouldn't be forgotten, because not all consumers are tuned to digital channels. And no matter how good digital channels prove to be, in the end, people will always talk. Word-of-mouth will always continue to be a strong channel in marketing. People will always share good (and bad) experiences with friends, and usually these friends are from the same demographic. To keep traditional channels working for your benefit, some effort needs to be put in them. In this case, the people who aren't that likely to be found via digital channels are senior citizens. They make the best segment for a lot of products, which is why they shouldn't be forgotten. Most of us have our own experiences of what our parents or grandparents do, but quite an accurate generalization is that they watch plenty of TV, listen to the radio and read the newspaper. This is why, at least for now, traditional marketing channels are far from forgotten. After some decades the situation will very likely be different. The picture on the next page shows all the different marketing channels that are still relevant in today's marketing.



Traditional VS Digital: Room for Both by Irina Kalonatchi

### 2.7.1 Digital marketing

In simplistic terms, digital marketing is the promotion of products or brands via one or more forms of electronic media. Digital marketing differs from traditional marketing in that it involves the use of channels and methods that enable an organization to analyze marketing campaigns and understand what is working and what isn't – typically in real time. (SAS, Digital Marketing)

Digital marketing and its associated channels are important – but not to the exclusion of all else. It's not enough to just know your customers; you must know them better than anybody else so you can communicate with them where, when and how they are most receptive to your message. To do that, you need a consolidated view of customer preferences and expectations across all channels – Web, social media, mobile, direct mail, point of sale, etc. Marketers can use this information to create and anticipate consistent, coordinated customer experiences that will move customers along in the

buying cycle. The deeper your insight into customer behavior and preferences, the more likely you are to engage them in lucrative interactions. (SAS, Digital Marketing)

### 2.7.2 Search engines

There's one thing the surveyed marketers agree on—digital is the all-around most effective channel for businesses to reach their target audience. In Google's study, eight of the top 10 most effective media channels for reaching the B2B audience are digital. Email, SEO, Social Media, and online content are thought to be the most effective overall, while SEM and SEO are the most effective channels for gaining new leads. Email marketing ranks as the best way to prime, close, and maintain customers. Eighty-one percent of the B2B marketers surveyed believe their audiences are using search engines for work purposes, and they agree that search marketing is the most effective digital channel to reach them. Moreover, SEM is ranked the number one channel for gaining new leads, with 85 percent of B2B marketers ranking it effective. (Irina Kalonatchi)

Google and most other search engines use several separate mechanisms:

- A program that crawls the Web to find sites, also called a crawler or a spider. Once found, sites are placed in the search engine's index.
- Software that ranks sites in the search engine's index to determine their order of delivery when someone uses Google to search for a particular keyword or phrase.

If your site hasn't been found by a search engine, you won't be ranked at all. So the first task is getting your site into the systems of Google and other search engines. (Davis & Iwanow 2010, 46) Google wants you to succeed. Successful content websites and pages represent advertising target destinations. Creating new places for Google's ads is important to Google because it is a significant revenue source for Google. Unless you have millions of visitors to your website, you probably will not receive

personal advice from someone who works for Google. But any site, no matter how big or small, can take advantage of Google's tools for webmasters. (Davis & Iwanow 2010, 49)

### 2.7.3 The social media

Perhaps indirect response to the growing sophistication of marketing and advertising – and our own growing consumerism – people began tapping the fledgling Internet as a place where they could share and extend collective thought. Word-of-mouth, from a consumer, is generally considered trustworthy. But what about when the source is a marketer? Ironically, it's when the advertising and marketing is low-key or absolutely quiet that the "trust" factor is highest. (Evans 2008, 19-20)

The backlash against traditional advertising that is powering the rise of the Social Web is a backlash against intrusions, against falsehoods, and against a lack of respect for the individual. Jack Myers, a writer for MediaPost, talked in 2004 about "the new media technologies that attack the foundation of intrusive advertising." Note the word "intrusive." Advertising is simply one way that consumers learn about new products and services. The real driver for social media and the marketing forms based on it is the near universal objection to intrusions combined with the belief – correct or incorrect – that the information needed to make a smart choice is available on the Internet. (Evans 2008, 26)

The Social Web is particularly good at pointing out differences between promise or expectation and the actual experience delivered. On matters of customer satisfaction, the Social Web can be like a magnifying glass, with each customer success or failure replayed in exacting detail via one or more forms of social media. (Evans 2008, 104) Next to MySpace and Facebook, photo- and video-sharing sites such as Flickr, Photobucket, and YouTube are likely the next best-known social media related sites. To get an idea of the apparent business and marketing value of these sites, consider

that MySpace was purchased for half a billion dollars. YouTube, Photobucket, and Flickr together were sold for a combined 2 billion, give or take. (Evans 2008, 210)

#### 2.7.4 Traditional marketing

The general objectives of a business organization may be expressed as market share, profitability and turnover. To achieve these objectives, the organization has to define and communicate its offer for the selected markets. All marketing action contributes, at one and the same time, to the definition and the communication of the company's offer. Advertising is one of the means of expressing this offer. It is neither the only means nor an indispensable form of communication: the organization can, if preferred, use other forms of communication, sponsorship for example, and may even decide not to use advertising at all. Much depends on the communications objectives but also on the target group, the benefit to be communicated and the media infrastructure. (Dubois et al. 2007, 257)

Advertising is everywhere in our lives and holds an important place in our cities. Every day we rub shoulders with advertising media such as the cinema, television, press, radio, posters, and so on. Today, other methods also hold a prominent place on the advertising landscape: mailing, phoning and more modern media such as the Internet. (Dubois et al. 2007, 256) Modern commercial advertising is the persuasive force that aims at influencing customers' attitudes and patterns of behaviour to a product or service in ways which would be favourable to the vendor. This is necessary since consumers' needs and wants change as their economic position improves and as they pass through the different stages of the family life-cycle. (Foster & Davis 1994, 172)

After years of economic downturn and shrinking budgets, B2B marketers have weathered challenges and at the same time, learned to embrace a variety of marketing tools. Today, the outlook is strong, and the majority of marketers will use both traditional and digital channels to reach and engage potential customers. According to survey results, tradeshows are dominating the marketing mix accounting for an

average 28 percent of investments. Magazines and trade publications account for 13 percent, while direct mail follows closely behind at nine percent. Digital accounted for 34 percent of marketers' budgets in 2010. Email marketing received the most digital investment (eight percent) followed by online content, SEO, and SEM (five percent each). (Irina Kalonatchi)

The future of marketing is unquestionably digital. The marketing world is changing – never before have digital marketing opportunities as cost effective, targeted and efficient, been available to businesses of all shapes and sizes. As traditional marketing methods are abandoned and the digital world takes over, the challenge for most organizations is to find the right technical approach to maximize their own digital online potential. (Irina Kalonatchi)

## 2.8 Websites

“Build it and they will come” is a wonderful line in the movies. Too bad it's usually not quite so easy in real life! True, good web content is occasionally—not always—discovered surprisingly quickly. More often, it requires a great deal of disciplined work to draw traffic to a website, no matter how good the content of the site is. The topic is important because having good content is the single most important determinant in where a site stands in search rankings and whether the site draws traffic. A site that draws traffic is a potential money maker, or can help you fulfil your business goals even if these don't include direct revenue creation. Obviously, other factors besides content do come into play in determining search rankings, but there is no substitute for quality content. (Davis & Iwanow 2010, 3)

