

"Value-Added selling" in the service industry: Marketing strategy of a selected professional conference organizer

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RESUMÉ

Během posledních desetiletí se zaměření ekonomik přesunulo z hlediska materiálního směrem k nehmotným investicím jako jsou dovednosti, informace a znalosti. Následkem toho je neustálé zlepšování interaktivitu, vztahů a vazeb mezi společnostmi a jejich zákazníky. Využívání rozsáhlého množství specializovaných technik, účinných uživatelských rozhraní a počítačových sítí se stávají hlavním nástrojem zvyšování přidané hodnoty služeb poskytovaných zákazníkům.

Cílem diplomové práce je identifikovat faktory ovlivňující přidanou hodnotu ve společnosti Hexagon Holding ApS Kodaň, profesionálního organizátora plastikářských konferencí. V teoretické části jsou popsány obecné aspekty přidané hodnoty. Analytická část analyzuje vybranou společnost a její trh spojený s předmětem podnikání. Výstupem práce je návrh řešení formou projektu jehož cílem je implementace technologie zlepšující komunikaci mezi společnostmi a zákazníky.

In the last decades the focus in economy has been shifting from tangible towards intangibles, such as skills, information, and knowledge, and towards interactivity and ongoing relationships. We use a unique mix of dedicated facilities and fast, efficient shared-user transport networks. We endeavour to add value to our customers' businesses through innovation and consciousness.

The purpose of this Master Thesis is to identify factors affecting Value-Added of the Hexagon holding ApS Copenhagen, professional conference organizer (PCO) for plastic industry. The first part of the work gives a theoretical background to the issue, defines Value-added and compares it with some other economic criteria. It also provides formulations and relationships which are later used for Value-Added completion. The second part analyses the company and the market connected with the business objective. The Thesis finishes with a project of implementation of a new communication strategy between the company and its customers.

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INTRODUCTION

Marketing inherited a model of exchange from economics, which had a dominant logic based on the exchange of "goods", which usually is manufactured output [1]. The dominant logic focused on tangible resources, embedded value, and transactions. Over the past several decades, new perspectives have emerged that have a revised logic focused on intangible resources, the co-creation of value, and relationships. The new perspectives are converging to form a new dominant logic for marketing in which service provision rather than goods is fundamental to economic exchange.

Marketing management seeks to determine the settings of the company's marketing decision variables that will maximize the company's objectives in the light of the expected behaviour of no controllable demand variables. Perhaps most notable was the emergence of services marketing as a sub discipline, following scholar's challenges to "break free" from product marketing and recognize the inadequacies of the dominant logic for dealing with services marketing's subject matter. The very nature of network organization, the kinds of theories useful to its understanding, and the potential impact on the organization of consumption all suggest that a paradigm shift for marketing may not be far over the horizon. An alternative paradigm of marketing is needed, a paradigm that can account for the continuous nature of relationships among marketing actors.

Customers do not buy goods or services; they buy offerings, which render services that create value [1]. The shift in focus to services is a shift from the means and the producer perspective to the utilization and the customer perspective. Over the past 100 years, marketing has moved from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes, and relationships are central. It is worthwhile to note that the service-centred view should not be equated with the restricted, traditional conceptualizations that often treat services as a residual (not tangible goods) or something offered to enhance goods (value-added services) or what have become classified as services industries, such as health care, government, and education.

Rather, we can define services as the application of specialized competencies (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself.

I. THEORETICAL PART

1. GOODS VERSUS SERVICES – RETHINKING THE ORIENTATION

Viewed in its traditional sense, marketing focuses largely on operand resources, primarily goods, as the unit of exchange. In its most rudimentary form, the goods-centred view postulates the following:

1. The purpose of economic activity is to make and distribute things that can be sold.
2. To be sold, these things must be embedded with utility and value during the production and distribution processes and must offer to the customer superior value in relation to competitors' offerings.
3. The firm should set all decision variables at a level that enables it to maximize the profit from the sale of output.
4. For both maximum production control and efficiency, the goods should be standardized and produced away from the market.
5. The goods can then be inventoried until it is demanded and then delivered to the consumer at a profit.

Marketing took over the view that value (utility) was embedded in a product from economics. If marketing is the process that adds properties to matter, then it cannot contribute to the production of "immaterial goods" [1].

Another view is that service-centred view of marketing implies that marketing is a continuous series of social and economic processes that is largely focused on operand resources with which the firm is constantly striving to make better value propositions than its competitors.

The service-centred view can be stated as follows:

1. Identify or develop core competences, the fundamental knowledge and skills of an economic entity that represent potential competitive advantage.
2. Identify other entities (potential customers) that could benefit from these competences.

3. Cultivate relationships that involve the customers in developing customized, competitively compelling value propositions to meet specific needs.
4. Gauge marketplace feedback by analyzing financial performance from exchange to learn how to improve the firm's offering to customers and improve firm performance [2].

This view is grounded in and largely consistent with core competency theory. Core competences are not physical assets but intangible processes; they are "bundles of skills and technologies" and are often routines, actions, or operations that are tacit, causally ambiguous, and idiosyncratic.

The focus of marketing on core competences inherently places marketing at the centre of the integration of business functions and disciplines. The core competences are "collective learning in the organization, especially how to coordinate diverse production skills." [2]

The service-centred view of marketing is customer-centric and market-driven. This means more than simply being consumer-oriented; it means collaborating with and learning from customers and being adaptive to their individual and dynamic needs.

1.1 Knowledge is the fundamental source of competitive advantage

Knowledge is an operant resource. It is the foundation of competitive advantage and economic growth and the key source of wealth. Knowledge is composed of a propositional component, which is often referred to as abstract and generalized, and prescriptive knowledge, which is often referred to as called techniques. Techniques are the skills and competences that entities use to gain competitive advantage.

The process of competition and the information provided by profits result in competition being a knowledge-discovery process. Therefore, not only are mental skills the fundamental source of competitive advantage, but competition also enhances mental skills and learning in society. The most successful firms are those, which learn most quickly in the dynamic and evolving competitive market.

The use of knowledge as the basis for competitive advantage can be extended to the entire "supply" chain, or service-provision chain. The goods-centred model necessarily assumes that the primary flow in the chain is physical flow, but it also acknowledges the

existence of information flows. The primary flow is information; service is the provision of the information to a consumer who desires it, with or without an accompanying appliance. The value chain also includes all the information that flows within a company and between a company and its suppliers, business partners, allies and customers.