How much content is enough? Suppose you create 1 web page every 100 days that generates 100\$ in ad revenue. Alternatively, you create 1 page per day for 100 days. Each page generates 1\$ in ad revenue. Either way, you end up with 100\$ at the end of 100 days. The point is that there are different ways to go about deciding how much content to create—it significantly depends on the quality of the content. A single

content page might make sense if it contained a valuable application like TinyURL. If your pages are low-value content, you will need a great many of them to make significant revenue from advertising. (Davis & Iwanow 2010, 17)

Content is king. Content is certainly king if your business model is to publish content on the Web and make money from advertising with traffic drawn by the content. Your first rule should be: don't "dis" the king. In other words, don't do anything to distract from the content, make it harder for surfers to find content they need, or make the graphics that frame the content too jazzy. In particular, if the graphics seem too important, they will distract from the content. (Davis & Iwanow 2010, 18) From its very earliest beginnings, the Web has largely been about community. From a practical standpoint, involving a worthwhile community is a great way to create content. You don't need to create the content yourself; your users do—for example, by contributing to discussion threads or by making syndication feeds available. (Davis & Iwanow 2010, 29)

### 2.8.1 Website tracking

There is more to marketing than providing the right information in the right place at the right time. You need to be both a good marketer and a good listener, so it's important to know how to observe what your prospects and customers are doing on your Web site, how to ask for information about them, and what to do with that information once you have it. (Allen et al. 1998, 267)

Before starting to observe Web site visitors, we need to know what we want to learn from our observations. Prospective customers who come to your Web site are looking for something. Perhaps they are looking for a product to meet an unfilled need. Perhaps they are looking for information to satisfy some curiosity. Perhaps they have arrived at your site accidentally while searching for something else. Most of the people coming to your Web site will be somewhere along the traditional path of making a purchase decision, so it's important for you to be able to identify which stage in this process people are in so you can satisfy their individual needs. (Allen et al. 1998, 267)

As pages on your Web site are being seen by thousands or perhaps millions of people, you will naturally become curious about who is seeing your Web site content. In fact, more than curiosity should be driving your interest in learning about your Web visitors because a great deal can be learned about the viewing patterns and habits of your audience, such as why they came to your site, how they got there, and what information they are looking for. (Allen et al. 1998, 268)



### 3. METHODOLOGY

The research followed a thesis process, and the empirical part was conducted between January and February 2014. The study was conducted as a qualitative research, since its purpose was to answer the research question ‘What is effective marketing today?’. Since ‘what’ questions don’t produce numerical data, a qualitative approach here is the only possibility. The research being qualitative also opens up plenty of ‘why’ questions. In this study the main point was not to explore statistics, which is the characteristics of quantitative research, but to explore the marketing concept and how its practicalities are constantly changing. The main research question was approached with the help of sub-questions: How to define marketing? How potential are different marketing channels? How to conduct marketing in order to ensure its profitability?

In order to guarantee the reliability and validity, the author followed a systematic way of conducting the research. Systematic here means that the research was well-planned and the author knew the tasks. Through a well-planned research process, the risk of errors and mistakes was minimized.

The theory gathered for this study was everything the author found relevant to the questions at hand, and was carefully selected from a large amount of material. The author works for the company for which the research was conducted and knows the people who work there. The important thing, when studying marketing, is to accept the fact that there are many theories to work with, which makes it challenging to find one correct answer to a problem.

#### 3.1 Purpose of research

The research aim was to be descriptive, as it aimed to define marketing as a concept, its processes and actual potential as accurately as possible. Descriptive research produces an accurate description of situations, events or persons, and it can be a piece

of exploratory or explanatory research. (Saunders et al. 2009, 139-140) The purpose of the research was to explore what different marketing channels have to offer, and explain why that is, so in the end, the research had elements of both.

This study was conducted by following a deductive research, as the study was based on existing theories that were adapted into practice. When applying a deductive approach, the existing theory is sought and adopted to move on in the research process. The approach did not change to abductive, as after the data collection phase, the results did not reveal a new theory that was not identified beforehand in the literature review. (Saunders et al. 2009, 489)

An action research strategy was applied in this study, as the author works for the company in which the research was mainly conducted and also participated in the research process. Action research requires that the researcher is a part of the organization under investigation and focuses on changing something in the organization. A characteristic to action research is the spiral of action including four phases: diagnose, plan, take actions and evaluate. The cycles are repeated and the previous evaluations are considered when planning and implementing the next cycle. Action research is suitable for qualitative research and the 'how' question, as it focuses on action. (Saunders et al. 2009, 147-148)

### 3.2 Data collection

To complete the research successfully and to support the action research strategy, primary data was required. The required information was obtained through primary data collection methods. The primary data was collected through interviews to explore today's potential marketing strategies, and to find out what channels are most critical for companies. Interviewing was chosen as the primary data collection method, as it is a commonly used method for collecting examples of good practices. (Fisher 2010, 182)

Planning the interviews in advance was a requirement for successful research. (Fisher 2010, 181) To improve reliability, the author consulted his instructor with all interviews. The interviews were well-planned including the handling of delicate things, and followed the given time and purpose of the interview. (Fisher 2010, 184-187) Each interview lasted approximately 45 minutes. The interview technique for primary data was a face-to-face semi-constructed interview, as a semi-constructed interview gave the possibility to use open-ended questions and a possibility to add and vary a few questions and their order from interview to interview. That provided a possibility to explore the research questions and objectives in a natural way case by case. The semi-structured interview technique also enabled probing answers by making interviewees explain their answers. (Saunders et al. 2009, 320-324)

All interviews were conducted face-to-face and the interviewed made notes on his computer to avoid information loss. Each interview was completed and the notes examined as soon as possible to minimize the risk of memory loss. The interview template was reviewed after every interview and modified for the next one, also in the case of a data saturation point. A saturation point is reached when the data stops providing any new insights to the topic being researched. (Saunders et al. 2009, 235)

After the data was collected, it was transcribed. Because each interviewee is known to the author, the focus in the transcribing process was both in the verbal and the non-verbal communications of the interviewees, and for that reason, the interviews were more extensive than solely verbal interviews. In this study, transcribing each interview took about two hours. After that the data was cleaned by correcting possible transcription errors to avoid inaccuracy. (Saunders et al. 2009, 485)

### 3.3 Sampling

Even though many more organizations could have been contacted, the respondents were selected through convenience sampling by using existing contacts and purposeful sampling, which means identifying people who have the answers to the questions the

researcher wants to ask. (Fisher 2010, 184) There were three interviewees representing two different companies: two representing Proviter Oy, the CEO and the Marketing Manager, and one representing Fonecta Media Oy, a Finnish directories company that sells visibilities to companies. The CEO of Proviter was selected, because he is able to say where the company has been and where it wishes to go. The Marketing Manager was selected, because she has extensive marketing experience from several different companies, hence can provide very useful information about marketing in practice. The representative from Fonecta provided in-depth information into marketing today, as well as an outside opinion. The purpose of sampling was to gain a wider perspective of the differences between marketing theories and marketing in practice. Each interviewee had a slightly different interview template depending on the interviewee's background and role.

### 3.4 Data analysis

After the data was transcribed, it was analysed. The primary data collected through semi-structured interviews was analysed by first categorizing it into groups: (1) definition and concept of marketing, (2) services and elements that marketing includes, (3) processes of marketing, (4) different marketing channels, (5) potential marketing channels today, (6) challenges and opportunities of marketing, (7) defining useful marketing, (8) conducting profitable marketing. Categorizing is a method involving the development of categories and 'attaching these categories to meaningful chunks of data'. Categorizing helps to draw conclusions. (Saunders et al. 2009, 492) Then each category was summarized, which means condensing the meaning or key points of large amounts of text into fewer words. Summarizing is also one of the qualitative analysis methods. (Saunders et al. 2009, 490-491)

## 4. PROVITER OY

Proviter Oy is a Finnish distribution company from Naantali, which was founded on the business idea of bringing high-quality products into Finland, in order to enhance the outdoor living conditions for Finnish people. The owners are set on the idea that the products brought over to Finland are new to the country, are products that are needed in the country, and are products that actually work.

### 4.1 History

Proviter Oy was founded in 2005 by two friends, after they had discovered a new product, the Mosquito Magnet, from the United States that hadn't yet been seen in Finland. Naturally both of them were sceptical at first, but Finland, a country of a thousand lakes and plenty plus mosquitos, if any has the need for a product like this assuming it actually works. After careful consideration and thorough research they decided that the product really is good enough to bring over to Finland. This is when Proviter Oy was founded.

Like any distribution company, Proviter needed a distribution network for their product. Building the network can be very difficult and time consuming, but because the Mosquito Magnet had proven to be a good product, Proviter managed to acquire the cooperation of retail chains very quickly. The first one added the Mosquito Magnet in to their selection in 2005, and by 2011 Proviter had all of them in Finland.

In 2006 the owners of Proviter met some people from Tansun at a trade show, and based on their meeting decided to give Tansun infrared quartz heaters a chance. Working with one very good retailer for the heaters, Proviter actually did quite well with the product. In 2007 the heaters were taken into a number of big department stores, but it became quite clear very quickly that these heaters weren't the kind of product that could be sold from a package. Good heaters need to be sold to customers by showing

how warm the area around a heater is. If a customer only sees a package on a shelf, and a high price next to it, it's extremely unlikely that people would buy it. Since the test-period showed the department stores that the heaters won't sell, they were discarded. Still, Proviter was doing quite well, since they still had that one very good retailer. In 2008 this retailer decided to stop selling the Tansun heaters and take on a competitor's heater, which ended up slowing down the heater side for Proviter.

In 2008 Proviter found another mosquito related product from the US. This time it was a mosquito repellent from ThermaCELL. Since Proviter already had a strong foothold at many retail chains, the distribution of the ThermaCELL mosquito repellent came a lot quicker. Naturally the repellent is about 16 times cheaper than the Mosquito Magnet, so that would also make it easier to sell. By 2011 the ThermaCELL mosquito repellent was in every retail chain in Finland. Along the way Proviter also added Pest-Stop and grill-products into their selection, but these haven't been and probably never will be in a big role in the company.

In 2013 Proviter decided to bring another product from ThermaCELL over to Finland: heated insoles. This product was very likely added to the company's selection, because so far its products were mainly for the spring, summer and fall. It was only obvious that the company needed a winter product as well. Unlike ThermaCELL's other product, the heated insoles are very expensive, especially from a customer's perspective. Perhaps for this reason, retail chains haven't yet jumped at the chance of adding the insoles into their selection, even though Proviter has managed to build a good relationship with all of them.

Up until 2011 the owners of Proviter had been doing everything alone, but this year was when they decided to take steps for the growth of the company and hired a Sales Assistant to help with everything at the office. In 2012 they hired a Sales Manager to bring back to life the Tansun heater side of the business, and a Service Manager to build up a service network for the Mosquito Magnets. In 2013 the Sales Manager was given responsibility with all products, and retailers in Southern and Western Finland. At the same time Proviter hired two outside entrepreneurs: one to take care of Eastern

Finland and the other to take care of Northern Finland. This was a step taken towards building a better relationship with Proviter's retailers, because before this the company lacked the resources to provide a more personal service to its customers. In 2014 the owners thought that the next step in the way to more growth can be achieved by hiring a Marketing Manager, and this is where the company stands now.

## 4.2 Customers

Since Proviter Oy is a distribution company, it has both retailers and consumers as customers. Having close to 1000 retail stores in Finland, it's obvious to say that the company would have a hard time selling its products to end users without this very large distribution network. Thus, retailers are very important customers to Proviter. Then again, without end users there would be no point in having retailers. Both groups are valuable and both groups need to be considered in all operations. One big challenge here is pricing, since companies always need to consider the market price level, as well as being fair in order to keep everyone pleased.

Retailer stores as customers can be quite challenging, because they always want something from you. It's never enough that you provide good products with good margins from the retailer's point of view. In the retailer's mind, they are doing you a favour by selling your products, so even with big margins on their part, they want something more from you. Prizes from selling, discounts, marketing support, free labour etc. Keeping your retailers happy ensures that they continue selling your products, so it's not enough to do what's required of you, you always need to do a little extra. On top of this, it's very important to keep all your retail stores well informed of your products. If they do not know what they are selling, there's very little chance of getting desired results out of them. Especially in Proviter's case, since it has high-quality and premium-priced products. Another thing to remember is that your retailers often have other similar products to yours, and these products are usually cheaper, so you do actually need to work on keeping them motivated in selling your selection. One more important thing to remember is the disadvantage of having almost all stores as your retailers: price war. Everyone might be happy to have your products in their

selection, but how do they compete with each other? They could put an effort in their own sales and marketing, but for some reason this is rarely their first solution. It's far easier to cut prices and get rid of their stock, giving no consideration to future transactions. A nice little challenge for distribution companies is making sure that your retailers do not fall into this kind of behaviour, because this road will end very badly when your loyal retailers find out and drop your products from their selection.

The other group of customers are the end users of Proviter's products. Since the company has more products than one, there are more target groups than one. In the case of Mosquito Magnets, the target group is mainly 40 to 65 year old men and women, who have their own yard. Because Mosquito Magnets capture and kill all mosquitos from a 4000 m<sup>2</sup> area, there is no point in getting one for your balcony. The product has three different models that are priced between 500€ and 1500€, which means that everyone with a yard won't be willing to purchase one of these.

Tansun heaters are also priced high compared to similar products. More people are potential customers though, because balconies and terraces are very good places for these heaters. So, basically every household in Finland is a potential customer, especially taking into consideration the Finnish climate. Another good target group are restaurants with terraces, but for some reason, Finnish restaurateurs haven't quite yet realized the true benefit of adding up to six months into their terrace season every year. Looking at Central Europe, it's baffling how Finnish restaurateurs refuse to see this, since we get far colder seasons than any of them.

ThermaCELL mosquito repellents are reasonably priced compared to the previous two products, but naturally more expensive than other mosquito repellents. As stated earlier, Finland has a lot of mosquitos, so there is a big demand for repellents that work. And if the product works really well, price makes very little difference. The customers for ThermaCELL mosquito repellents are everyone who dislike mosquitos, and are exposed to them on a regular basis. For example people who own a summer cottage, like to go hiking or fishing, enjoy barbequing etc. These examples alone cover almost every adult in Finland.