The move toward the service-dominant logic is grounded in an increased focus on operant resources and specifically on process management.

1.1.1 The enterprise can only make value propositions

Value for customers is created throughout the relationship among the customers, partly in interactions between the customer and the supplier or service provider [2]. The focus is not on products but on the customer's value-creating processes where the value emerges for customers and is perceived by them. The focus of marketing is value creation rather than value distribution, and facilitation and support of a value-creating process rather than simply distributing ready-made value among customers.

Interactivity, integration, customization, and coproduction are the hallmarks of the service-centred view and its inherent focus on the customer and the relationship. The customer-interaction process begins with the interactive definition of the individual customer's problem, the development of a customized solution, and delivery of the solution to the customer. The solution may consist of a tangible product, an intangible service, or combination of both. It is not the mix of the solutions that is important, but the organization interaction with each customer in order to define specific needs and then develop a solution to meet the needs.

Services marketing research, and its emphasis on relationships and interaction, are one of the two most crucial contributions to relationship marketing; the other is the network approach to industrial marketing [3].

In general, consumers do not need goods. They need to perform mental and physical activities for their own benefit, to have others perform mental and physical activities for them or to have goods that assist them with these activities. They need services that satisfy their needs. Service provision and the cocreation of value imply that exchange is relational. Service-centred view is participatory and dynamic, service provision is maximized through an interactive learning process on the part of both the enterprise and the consumer.

1.2 The field of sales force management

The **Internet** is changing the way we do business in the 21st century. The impact of the Internet on sales and purchasing has been dramatic. Many companies have placed their product catalogs and product information online. Customers now have instantaneous access to product and pricing information from multiple suppliers, whereas in the past they needed to meet with at least one salesperson from each potential supplier to gain the same information. The Internet has made it easy for customers to compare potential suppliers. Business customers order commodity items or make repeat purchases online. Customers are able to track their orders, receive invoices, and make payments online.

The question now appears whether the Internet is going to replace salespeople? A simple answer is: no, but it is redefining the sales job. In many cases, the salesperson will be forced to give up control of smaller accounts because the company can serve those accounts just as effectively and more efficiently online. This will give salespeople more time to develop relationships with bigger, more complex, and accounts that are more profitable. Additionally, many companies use the Internet to assist the salesperson with a wide variety of selling tasks, such as product explanation and proposal development as can be seen in Figure 1.

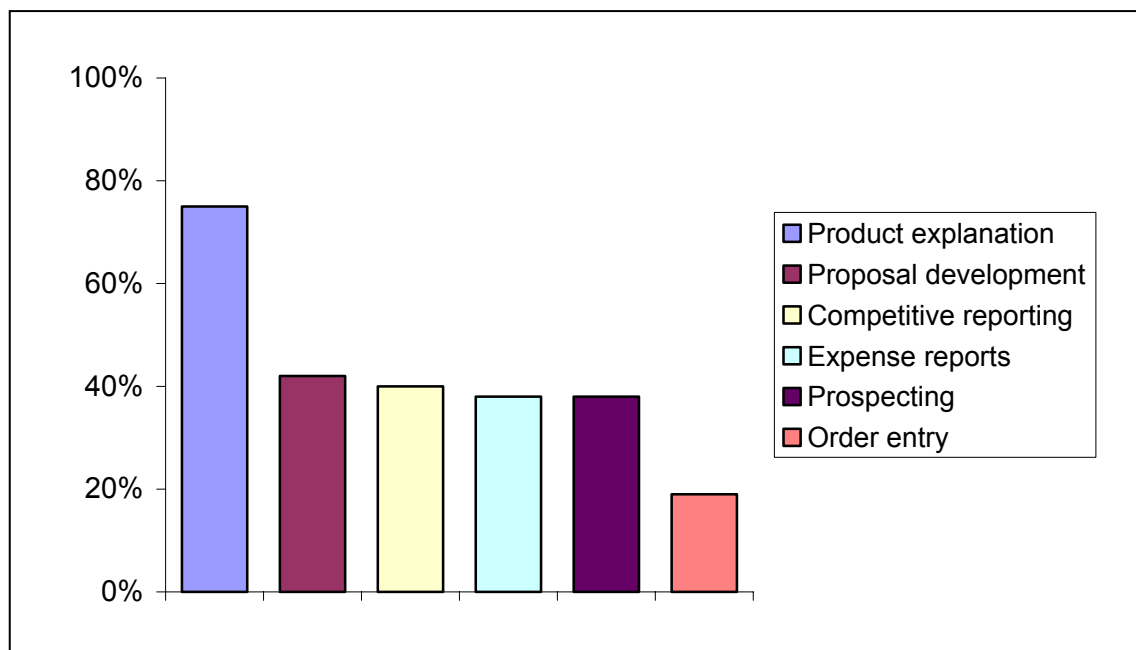


Figure 1. Percentage of Companies Using the Internet for Sales Activities [3].

Using the Internet for routine tasks allows salespeople more time for building relationships and providing strategic value-added services to their customers. For most firms, the salesperson is and will remain the most important means of interacting with the customer.

As Spiro puts it: "There's always going to be a place for face-to-face selling, particularly when it comes to educating the customer" [3].

The Internet is also driving shifts in the way customers, particularly business customers, buy products. Customers have greater access to information and have become more sophisticated and more demanding than in the past. They no longer focus just on buying products; instead, they are more interested in finding solutions to their business problems. To do so, they are forming strategic partnerships with a smaller set of suppliers that can work together to provide greater value to the end customer.

1.2.1 Relationship marketing and the role of personal selling

In the face of intense competition, companies today are trying to improve their performance in every dimension of their operations. As a result, companies expect more from their suppliers.

At the same time, companies are finding it harder to develop or sustain product/service-based competitive advantages. Most product/service-based advantages are soon copied by competitors. Thus, companies must focus on strengthening the value-added components of their offerings. Value-added components are those that augment the product itself, such as information and service.

To understand customer needs and to provide customers with value-added solutions to their problems, salespeople must develop close long-term relationships with their customers. These relationships are built on cooperation, trust, commitment, and information. The process by which a firm builds long-term relationships with customers for the purpose of creating mutual competitive advantages is called relationship marketing, or relationship selling. Salespeople who are engaged in relationship selling concentrate their efforts on developing trust in a few carefully selected accounts over an extended period, rather than calling on a large number of accounts. Relationship selling is distinct from the traditional transaction selling, whereby salespeople focus on the immediate one-time sale of the product.