The fourth product line worth mentioning are the ThermaCELL heated insoles. As already mentioned, the consumer price can seem very high, especially if you don't have an actual need for the product. Then again, if the need is there, the situation is entirely different. Proviter's winter product is for everyone who spends time outside during the winter. Something everyone can agree on is that having your toes freeze is unpleasant enough for us to avoid the sensation. The heated insoles will take care of that problem, and will keep feet warm in freezing weather conditions. Good examples of potential customers are construction workers, people who enjoy ice fishing, like to go out hunting in the winter etc. There are not quite as many potential customers as with the mosquito repellent, but still, there are many people in Finland who could use a product like the heated insoles.

### 4.3 Competition

Ever since the founding of Proviter Oy, the company has aimed at bringing unseen high-quality products to Finland. Naturally this is very difficult, but nevertheless the products in Proviter's selection are the best in their own area. All products have some competition, but not so much as to be concerned about them. Having the best products, in the end, does hold many advantages for a company.

The Mosquito Magnet is a high-quality and premium-priced product that truly does take care of everyone's mosquito problem. Different to other mosquito related products, it actually captures and kills all mosquitos from a 4000 m<sup>2</sup> area, when most other mosquito products work as repellents. The purpose is entirely different, as when you turn a mosquito repellent off, the mosquitos come flying right back. A Mosquito Magnet will kill every mosquito from the area within 4-6 weeks, after which you don't need to worry about them that season. Naturally this process needs to be repeated every year, but there really aren't many other products that can do this. Every now and then someone tries to make a close copy of the Mosquito Magnet with a few small differences, claiming that the product functions in an entirely different way. This of course is rarely the fact, and these attempts are put down via legal channels.

The Tansun infrared quartz heaters are the best infrared heaters money can buy. Tansun is a company from the United Kingdom, and in fact was the first company in the world to start manufacturing IP-rated (outdoor) infrared quartz heaters over 30 years ago. Quartz heating differs from regular infrared heating in many ways, the most important being that it is a lot more cost-effective and otherwise effective in every way. Infrared heaters warm up the air, when quartz heaters warm up all tangible elements in a given area working very much like the sun. Warming up the air means that the slightest breeze will take the heat somewhere else. Warm air also has a tendency of going up, which means that a heater like this can only be useful indoors. A quartz heater will heat up an area immediately when it's turned on, meaning that it needs to be on only when heating is needed. Compared to a basic infrared heater, Tansun heaters are between 3 to 10 times more expensive, which means that infrared heaters are the competition. Consumers haven't quite yet realized the actual differences between the two types of heaters, so they pay attention to pricing. It's only natural to purchase the cheaper product, if they're both the same in your mind. There are also a handful of other quartz heaters in Finland, which are mostly of lower quality since they've been manufactured in Asia. The ones that are very close to the quality of Tansun heaters are even more expensive, which makes Proviter's situation a little bit easier. The main challenge with competition though, does fall into pricing issues.

The ThermaCELL mosquito repellents are also of very good quality, and in the end, not so expensive for the end user. The repellent functions with butane and a small repellent mat, the butane needed to produce heat and the mat that is heated to produce the repellent. This means that once a consumer purchases the ThermaCELL mosquito repellent, they will need to purchase butane cartridges and repellent mats on a regular basis. We're talking about spending tens of euros per season, and the consumer gets a functioning mosquito repellent that works on a 20 m<sup>2</sup> area. The repellent can be placed on a table on a terrace, or carried along for a hike in the woods, which makes it more versatile than other mosquito repellents. Compared to its competition, the ThermaCELL mosquito repellent is far more effective than any of other, and is about 2 to 5 times more expensive. The price is still low enough for consumers to make purchases on impulse.

The ThermaCELL heated insoles are more of a challenge. They also are of very good quality, but as a product they aren't actually a necessity for that many people, especially after they have heard the price of the product. The price for the insoles is roughly the same as for a pair of good quality winter shoes. Then again, other similar products to the ThermaCELL heated insoles, but not so close in quality, are also similarly priced. So, there is competition from similar products, but that's not actually the problem. This winter was the first season for Proviter trying out this product in Finland, so it can still be too early to tell, but so far it seems that special socks have been chosen instead of the heated insoles. From a consumer's point of view, this can be explained easily by looking at the price. The heated insoles from ThermaCELL are about 20 to 30 times more expensive than the special socks that supposedly are meant for the same thing. Naturally this can't be true, since no sock in this period in time can have a battery and a resistor installed in them.

A similarity with all of Proviter's products is that they're all better than what the competition has to offer, and they're more expensive. These products are also potentially in high demand in Finland, so Proviter has had to and will continue to have to find ways to win its competition. Marketing is a good way to accomplish this.

#### 4.4 Future goals

Proviter Oy, as most other companies, has the desire to grow. The company has been doing very well ever since it started, and has kept on growing so far. Its operations have been nationwide, so there isn't much growth that can be done geographically in Finland, but there is always the possibility of expanding to other countries. If this is something that Proviter gets approval for from each manufacturer. So, there is the possibility and perhaps even desire to grow more geographically, but a method of growing that is constantly present, is by expanding the company's product selection. This could be done quite easily, but that would also mean making modifications to Proviter's values and mission. Until this happens, Proviter will continue to import high-quality outdoor products that haven't yet been seen in Finland with a big demand. It's

not every day that you stumble on a new functioning innovation fitting this description, so in order to be able to keep on growing, Proviter may need to make some changes.

#### 4.5 Marketing history

Proviter Oy, founded in 2005, hired its first marketing person in 2014. This means that up until that point everyone and no one was taking care of marketing. The situation is cases like this, is that certain operations can be forgotten, or they get too little attention. The owners of Proviter have had the chance to focus on the marketing side a lot more ever since they hired more people, so in recent years there has clearly been more effort directed to marketing. Nevertheless, a group of people who are not experts in marketing are more than likely to make marketing decisions based on their own perceptions, when instead they should do everything they can to look outside the box. This is the biggest problem that Proviter has faced in its marketing efforts. Everyone has some idea to what kind of marketing seems sensible and logical, but no one has the necessary experience to know for a fact what actually works.

The company has done its best with all operations, including marketing, but in the end marketing has never been on the top of the priority list. The marketing Proviter has mainly done, has been Customer Relationships Management and Public Relations with retailers, which from a marketing planning point of view means less effort and less costs. Proviter's own marketing directed to end users has been very infrequent, and honestly, more about trying out different channels when other operations have slowed down.

## 5. MARKETING PLANNING

Proviter Oy has recently hired a Marketing Manager, with years of experience in marketing, so all findings from this research will go through her. If she finds the information useful, it will be used in Proviter's marketing. The planning in this section is based on the theory collected for this thesis and the situation Proviter is in currently. This section, along with the findings in section 6, will work as a basis for the conclusions and recommendations in the final chapter.

### 5.1 Segmenting

Segmenting is one of the basic things of marketing, and other solutions in marketing are dependent of it. Segmenting refers to the seeking of different customer groups and selecting them for the targeting of marketing. (Bergström & Leppänen 2002, 54)

Proviter Oy has the advantage of having products that can be targeted to several segments, which also makes it easier to acquire new retailers for them. For this reason, of course, Proviter's two main products, the Mosquito Magnet and the ThermaCELL mosquito repellent, can be found from most department and smaller outdoor product stores in Finland. By targeting your communications to people who have demonstrated an interest in an area in which you sell products, you can increase the likelihood that any particular person in that audience will buy your products. (Allen et al. 1998, 281) I believe this is where Proviter has started from with all of its products. The first step is to take it out to retailers that already sell other outdoor products and once the network is big enough, start looking at the marketing side.

The product bringing most revenue for Proviter at the moment, one might call it Proviter's star, is the Mosquito Magnet. As stated earlier, the target group for this product is men and women between the ages 40 and 65. This does not mean that other age groups won't purchase the product, it only means that it's safer to say that

these age groups will have the necessary resources to be able to purchase the product, and of course living conditions to have a need for it. In the end, a bigger segment for the Mosquito Magnet is everyone with their own house, or summer cottage. This for the reason that house and summer cottage owners most often have some purchasing power, and most of them in Finland also have a mosquito problem during the summer season. So, the need is there, it's only a matter of finances.

Another product constantly bringing revenue to Proviter, in a way Proviter's cash cow, is the ThermaCELL mosquito repellent. The repellent is sold in big quantities all around Finland, because of its outstanding quality and fairly low price. Because of its low price, naturally, the ThermaCELL mosquito repellent falls behind the Mosquito Magnet, even though the sold pieces greatly exceed the Mosquito Magnet. With the ThermaCELL mosquito repellent there are also far more segments that can be targeted. The people likely to purchase the repellent are anyone outdoorsy, who has ever thought that mosquitos are an annoyance. Since the product is far from expensive, anyone who's over 20 years of age is a potential customer. Examples of more specific segments that can be targeted are home owners, summer cottage owners, fishermen, boy scouts, the military, people who like to go to out hiking etc. There are so many possibilities for the ThermaCELL mosquito repellent, which could well be the reason why Proviter had a TV marketing campaign last summer attached to MTV3's weather forecast. Many of these segments can be reached, as most people are interested in what's happening with the weather.

The Tansun infrared quartz heaters have been with Proviter for 8 years now and at some point accounted for 20% of the company's revenue. There were some slower years with the heaters, but now they have been revitalized in Finland, and their sales are approximately at the same level as they were during their previous high point. The future for the heaters is still a bit unclear, making them a question mark for Proviter. Time will tell, but so far bigger crowds haven't been thrilled about the product, because of its high end user price. Potentially these heaters would be optimal as balcony and terrace heaters, which basically means that every household in Finland is potentially a customer. Other good places for Tansun quartz heaters are summer cottages, restaurant terraces, smoking areas, green houses, warehouses etc. So, there are

clearly many segments that can be targeted with these heaters, but the ones with the most potential are men and women over 25 who enjoy barbequing and otherwise being outside on their balcony or terrace. A good way of marketing for these groups is having these heaters at as many restaurant terraces as possible. This will give people experiences of the heaters in action and create talk about them, which is perfect since word-of-mouth is still one of the best ways of marketing.

The ThermaCELL heated insoles are still new to Proviter, so one might call them a question mark at the moment. Like all products in Proviter's selection, these heated insoles are premium-quality. The downside may end up being that they are also quite expensive for end users, but once again, time will tell. The heated insoles are potentially a much sold product in Finland, because they aren't for any certain ages. Anyone who spends time outdoors during the winter is likely to have their feet cold on a regular basis. Age groups make no difference, because as an example children have zero purchasing power, but their parents on the other hand, may have plenty. Also taking into consideration the possibility that a child's feet would freeze during day care or other outdoor activities and, worst case scenario need amputation, what parent wouldn't be willing to pay large amounts of money to prevent that. Other potential segments for the ThermaCELL heated insoles are once again fishermen, boy scouts, military, construction workers, security guards posted outside etc.

The good thing about having outdoor products is that the same segments might be targeted with all of them. This can play to Proviter's advantage through positive feedback from end users. Once it is out there that Proviter only imports high-quality useful products, consumers will slowly begin to trust Proviter as a company and possibly begin to trust whatever products Proviter has in its selection, also paying less and less attention to pricing and especially pricing in comparison to other similar products.

## 5.2 The 9P's for Proviter Oy

The 9P's is an extension of the Marketing Mix, which originally included 4P's: Product, Price, Promotion and Place. The marketing mix as a tool is used to help companies analyse their current marketing situation and what areas could be improved. The marketing mix needs a lot of understanding, market research and consultation with several people, from users to trade to manufacturing and several others. (The Economic Times, Definition of "Marketing Mix") In order to make the analysis as thorough as possible, the extended version of the marketing mix is applied.

### Product

Taking a look at Proviter's products, a common factor is that they are, or have been completely new to the marketplace, and are of such good quality that no competitor can really challenge them. To retain competitiveness in the market, product differentiation is required and is one of the strategies to differentiate from competitors. (Slideshare, 9P's of Marketing) So far, this is exactly what Proviter has done, and intends to keep on doing in the future. As long as this is the plan at Proviter, this side is taken care of. Modern selling techniques have shifted the emphasis away from the product or service and onto the benefits to the customer of acquiring that product or service. (Cartwright 2002, 15) This provides an opportunity for Proviter to say less about the products and more about the benefits that come from using these products.

### Price

An interesting sentence from the theory part is that "a product is only worth as much as people are prepared to pay for it" (Learn Marketing.net, The Marketing Mix). Proviter has only high-quality products with premium pricing, which usually is a logical combination. With the mosquito related products, pricing hasn't been a problem for end users. As mentioned in the previous section about segmenting, Proviter still has two



products that remain question marks. Knowing Finnish consumers and the effort it can take to bring new products into the market, it's still difficult to say what will happen with these. The worst-case scenario is that consumers don't see that these question marks are worth as much as their price tags say.

## Promotion

It is no secret that up until this time Proviter hasn't invested a lot of resources into marketing. This is constantly changing, which should have a positive effect on the company's revenue. It's important to remember that promotion is all the communications that a marketer may use in the marketplace. It has four distinct elements: advertising, public relations, personal selling and sales promotion. (Slideshare, 9P's of Marketing) So, it's not just about hiring a marketing person to take care of the marketing side, but everything that is communicated outside the company. Even though marketing hasn't received a lot of attention so far, the selling and customer service sides have been exceptionally good at Proviter. By giving marketing the attention it deserves, the company will have a very good package on the promotion side.

## Place

Place is where the product is available or an image of the product is created in the mind of the customer. (Slideshare, 9P's of Marketing) Proviter has close to 1000 retail stores in Finland and has its own web store, so availability shouldn't be a problem. The mosquito related products have already been in Finland for several years, so the products should bring out some feelings in the customers minds. Through marketing Proviter can enhance these feelings, or create new ones. The most important thing though, is that consumers all around Finland are able to find the products with little effort. Proviter has this covered very well with its mosquito products, and is working very hard to reach this point with its other products as well.

## People

Customers make judgments about service provision and delivery based on the people representing your organization. (Learn Marketing.net, The Marketing Mix) Proviter's business strategy includes exceeding customer expectations in all areas. Customers can see this through fast deliveries and good customer service in all situations. This is an area that Proviter has always focused on, and of which the company has received a lot of positive feedback.