These differences are as follows:

Transaction Selling

- Get new accounts
- Get the order
- Cut the price to get the sale
- Manage all accounts to maximize short-term sales
- Sell to anyone

Relationship Selling

- Retain existing accounts
- Become the preferred supplier
- Prize for profit
- Manage each account for long-term profit
- Concentrate on high-profit-potential accounts

1.2.2 The nature of sales management

During the early stages in the evolution of marketing management, sales management was narrow in scope. The major activities were recruiting and selecting a sales force, and then training, supervising, and motivating these people. Today, personal selling and sales management have much broader dimensions. Many sales executives are responsible for strategic planning, forecasting, budgeting, territory design, and sales and costs analyses, as well as the more traditional activities. Sales managers must see that all of these tasks are integrated. Figure 2 illustrates how each of the sales management activities is linked with the others. If one of these is performed poorly, it will have a ripple effect on the others.

Furthermore, it is the sales manager's responsibility to see that all of the activities – such as production, advertising, and distribution that support the sale of products and services are coordinated with the efforts of the sales department.

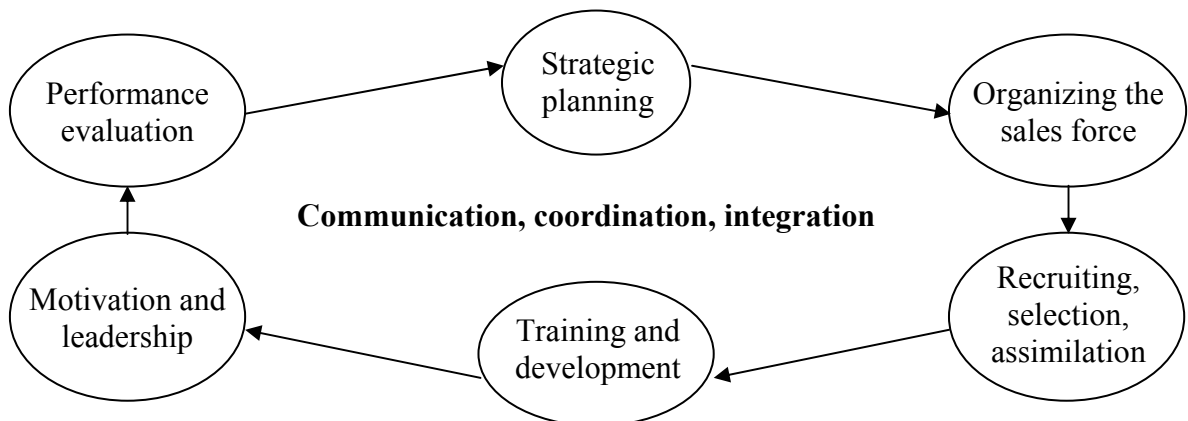


Figure 2. Sales management responsibilities [3].

1.2.3 Role and skills of a sales manager

As the role of the salesperson has changed, so has that of the sales manager. With high-quality empowered sales forces, sales managers are more likely to provide support and resources than to direct and control salespeople. They focus on internal coordination of the sales efforts so that their salespeople can spend more time with their customers. Increasingly, they will be asked to manage multiple sales channels – field sales as well as telemarketing and electronic marketing.

To be successful in the 21st century, sales managers, like salespeople, will need to adapt their strategies, styles, and attitudes [4]. Some of the critical changes are:

- Developing a detailed understanding of customers' business.
- Treating salespeople as equals and working with them to achieve profitability and customer satisfaction.
- Applying flexible motivational tools to a hybrid sales force of telesellers, direct marketers, and field salespeople.
- Keeping up-to-date on the latest technologies affecting buyer - seller relationships.
- Working closely with other internal departments as a member of the corporate team seeking to achieve customer satisfaction.
- Continually seeking ways to exceed customer expectations and bring added value to the buyer - seller relationship.
- Creating flexible learning and adapting environment.

In terms of abilities, people skills are more important than analytical and evaluative skills. The ability to develop team-oriented relationships is particularly important. Today's sales manager must be sensitive to individual needs and skills, caring more about communicating and coaching than monitoring and controlling.

1.3 Sales force management challenges in the 21st century

Personal selling has assumed broader and more professional dimensions. The people who manage the personal selling effort have significantly broadened their management activities. Now sales managers are planning for the early decades of the 21st century.

1.3.1 Customer relationship management

When asked, seventy percent of the sales executives stated that the biggest challenge facing them in the coming years will be to expand their relationship with existing customers [4]. Many companies have already initiated customer relationship management (CRM) programs specifically designed to expand relationships with existing customers. These companies recognize that getting new customers cost more than increasing sales with existing customers. This is a fundamental change in the way businesses serve both consumer and business-to-business markets.

By definition, customer relationship management is a comprehensive set of processes and technologies for managing the relationship with potential and current customers and business partners across marketing, sales, and service regardless of the communication channel. The goal of CRM is to optimize customer and partner satisfaction, revenue and business efficiency by building the strongest possible relationships at an organizational level. Successful CRM requires a holistic approach to every relationship with the entire organization sharing and contributing to that view [5].

CRM is a comprehensive business and marketing strategy that integrates technology, process and all business activities around the customers. New database technologies enable people get the knowledge of who the customers are, what they bought and when they bought it, and even predictions based on the historical behaviour. Now more than ever, the ability to understand and manage a close relationship with the customer is central to delivering these business goals. This is the ultimate challenge for marketing in any business. CRM helps deliver customer centric relationships [6].

From another point of view, CRM is a process designed to collect data related to customers, to grasp features of customers, and to apply those qualities in specific marketing activities. The concept of CRM is not new in fact, it has continuity existed from

the past. However, it has recently appeared in the focus of attention. This can be attributed to several reasons: 1) The relationship with customers is newly recognized as a key point to solidify competitive power of a company; 2) As companies procure large volumes of data related to customers, they can perform customer management more easily and efficiently using data warehousing, data mining, and other information technologies; 3) The Internet has opened up a new medium for business and marketing, and customer actions can be expressed online into data. In other words, the scope of data to analyze behaviours of customers is extended, and the environment for one-to-one marketing has been enhanced [7].

1.3.2 Benefits of e-CRM

E-CRM is not just customer service, self-service web applications, sales force automation tools or the analysis of customers' purchasing behaviours on the internet. E-CRM is all of these initiatives working together to enable an organization to more effectively respond to its customers' needs and to market to them on a one-to-one basis.