## Process

Process is the procedure, mechanism and flow of activities to provide service or to produce a product. (Slideshare, 9P's of Marketing) Since Proviter is a distribution company, there aren't that many things the company can do about the actual products, other than make request about certain functions and presentation. In Proviter's case the company provides service to its customers and, as stated in the previous section, has every inclination of doing a good job at that.

## Physical Evidence

This element of the marketing mix will distinguish a company from its competitors. Physical evidence can be used to charge a premium price for a service and establish a positive experience. Customers will make judgments about the organization based on the physical evidence. (Learn Marketing.net, The Marketing Mix) In Proviter's case, the physical evidence that its customers get from dealing with the company, is the pleasure of using a top of the line product that takes care of their problem. Whenever they need to contact Proviter, they always get a positive experience from the process. The physical evidence for Proviter ensures loyal customers and positive word-of-mouth, so this element couldn't be better taken care of than it is at Proviter.

## Packaging

Marketing people have always emphasized the importance of packaging as it is the way to make a first impression on the customers; especially for the products on shelves. (Slideshare, 9P's of Marketing) The only product in Proviter's selection suffering from this problem is the Tansun infrared quartz heaters. This was very likely one reason for why the heaters didn't do so well at some of the S-Groups stores in 2008. At the moment, two models of the Tansun heaters have their designed consumer packages, the other design made by Proviter. This is one area that needs to be fixed. On the other side, premium priced heaters aren't very likely sold from shelves, since customers need to feel the heat to realize its great quality. Nevertheless, packaging is something that should be fixed, and to be fair towards Proviter, it should be fixed by Tansun.

## Payment

Payment is the consideration for the delivery of goods and services. It is an ease and security of transaction. (Slideshare, 9P's of Marketing) This element has more to do with Proviter's retailers, but it also is in a very good situation. Each retailer has their own methods of accepting payment, mostly with every bank and credit card there is, but in some cases with a payment plan etc. In cases where customers want to purchase directly from Proviter, it can be done very easily at the company's web store. Whatever the case, delivery of the products is almost always very fast.

Taking everything into consideration that the marketing mix has to offer, there are only a couple of things that Proviter needs to keep an eye on. First, some products just can't make it in the Finnish market at high price levels, so it is a possibility that the Tansun heaters and the ThermaCELL heated insoles will never grow to the level that is expected at the moment. Or then they just require more time and effort. Second, exactly the thing Proviter acknowledges and is investing to, the marketing side. Third, all products should have proper packaging, so in this case Tansun's product line needs

to come in selling packages. By working on these three elements of the marketing mix Proviter is on the correct path in improving its operations.

### 5.3 Effective marketing channels

Marketing channels are constantly changing, some are losing profitability and new ones rise to take their place. Today digital marketing is clearly the channel that rises above others and it is only natural for new channels to take over as technology evolves. Digital marketing and its associated channels are important – but not to the exclusion of all else. It's not enough to just know your customers; you must know them better than anybody else so you can communicate with them where, when and how they are most receptive to your message. To do that, you need a consolidated view of customer preferences and expectations across all channels – Web, social media, mobile, direct mail, point of sale, etc. The deeper your insight into customer behavior and preferences, the more likely you are to engage them in lucrative interactions. (SAS, Digital Marketing)

All companies are different, as are their customers. Some marketing channels may work very well with a certain group and poorly with another. This is why it's important for companies to invest into several channels, in order to reach the entire population. It all starts with the sharing of information. Your customers need to find you when they are looking and that's why a company's web pages should be the first order of business. Naturally it's not enough to have your own web pages, you also need to make them function properly. Good web content is occasionally—not always—discovered surprisingly quickly. More often, it requires a great deal of disciplined work to draw traffic to a website, no matter how good the content of the site is. The topic is important because having good content is the single most important determinant in where a site stands in search rankings and whether the site draws traffic. (Davis & Iwanow 2010, 3) Looking at the Finnish marketplace, having good content at your web pages ensures that you will be found from Google, when people are searching for what your company has to offer. Google as a marketing channel is very effective, but not in the way many companies think. It's not about purchasing effective marketing

campaigns from Google, as much as it is about your web page content. Good content truly ensures good listings in Google with no extra costs.

Word-of-mouth, from a consumer, is generally considered trustworthy. But what about when the source is a marketer? Ironically, it's when the advertising and marketing is low-key or absolutely quiet that the "trust" factor is highest. (Evans 2008, 19-20) Word-of-mouth has always been one of the best ways of marketing. Today's digital age makes it a bit easier for companies to influence what is being said via blogs and the social media. The tool is still the same; people sharing thoughts and opinions, but now businesses have the possibility to follow what is being said and by whom. The Social Web is particularly good at pointing out differences between promise or expectation and the actual experience delivered. On matters of customer satisfaction, the Social Web can be like a magnifying glass, with each customer success or failure replayed in exacting detail via one or more forms of social media. (Evans 2008, 104)

Even though digital marketing plays a very big role in today's marketing, companies shouldn't forget the potential that the more traditional channels still offer. Advertising is everywhere in our lives and holds an important place in our cities. Every day we rub shoulders with advertising media such as the cinema, television, press, radio, posters, and so on. (Dubois et al. 2007, 256) For example, nowadays it's possible to download movies very soon after their premieres, but still people keep choosing the cinema. Sean Connery was used in an advertisement some years back, where he says that "it's the experience that counts". This will always be a fact, because people enjoy the atmosphere that movie theatres offer. It includes getting out of the house and seeing a movie with a bunch of strangers. This is important to acknowledge for the reason that people going to cinemas are exposed to a lot of advertising before they actually see the movie. This provides a very good opportunity for companies to do some marketing.

What are effective marketing channels? They are the group of channels that best reach all of your target customers. Today, the outlook is strong, and the majority of marketers will use both traditional and digital channels to reach and engage potential customers. (Irina Kalonatchi)

## 6. FINDINGS

The marketing concept has many definitions, but one of my favourites is that marketing is telling a story. The definition doesn't have to be complicated, since marketing is a company's story to a potential customer about why they need the company's products or services. Also a common answer in the interviews was that marketing is adding awareness of your company and your products, which is a very practical way of explaining it. The main research question in this thesis is 'what is effective marketing today?', so by looking at the theory, the interviews and Proviter Oy's situation, this section will bring out the relevant information needed to answer this question.

Marketing is a dialogue between the buyer and the seller. It doesn't end to the point of one-time purchase, but marketing focuses especially in the maintenance of a customer relationship. (Bergström & Leppänen 2002, 7-8) The most valuable asset in any business organization is the strength of its relationships with its customers. (Christopher 1997, 46) Proviter has always paid attention in taking care of its customers and this is what the company should keep on doing, with a couple of improvements. Based on the interviews, Proviter's retailers are extremely important customers for the company and for that reason need to be well taken care of. Before hiring the two outside entrepreneurs, Proviter didn't have the resources to provide a more personalized service, but now the situation is different. It's excellent that all retailers are given face-to-face meeting a couple of times a year and the possibility to get product training, as well as marketing assistance. This is all going in the right direction from a CRM point of view. A side that needs improving is frequently sending out seasonal greetings and other product notifications. Because Proviter has almost 1000 retail stores around Finland and the company doesn't have a simple system to manage this, these notifications have been quite rare. A solution to this would help improve customer satisfaction.

Today's successful companies have one thing in common: they are strongly customer focused and heavily committed to marketing. These companies share a passion for understanding and satisfying customer needs in well-defined target markets. They

motivate everyone in the organization to help build lasting customer relationships based on creating value. (Armstrong & Kotler 2009, 37) This is more to support what was stated in the previous chapter. Companies need to look after their customers.

The other important group of customers that Proviter has are consumers. With consumers there are some things to keep in mind. A product is only worth as much as people are prepared to pay for it (Learn Marketing.net, The Marketing Mix). With Proviter's premium price products this may or it may not cause problems in the future. Interviewing Proviter's new Marketing Manager, one good point arose about the company's products and their marketing: In order for consumers to want your product, you need to speak to their emotional and functional values. This is called positioning. The basic idea behind positioning is not what you do to your product or service but it is all about what you do to the mind of the prospect. (Fifield 2008, 253) By adding positive emotions in the minds of potential customers towards a brand, you have a good chance in selling it whatever the price. This is one solution to the problem why Tansun heaters and ThermaCELL heated insoles haven't yet made it, but through well-planned marketing very well might. Customers make choices based on their perception of the value that products and services deliver to them. Costs not only include the price paid, but they also involve the time spent and the psychological efforts involved. It follows that numerous factors may contribute to the perceived value of a product or service. (Dubois et al. 2007, 204)

Proviter has four different products / product lines in its selection, so it has obviously had to pay attention to target groups and segmenting. Segmenting is one of the basic things of marketing, and other solutions in marketing are dependent of it. The goal of segmenting is to build customer groups constructed of people or companies with the same buying behaviour, or at least as similar as possible. (Bergström & Leppänen 2002, 55) Different segments require different methods of communication that are best in satisfying the specific segment's needs. (Bergström & Leppänen 2002, 58) The case here isn't necessarily that Proviter doesn't have a clear idea of which people it wants to target, but a good reminder is that all segments need to be approached via different channels and with a different message. For this reason it's very important to take a close look at what these channels are in each case.

The marketing environment is constantly changing, which means that companies need to stay tuned with the industry to avoid falling behind. Successful companies know the vital importance of constantly watching and adapting to the changing environment. (Armstrong & Kotler 2009, 97) As the marketing environment changes, so does everything around it. Customers are the ones that are exposed to marketing and sales meaning that it's also important to acknowledge what they are thinking. If you're unsure, use meetings, phone calls, surveys or informal roundtable discussions with customers to get inside their heads. Your survival may depend on your ability to adapt your marketing messages immediately to fit customers' newly minted mind-set. (Kim T. Gordon | August 18, 2008) By carefully studying the environment, marketers can adopt their strategies to meet new marketplace challenges and opportunities. (Armstrong & Kotler 2009, 97)

Proviter Oy has a very good situation with its products looking at quality, but still competition seems to rise from different places every now and then. The type of competition the company is mainly bumping into is with lower priced products. It's good to keep in mind that price is not the sole criterion. Non-price competition in product quality and design, promotions, merchandising, delivery and so on is also important. (Foster & Davis 1994, 148) And these are all things where Proviter has more to offer than its competitors, so the best way to stay competitive is to continue doing well in the areas you can have an influence in.

A company's web pages are the first thing every company should look at when thinking about marketing. The number one thing in marketing is making it easier for your customers to find you, and the Internet is the first place people look nowadays. After this you need to realize that there is more to marketing than providing the right information in the right place at the right time. You need to be both a good marketer and a good listener, so it's important to know how to observe what your prospects and customers are doing on your Web site, how to ask for information about them, and what to do with that information once you have it. (Allen et al. 1998, 267) A lot of entrepreneurs have the idea that it's enough to see that there are many people visiting your web site, which is why they are happy to pay Google for clicks. The truth is that this has very little worth in the end, if you don't know what your web site visitors are



doing. It's very important for companies to find look into this and find out whether there's anything they could do to ensure better results.

It has already been stated a number of times during this study that digital channels have been dominating in marketing for a while now. There is no denying that digital marketing and its associated channels are important – but not to the exclusion of all else. It's not enough to just know your customers; you must know them better than anybody else so you can communicate with them where, when and how they are most receptive to your message. To do that, you need a consolidated view of customer preferences and expectations across all channels – Web, social media, mobile, direct mail, point of sale, etc. (SAS, Digital Marketing) The wider your communications are spread, the more likely you are to reach your target groups. An interesting thing that stood out from the interviews was that magazines are still found to be a very useful marketing channel. There are many alternatives available, so you need to pay close attention to targeting and planning an advertisement to suit each particular target group. Two advertisements in different magazines can't be the same, they both need to be tailored to speak directly to each group.

Word-of-mouth as a marketing channel is as old as the human race, and it's still one of the most effective and low-priced ways of marketing. Today an optimal channel to do this is Facebook, because that's where many people spend a lot of their time, especially in Finland. A good thing about Facebook is that you can very easily target your advertising to carefully selected groups, which is the best aid to targeting, and apparently it's still quite affordable these days. Another good thing is that Facebook as a marketing channel is interactive, so you can see what your customers think about you and your products. Understanding your customers is very useful to you and your future marketing decisions.

Another interesting finding from the interviews was that in addition to magazines, there are other traditional media's that still hold value as marketing channels. The television, even though it has lost most of its glare, still can provide companies a strong support channel, when well-targeted. The downside to TV advertising nowadays is that there

are a large number of channels, making it more difficult to reach everyone. Certain programs still provide bigger numbers in viewers, as the news and weather forecast, as well as some series do, so having the resources to invest into TV marketing can still be useful even in the digital age we live in. A thing that each interviewee agreed on was that TV marketing is still very expensive and is by no means a prerequisite for any company, but as stated already, a good support media. Radio marketing also suffers from very many alternatives. The good thing about the radio is that many people listen to it on their way to work, or even at work, but can this be called active listening? Are people receptive towards advertisements in these situations? The interviewees felt that this isn't the case. They felt that the best time to reach people through the radio is when people are on holiday. Especially Finnish people spend a lot of their time at their summer cottage, and when they do, they often have the radio on as entertainment. The best time to reach people through the radio, in the opinion of the interviewees, is when they're relaxed and in Finland this usually happens during summertime.

The Marketing Manager also brought up a new channel that hadn't been brought up in this research, which is outdoor advertising. This includes any big posters and display boards you can see on bus stops, on the side of roads, shopping centres and so on. The important thing to remember with advertisements like these is that, once again, the advertisement needs to be planned for that specific purpose. Outdoor advertisements can't be like the ones you have in the rest of your marketing. These need to be straight to the point; you see a problem and a solution to that problem. It also helps if the ad sticks out from the rest, so it's good to plan it carefully. This is another one of the good support media's every company needs. It can't be the only channel, but it can be a useful addition to whatever else you have.

Based on the interviews, retail stores are very important customers to Proviter, and adding some own experiences into the mix, the communications from Proviter to them could be on a better level. E-mail broadcasts and one-to-one personalized e-mails enhance a Web marketer's ability to form loyal, long lasting relationships with customers through personalized dialog. The more you know about your customers, the easier it is to provide them with the things they value. In addition to building customer relations, e-mail marketing can also help you compete more effectively. (Allen et al.