The primary goal of e-CRM is met when e-services and transactions are more convenient and less expensive for customers. This in turn facilitates the company's fundamental goals: increasing revenues and reducing costs. Web associates have defined benefits of successful e-CRM implementation.

E-services are always available, accommodating any schedule: Electronic commerce is exponentially increasing the availability of information, giving customers access to more knowledge, of better quality and faster than ever before. Businesses online provide an information rich environment by which competitors can identify, match and improve product/service innovation. A company that can respond to the needs of customers, accommodate their requests promptly and support their buying decisions creates value and wins customer patronage and loyalty.

Complex channels of distribution

Many sales managers will be asked to manage increasingly complex channels of distribution. They will oversee a hybrid sales force, which includes field sales rep, telesellers, and electronic sellers. Their work – organizing and coordinating the efforts of these diverse salespeople will become more strategic. The successful sales managers of the 21st century will be adaptive enough to handle both complexity and rapid change.

An international perspective

Today the market has reached the saturation point for many consumer and industrial products. At the same time, many global markets are emerging and growing rapidly. Growth for many companies in the 21st century will come from their development of these international markets [7]. Differences in cultures and ways of doing business in foreign countries pose real challenges for sales management.

Ethical behaviour and social responsibility

Each person in business operates within his or her own moral framework, the business ethical framework of the company and the industry, and a framework imposed by society. Of the topics covered in this final section of the chapter, this topic of ethics is probably the most necessary but also the most difficult to manage. Ethical standards differ among various companies and industries, and also among societies. Nevertheless, any institution in our socioeconomic system must operate within socially acceptable limits of ethical behaviour; society will penalize any unethical institution and the people in it.

For centuries, the institution of business, and especially its personal-selling component, has been accused periodically of unethical behaviour. Yet it is commonly accepted that outside selling today is on an ethical plane far above that of a few decades ago and in a different world from that of a century or two in the past. Today, sales managers have no choice but to strive to maintain their ethical standards in personal selling and sales management, for the alternative can put them out of business or even into prison.

1.4 Strategic sales force management

Developing a sound strategic plan for the future is critical to the success of any firm. It is a process that should occur in and be coordinated across the different functional areas of the company. That is, the actions of salespeople should be consistent with the strategic marketing plan, which should fit into the strategic plan for the company as a whole. Too often people think of sales as an activity that is separate from marketing strategy. In fact, marketing and sales often operate as if they were engaged in some sort of win - lose contest, in which neither side cooperates with the other. The reality is that the marketing objectives can be achieved only when sales become an integral part of the marketing strategy, the part that carries out strategy. By working together as a team, marketing and

sales personnel become key contributors to the success of the overall strategic plan for the business.

1.4.1 External environment

Six macro-environmental forces impinge considerably on any company's marketing system, yet they generally are not controllable by management [7]. These six forces are defined below, along with examples of how a company's marketing activities might be impacted by changes in these forces.

Demography is the measurement of basic characteristics of the human population, such as age, sex, race, income, and stage in family life cycle. Customer demography can have a major impact on a firm's marketing system, which of course includes the sales force.

Economic conditions simply refer to the overall health of the economy. In good economic times, for example, low mortgage rates and other positive indicators coincide with housing starts – leading to excellent selling opportunities for real estate agents.

Sociocultural factors are the fundamental values and beliefs of society. Americans, for example, have placed a high priority on fitness and health in recent years. This trend facilitates those who sell memberships to fitness centers.

Political-legal factors, laws, ordinances, regulations can impact sales organizations in many ways.

Technology includes inventions, innovations, and advances in scientific knowledge. Such advances have had a tremendous effect on day-to-day jobs of salespeople. For example Internet technology - the Internet would replace face-to-face selling entirely.

Competition involves the marketing activities of rival firms. In most cases, this force has the greatest impact on the sales organization.

1.4.2 Internal variables

To reach its marketing goals, management has at its disposal two sets of internal, controllable forces: (1) the company's resources in nonmarketing areas and (2) the components of its marketing mix. Figure 3 shows these internal forces in relation to the forces in the external environment. The result is the company's total marketing system set within its environment.

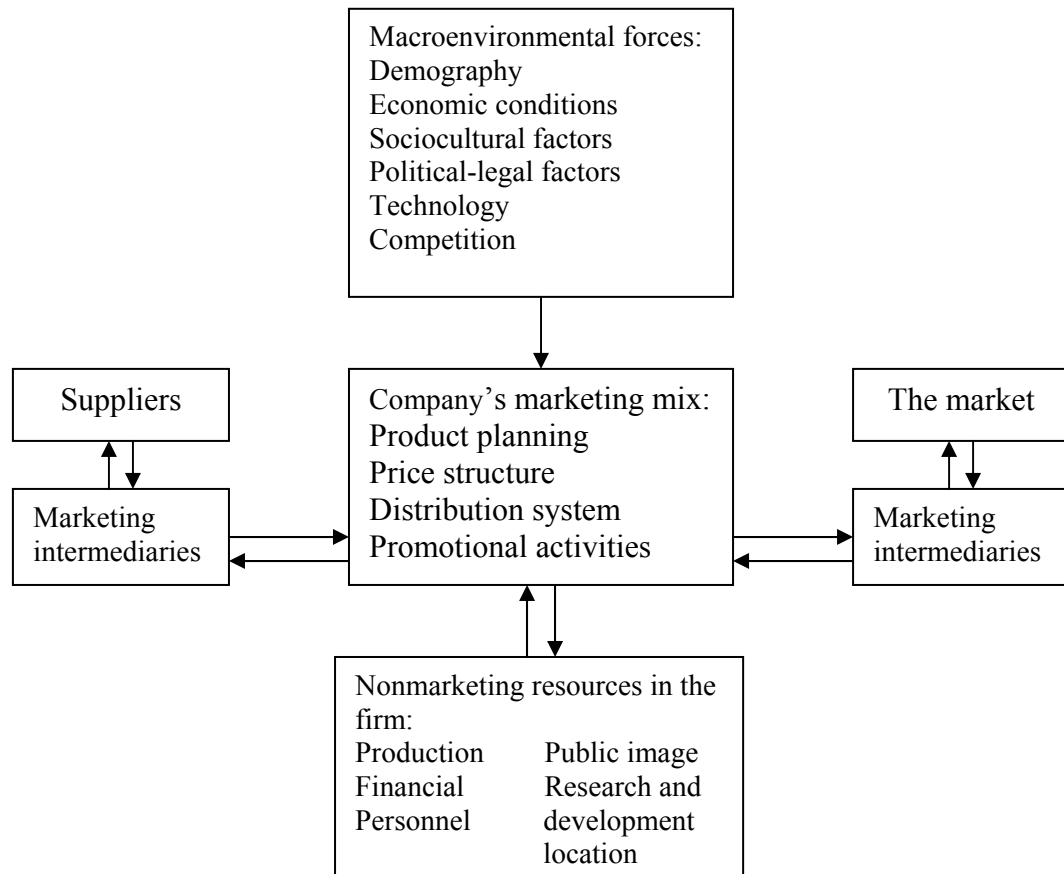


Figure 3. A company's complete marketing system: a framework of internal resources operating within a set of external forces [3].

1.4.3 The marketing concept and marketing management

As business people have come to recognize marketing's vital importance to a firm's success, a way of business thinking – a philosophy – has evolved. Called the marketing concept, this philosophy holds that achieving organizational goals depends on the firm's ability to identify the needs and wants of a target market, and then to satisfy those needs and wants better than the competition does [8]. In order to do this, all activities throughout the entire company must be coordinated with each other and focused on the customer. An effective and efficient implementation of the marketing concept results in profitable sales volume and long-run success for the firm.

Firms have not always embraced the marketing concept – and many firms today still do not embrace it. Successful firms, however, use this philosophy as a guide to both the planning process and the implementation of strategies and tactics necessary for achieving their goals.

Marketing management and its evolution

For a business enterprise to realize the full benefits of the marketing concept, its marketing activities must be coordinated. The chief marketing executive is responsible for planning, implementing, and coordinating all marketing activities and integrating them into the overall operations on the firm. This process is called marketing management.

Marketing management has evolved through four stages: production orientation, sales orientation, marketing orientation, and relationship orientation. The stages have direct implications for how salespeople deal with customers [8].

Relationship marketing

Relationship marketing is a process of collaboration between the buying and selling firms; this results in economic benefits for *both* firms. Instead of being adversarial, the relationship between firms align their operating functions, such as order processing, accounting and budgeting, information systems, merchandising processes, and others.

The sales manager and salespeople play a key role in these activities; and thus, relationship marketing is often called relationship selling. In particular, sales must facilitate the following four key issues: promoting open communication, empowering employees, involving customers in the planning process, and working in teams.

Integrating marketing and sales functions

One common problem in marketing management is the lack of integration between a firm's marketing department and its sales function. The marketing department typically develops a firm's overall marketing strategy, which includes decisions about how to promote, distribute, and price the product line. The salespeople ultimately determine success or failure of the strategy, because they have the responsibility of implementing it in the field. Thus, integration between the activities of the marketing and sales functions is critical to the success of the firm.

The marketing strategy can only be effective when it is clearly understood and embraced by the sales force. This is more likely to happen when salespeople are involved in the strategy development process. After all, salespeople are an invaluable source of information in this regard, given their unique position of working closely with customers. Further, the marketing department must assist the salespeople in carrying out the marketing strategy by providing them with the right marketing tools, such as advertising, support

service, and sales promotions. However, if salespeople do not like a particular tool, they probably will not use it or at least they will not use it as effectively as they could.

Integrating production and sales

Coordinating the activities of the sales force and the production function is also critical to the overall success of the firm. Materials requirements and production schedules are developed according to sales forecast. Therefore, firms avoid operational problems by integrating the plans of the production and sales functions, but scheme may fail. When the amount sold exceeds production output, customers become dissatisfied because the product they ordered do not arrive on time. Of course, the opposite situation is also a serious problem, because high levels of unsold inventory become extremely costly to the firm.

1.4.4 Strategic planning

When shaping sales force management strategy, sales executives are guided and limited by both the firm's total company planning and its **strategic planning**. Three concepts – objectives, strategies, and tactics – are the heart of planning at any level in the organizational hierarchy. All sales managers should have a thorough understanding of these concepts – what they are and how to use them.

Objectives are goals around which a strategic plan is formulated. Without goals, it is impossible to create a meaningful plan. Objectives must be more than platitudes. Such clichés as “We should be of service to our customers and treat our employees fairly” are only hazy guideposts for making business decision. To be useful, objectives must be specific and measurable. Once the firm's objectives are agreed on, all decisions should align with them. Decisions incompatible with the objectives only hinder the company's realization of its goals.

Companies set objectives first and then develop **strategies**, or plans of actions, to achieve the objectives. Strategies should be followed with some degree of perseverance. Some strategies require time to be effective. Impatient managers eager for results may not allow certain programs time to bear fruit. These managers often take new products off the market before the products have had a fair chance to develop a following: one sales manager fired a business representative that had been sent to open up a new territory

because dealers were not buying the product as the manager had expected. The fault was not that the sales representative was inefficient, but rather that the manager had unrealistic expectations [8].

After all the talking, the firm implements its chosen strategies. Some work must be done. **Tactics** are the activities that people must perform in order to carry out the strategy. There are no perfect tactics, and in most situations there is no one best tactic that should always be used. Rather, managers must evaluate the situation and choose those tactics they feel are consistent with the strategy and have the highest probability of success at a given time.

1.4.5 Strategic trends - Internet selling

In the past few years, sales organizations have spent considerable time and money trying to figure out how to integrate the Internet into their sales processes [8]. Many salespeople initially felt threatened by the Internet, fearing that their jobs would be replaced by an e-commerce website. After all, the Internet is a tremendous communications medium. Not only can a website provide relevant and timely product information, but it can also allow a company to process transactions 24 hours a day, seven days a week.

Most sales executives agree that the projected impact of the Internet on sales organizations was exaggerated – at least in the short term. Instead of threatening the salesperson's job, the Internet has become a tool that helps salespeople develop close relationships with their clients. Sales organizations are now cutting back the funding of technology and refocusing efforts on face-to-face sales [3]. In this era of relationship marketing, a website is no substitute for a component, consultative salesperson intent on adding value and solving customer problems.

An important aspect of Internet selling is the company's webpage. Sales organizations often make the mistake of not including salespeople in the process of designing their websites. When left out of the loop, salespeople start expecting the worst. They begin to wonder if the website is intended to replace them, and they may even discourage their customers from using it. Firms must also consider how they will compensate salespeople when customers purchase products via the website.

1.5 The Value-Added spectrum

Value-Added is the act or process by which tangible product features or intangible service attributes are bundled, combined or packaged with other features and attributes to create a competitive advantage, reposition a product or increase sales.