1998, 49) The representative from Fonecta brought up an interesting tool during the interview that could prove to be useful in this regard. The tool helps companies with e-mail mass marketing making emails effortless and fast, and in every way more efficient, giving the possibility to stay in touch with all of your retailers on a regular basis.

The conducted research and the interviews suggest that there is not just one correct way to conduct marketing, or a certain way to be successful at it. A way to improve your chances to succeed is careful planning and making sure that you utilize a number of channels.

## 7. CONCLUSIONS AND RECOMMENDATIONS

Proviter Oy is a young company that has been growing at an impressive pace, almost doubling its revenue from year to year. Marketing is the most important area that needs to be worked on now, and this is known at Proviter. This study will hopefully give the company some new ideas about marketing, or at least strengthen the ideas that are already there.

The marketing mix is a very useful tool, when a company wants to know what they're doing and what their opportunities are. Applying the tool in Proviter's case revealed many matters that are already known to the company, but it always helps to see them in writing. The marketing mix also gave the author a clearer visibility to the developments that can be recommended in this section. In Proviter's future marketing planning, a very useful guide for marketing can be through the following steps: The key is to assemble a group of marketing tactics. (Kim T. Gordon | September 28, 2009) This will help Proviter take a closer look at different alternatives.

1. Pinpoint your target market. Proviter's owners know who their customers are, so it's all about creating the right marketing tactic for those customers.
2. Outline your goals and budget. Once a company knows what it wishes to gain from marketing, it's easier to visualize which tactics take you towards that goal.
3. Choose your tactics. Make a decision concerning your tactics, make sure they reach your target customers, and act based on them.

The most valuable asset in any business organization is the strength of its relationships with its customers. (Christopher 1997, 46) The company needs to keep up the good work with its end-user customers. Since all of Proviter's products are high-quality and premium priced, the company needs to work on positioning each product properly in the minds of consumers. In order for consumers to want your product, you need to speak to their emotional and functional values. It's not enough that the product is great and will solve all of your problems, it also has to speak to the customers feelings. This

is what Proviter should begin to do with its new Marketing Manager, and of course very likely will, since the idea came from her. Getting this started is particularly important with Tansun infrared quartz heaters and ThermaCELL heated insoles. So far, with these two products, customers have mostly seen two products with high prices. Since it's all about the perceived value of the product, Proviter has to change consumer perceptions quickly.

Proviter's retailer network is wide and vital for the company, so it's important to find new ways to look after them. The company has been moving in the right direction all along, and the next step should include finding tools to improve communication with every single retail store. Fonecta has a possible solution for this with its e-mail mass marketing option. This may or may not be useful for Proviter, but it's important to find an easy solution that is effective, so that retailers continuously get the feeling that Proviter cares and looks out for them.

Proviter has clearly taken the time to look at the different segments their customer base is built from, but an important thing is to constantly stay aware of changes. The marketing environment is changing and so is everything around us, so nothing stays exactly the same for long. Paying more attention to different segments will tell the company which marketing channels should be used. The important thing here is to always remember that all customer segments need to be targeted with personalized marketing. This means more research and planning, but it also means more effective marketing campaigns. One of the main goals at Proviter should be to understand as much about its customers as possible. Proviter is doing very well with other areas that affect customer satisfaction, such as good customer service, fast deliveries and providing excellent products. As the owners of Proviter have stated, marketing is the side that needs to be worked on, and this is also the conclusion for this research, even though marketing in this case may include a little more than what the owners had in mind.

The main research question in this thesis is 'how should Proviter Oy direct its marketing efforts?', so this is the conclusion. Effective marketing today is conducted by

using the channels that will reach your target customers, which you can find out by analysing your customer segments. The wider a company's communications are spread, the more likely they are to reach their target groups, so, out of all the channels that reach their customers, companies need to utilize as many marketing channels as their budget allows. Digital marketing is a wide concept, so stating that one should focus on digital marketing wouldn't be very helpful. Here are some of the most useful channels listed.

- Companies need to make sure that their web sites are in order and they are well listed in Google. This means relevant content with keyword optimization.
- Facebook is also a very effective channel today, because it hasn't been priced through the roof yet, and at the moment it's one of the best channels when it comes to targeting your marketing to your potential customers. Facebook is also a controllable and effective way to utilize word-of-mouth, which, thanks to the digital age, these days has no barriers.
- E-mail marketing, especially to consumers, is not at all useful even though companies are able to send high volumes with little effort. E-mail marketing is a very good tool with your retailers, who already know you and for that reason won't overlook your e-mails. This is a good way of managing customer relationships, which is naturally very important to all companies.

Traditional marketing still offers some useful channels for companies, even though the Internet reaches most people nowadays. The channels that stood out from this research were magazines and brochures, TV and radio, outdoor marketing, and tradeshows.

- Magazines can be very useful, if you find the right ones for your needs. Naturally the bigger the spread of a magazine, the more people are potentially reached, but more important than the spread is that your target groups read the magazine.
- Brochures, flyers and other product presentation materials are still important marketing material for retail stores, and will continue to be as long as these

stores exist. These also help your retailers in their own sales, which again is good for your relationship with them.

- TV and radio also provide useful support media's, but only during certain seasons in Finland. The challenge here is finding the best TV and radio channels to target.
- People are also constantly targeted with roadside marketing, which is very effective, because the idea stays with you without you even realizing it. You may not pay any attention to the advertisement, but still you often remember seeing it. This is because outdoor marketing usually comes with a simple message, so you don't even have to think about it and you get the point.
- According to the interviews, tradeshow's are also considered to be a useful support channel. They're especially good for new companies who are looking for partners and customers. They take up a lot of a company's resources, which is why it's important to select the tradeshow's you attend very carefully.
- An additional traditional media that didn't come across during the interviews was advertising at movie theatres. Many companies do this, as we always need to sit through 10 to 15 minutes of advertisements before watching the movie. This could also provide a good channel for Proviter with its products, since each movie has its own list of advertisements. This means that you can once again target the advertisement to those groups that are likely to purchase your products.

Marketing is all about informing your customers about you and your products, so make sure that no one gets left out. By neglecting certain channels you may very well end up neglecting potentially important customers.

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All of the information in this thesis is to answer questions presented in interviews with the founders of Proviter Oy: Mikko Lepistö, CEO & Marko Teissala, Sales Director

## Interview questions

1. What does marketing mean to you?
2. How important is marketing to your company / companies?
3. Has the company's marketing strategy included the building of Proviter as a brand?
4. Proviter's marketing efforts in the past?
5. Proviter's marketing efforts in the future?
6. Marketing channels Proviter has used so far?
7. Which customers do you want to reach through marketing?
8. In your opinion, Jouni, do Finnish companies invest enough into marketing?
9. What do you think about the following marketing channels...
  - Print medias?
  - Tradeshows?
  - TV?
  - Radio?
  - Web pages?
  - Facebook?
  - Twitter?
  - YouTube?
  - Google?
  - Web directories?
  - Mobile marketing?
10. What marketing channels do you, Jouni, think Proviter should take advantage of?
11. Does Fonecta offer a marketing package that includes every channel worth using?
12. Have you used any specific tools in marketing (4P's, SWOT, Boston Matrix)?
13. How do you know that a marketing investment has been useful?
14. What answers would you like to get from this research?