Figure 4 is a rough generalised chart of the value-added spectrum from initial data gathering and processing through various transforming processes to final use. It illustrates the four general processes, which group examples of the activities supporting that particular process. These activities, e.g., classifying, comparing, and presenting options, are value-adding activities.

Data is basically a symbol that designate the states (conditions) that characterize an entity at some point in time.

Data become information when we establish relationships among data items. Information expresses the structure and relations among data, and most important, the rules and conditions used to establish those relations.

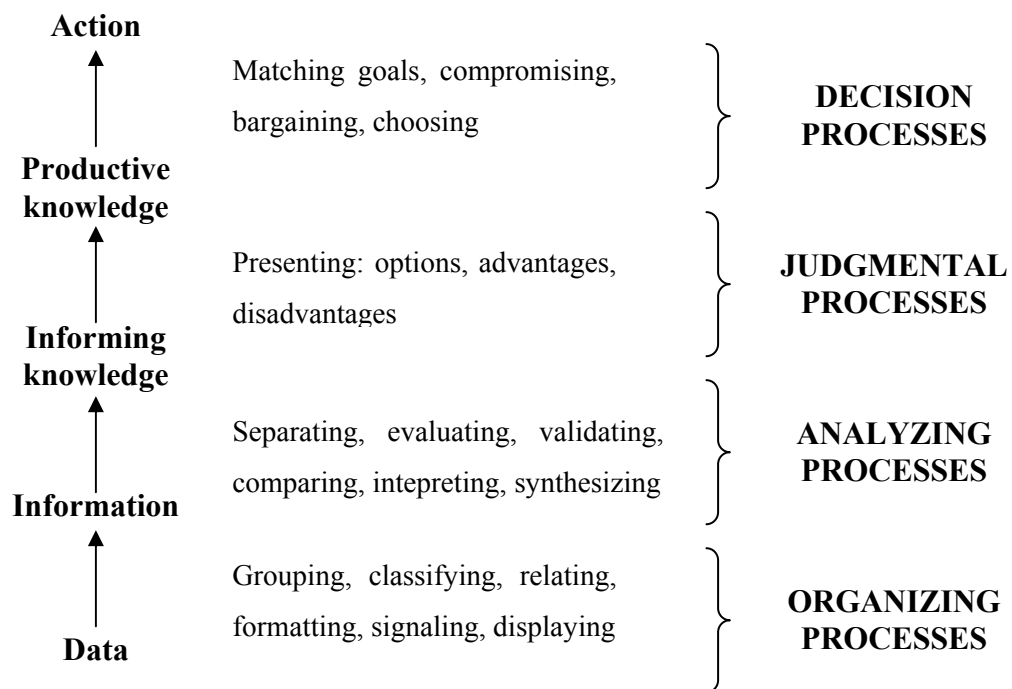


Figure 4. Value-Added spectrum [9].

1.5.1 Interpretations of Value-Added

The first interpretation is the use of “Value-Added” as used in the discipline of economics. Basically, Value-Added is the creation of wealth.

The second interpretation of the concept is one more central to the concern of the value-adding processes. Basically, we ask the question: What characteristics or attributes are added to the data and information items being processed that make them more useful to users, clients, customers, than they were at the start of the process? This interpretation of value goes beyond that of the economist, for in a sense we are asking precisely what values are indeed being added during the period of processing or producing, activities into which the producer invests capital, labour, and materials.

The third possible interpretation of the value has to do with the relationship of the customer or client to the information. What, for example, would a person in a given situation pay for the information? This is called “exchange value”.

A fourth interpretation of value also has to do with the client or user and with the context within which information is used. We cannot avoid discussing the question of the effect of information use, the client perception of their world and hence on their behaviour. Nor can we avoid discussion of the effect of information on organizational performance, and on decision making and problem clarification.

1.5.2 Databases

Public relations have traditionally reached mass audiences through the mass media and segmented audiences through special interest media. In addition to supporting marketing goals, a public relations department is increasingly using databases in such vital areas as community relations, government relations, investor relations, and media relations [10]. Databases have evolved from simple media lists to include information that provides the sender with intelligence about the types of stories favoured by particular reporters and even their perceived editorial biases.

1.5.3 Value-Added marketing

The marketing profession has potential to play an important role in the battle for market share, but to do so it has to change [11]. A new marketing concept is needed.

In rendering and improving marketing there are two objectives:

1. To give the marketing profession a new direction for the application of its skills

2. To give the traditional marketing-led companies an approach that will enable them to compete successfully with entrepreneurial and quality-focused organizations.

The role of marketing in the future should be

To constantly improve the perceived relative value for money of the company's products

The marketing executive can achieve this by focusing on

Value maximization

This principle is called *value-added marketing*. It is based on the obvious but often disregarded fact that to gain market share you have to offer products that are superior to those that are already available.

Value-added marketing brings a new dimension to marketing, removing it from the search for empty niches in the market place and giving it a determined strategy of improving the perception of existing products, adding new ones only when a significant benefit is to be gained.

The model can be expressed by the following scheme:

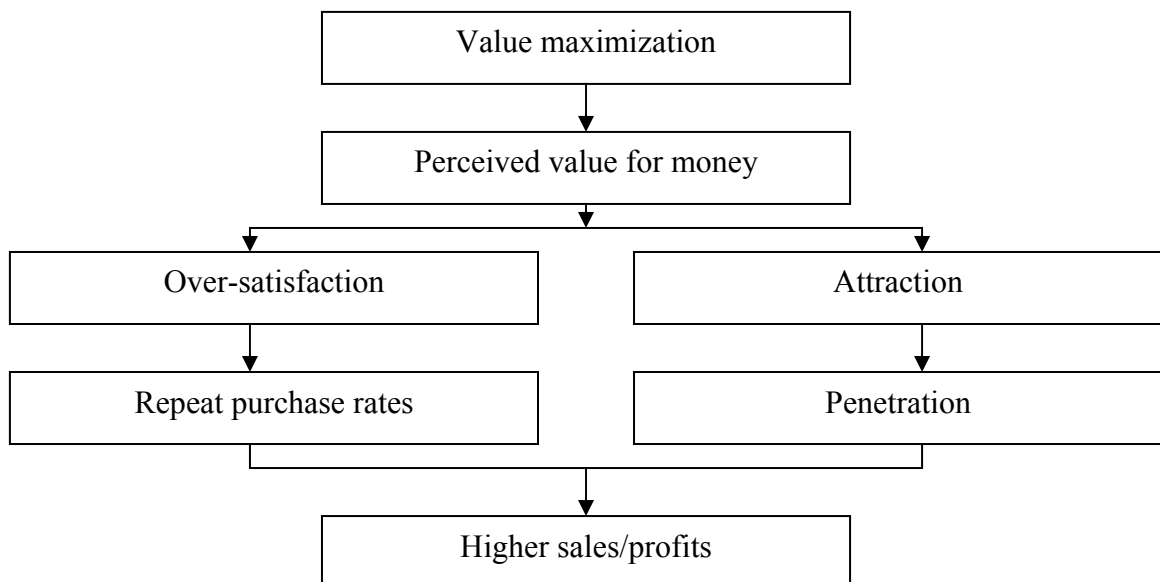


Figure 5. The value-added marketing process [11].

This new model of operation will make the marketer strive constantly towards perfection in all aspects of the marketing mix. From the core tasks of making the use of the product a more pleasant and rewarding experience to ensuring that the aura of the product transmits strong positive values.

The application of value-added marketing will make any company's product range more competitive. The focus on achieving over-satisfaction and greater attraction through value maximization will result in an increase in the perceived 'value for money'.

Defining the market

The relevant market combines the product market and the geographic market, defined as follows:

- A relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer by reason of the products' characteristics, their prices and their intended use;
- A relevant geographic market comprises the area in which the firms concerned are involved in the supply of products or services and in which the conditions of competition are sufficiently homogeneous.

How you define your market, in relation to your overall mission, is the critical first step. There comes a point in the history of every successful company when it needs to be able to look at its market with fresh eyes and gain a genuinely new insight into its relationship with it [12].

Identifying the key accounts

Not everybody can be called "key" otherwise the term will fast become meaningless [13].

If we remember that the purpose of identifying key accounts is to help us deploy our business resources, and commit ourselves to action, then we shall see the value in the following matrix.

Customer Attractiveness	High	Key Development Account	Key Account
	Low	Opportunistic Account	Maintenance Account
		Low	High
		Relative Strength	

Figure 6. Identification and selection matrix [13].

The matrix considers two sets of factors, the two sides of the identification and selection process: yours (do you like them?) and theirs (do they like you?):

- Customer attractiveness – what is it that makes customers, or potential customers, attractive to you?
- Relative strength – what is it that makes you attractive to your customers, in comparison to your competitors?

Strategic (Key) Account Management is a process and methodology for achieving company goals by allocating a disproportionate level of resources to carefully selected current and potential customers.

Value for company:

- Increased profitability of sales, from focusing on the firm's most valuable clients
- Improved understanding of key accounts' goals, strategies and other requirements
- Increased key account switching costs (customer lock-in)
- Enhanced ability to manage complex relationships
- Increased stability and predictability of revenue, and reduced uncertainty around forecasts
- Increased opportunity to identify, retain, and develop future business leaders
- Reduced cost to serve clients

Value for company's key accounts:

- Improved service by and communications with the supplier firm
- Improved access to supplier resources
- Reduced time to resolve issues
- Reduced supply chain costs from procurement efficiencies
- Reduced delivery time for purchased products and services
- Increased opportunity for partnering with supplier firms
- Improved access to and influence over the supplier's decisions

1.5.4 Establishing and maintaining a competitive edge

People do not buy products, they buy the idea behind the product [14]. Your ability to communicate this concept will have a direct bearing on your ability to succeed in selling.

The importance of product knowledge

Product knowledge is often taken for granted, yet the salesperson's credibility comes under scrutiny most when discussing or demonstrating the product. Product knowledge alone does not guarantee a successful sales career; but salespeople who establish themselves as experts will win the respect of the buyer and in many cases, the order along with it.

If the salesperson cannot demonstrate how the product will solve the customer's problems, satisfy demands or needs, it is unlikely he or she will make a sale.

Keeping customers satisfied and loyal

Products and services that meet requirements will satisfy customers when they are backed up by efficient service delivery. Customers will keep coming back if service delivery offers 'a little more than expected', and there is a willingness to listen to 'non-standard' request or complaints and tackle complaints with discretion [15]. In summary, the challenge for every business is therefore to create customer delight and loyalty by:

- Designing products and services that meet customer expectations consistently

- Delivering those products and services in a way that gives customers 'a little extra' from personal contact and presentation to working practices
- Establishing mechanisms that encourage customers to comment and complain
- Establishing a framework that allows a constructive response to 'non-standard' requests.

To fulfil these requirements, a company needs to:

- Be clear about the business it wants to be in and what customers it wants to impress
- Understand what the customer requires from its products and services
- Understand their expectations of its service delivery
- Measure customer satisfaction with its products and services
- Identify the critical success factors that determine customer loyalty
- Establish regular customer feedback mechanism
- Gather data on the value of customers and any relevant patterns
- Clarify what is expected from employees and train them
- Review its performance
- Design excellent performance into management systems
- Improve at least in line with customer requirements and competitor performance
- Benchmark its own and its competitors' service performance.

The lack of the personal approach is perhaps nowhere better demonstrated than in those markets in which the customer is not easily identifiable [16].

Linking sales and marketing to IT strategy

The information management process provides a comprehensive means for managers to tackle the key issues which will influence the direction and momentum of information systems development [17]. It is driven primarily by business opportunities rather than by technical developments. It identifies ways in which information can fulfil business

objectives and improve performance. The whole process can be seen in the following scheme:

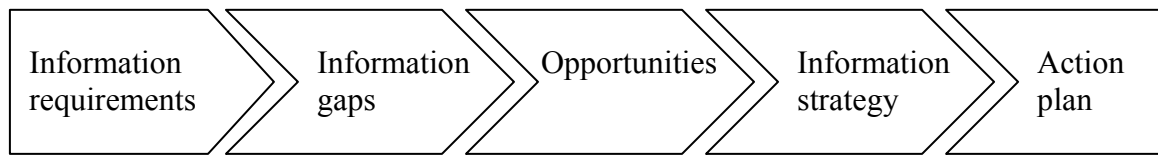


Figure 7. Information management process [17].

The process is implemented within and by sales and marketing at its own pace.

1.6 Sales perspective

The simplest way to think of the nature and role of selling is that its function is to make a sale. This seemingly obvious statement disguises what is often a very complex process, involving the use of a whole set of principles, techniques and substantial personal skills, and covering a wide range of different types of selling task.

It should be remembered that the term selling encompasses a whole variety of sales situations and activities. For example, there are those sales positions where the sales representative is required primarily to deliver the product to the customer on regular or periodic basis. The emphasis in this type of sales activity is very different to the sales position where the sales representative is dealing with sales of capital equipment to industrial purchasers. In addition, some sales representatives deal only in export markets whilst others sell direct to the customers in their homes. One of the most striking aspects of the term selling is thus the wide diversity of selling roles [18]. Irrespective of this diversity of roles, one trend common to all selling tasks is the increasing emphasis on professionalism in selling. This trend, together with its implications for the nature and role of selling, can be best explained if we examine some of the myths and realities which surround the image of selling.

1.6.1 Sales promotion

Sales promotion is the direct inducement or incentive to the sales force, the distributor, or the consumer, with the primary objective of creating an immediate sale [19]. Therefore, we can contrast advertising and sales promotion by saying that advertising is

designed to create an image of a product a sales promotion, on the other hand, is an activity used to generate an immediate sale of the product or service.

The external sales promotion mix

While the mix of sales promotion activities may vary widely from company to company, depending on the type of product the company manufactures, the general allocation of the sales promotion budget for customer package - goods/services companies might look like that in Figure 8. Note that this allocation is only for internal, or trade, promotion.

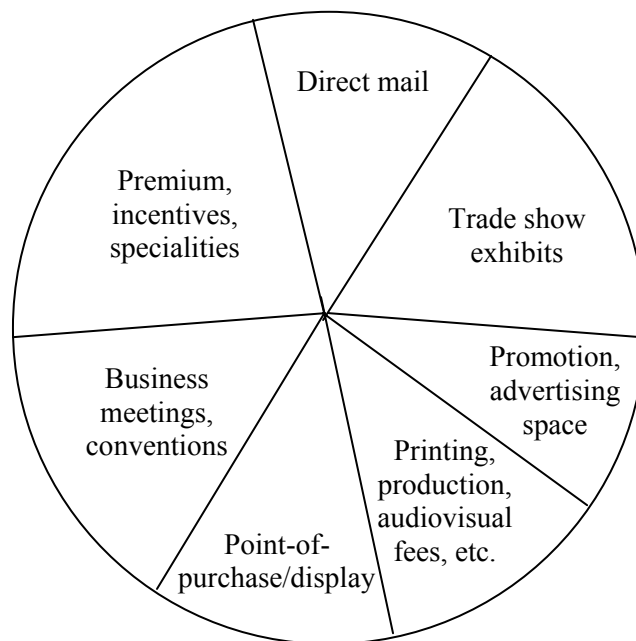


Figure 8. Selected Elements of the Promotion Mix [19].

1.6.2 The nature of communication

The business world has posed many paradoxes. One of the classic paradoxes is that of progress in all fields while real communication has stood still. Productivity has been increased in many areas. Actually, it had to be improved or companies would have been liquidated. All the increases in productivity have been, as a result of technology development, bigger, better, faster machines, greater theoretical and practical understanding leading to improved processes [20]. In selling, however, we have no machines to make life easier or improve productivity.

This is a bitter pill to swallow. Selling is maintaining a well motivated sales force, and the single most important tool at our disposal is communication.

In these situations the demands on us to communicate better are even greater – and we do not. With experience, understanding and technology we should communicate better, but, if anything, communication has taken a backward step. True, we have improved telecommunications – more links, telex machines, satellites, lasers, and computers. The technology of bigger, more and faster has grown at a phenomenal pace. Now that we have all these sophisticated techniques, the pressure is on – we must use them. The real problem is we did not communicate well before they arrived. In truth, we are poor communicators.

1.6.3 Happiness through self-sufficiency

The cultures are created that celebrate, even idolize, the sales organizations, sales associates, and customer service representatives – whoever is in direct contact with the customer. Motivation is created by a blend of compensation, special incentives, and recognition [21]. In direct selling, sales forces are really independent, more self-confident, truly interested in work, and satisfied with their achievements. Learning for both individuals and groups is constant and seen as enjoyable. A psychological principle is that happiness is a by-product of effort and achieved through self-sufficiency. Helping others achieve self-sufficiency creates the highest form of happiness.

Peter J. Clothier describes a successful company in the following way:

Table 1. Portrait of a successful company in 23 words [21].

• Persistence	• Big thinking
• Consistency	• Being yourself
• Commitment	• Professionalism
• Desire	• Motivation
• Exposure	• Inspiration
• Goal-setting	• Association
• Solid foundations	• Education
• Positive attitude	• Delegation
• Self-image	• Communication
• Enthusiasm	• Recognition
• Immediacy	• Integrity
• Auto-suggestion	

Direct selling organizations have learned how to recruit and develop leaders as well as managers. They are highly efficient in motivating people. They accept the need to empower front-line persons, focus on service and celebrate the sales force.

1.6.4 Thinking proactively – thinking in the future

Culture generally refers to creative human activity, including such broad and wide fields as art, entertainment, social structure, and religion. Different definitions of culture reflect different theories for understanding or criteria for valuing, human activity [21].

The first step in creating a culture is to realize that what you do on a daily basis does not help you think about what is needed for tomorrow. You can help a salesperson with a sales call, issue orders, or do account reviews, but to focus on the future you need to get into the future and create a vision of what you want to happen. You need to think in the future. By thinking ProActively about your culture, and asking yourself the following questions:

- What are the keys to success for my company – tomorrow?
- What are the keys to success for my customers – tomorrow?
- What are the keys to success for my salespeople – tomorrow?

Competent sales executives have the ability to see things from all angles and from all perspectives, including their own. We must be able to see into the future. Today is the battle, but the war is won in the future, not today. Victory is ultimately the accumulation of your team goals and objectives for a given fiscal year. By staking out your objectives and measuring the results against these objectives, you have a high probability of success.

1.6.5 TQM – using quality as a strategic weapon

Total quality management is strategic; it is a broad set of processes that enhances your competitive advantages, leads to continuously improving products and services, and result in loyal customers who come back for more goods and services [22]. It is design talking to marketing and sales, secretaries meeting the needs of principals promptly and efficiently, telephone operators responding to customer calls in a friendly and prompt manner. It is executives investing in their staffs' education on quality and skills needed to

perform their work, in an atmosphere in which mistakes are tolerated if lessons are learned from them and applied to making things better. It is a basis belief of the enterprise that each day it can become better and that all employees are infected with the enthusiasm and “religion” of improvement.

1.7 Conclusion

In this part of thesis I went through and explained some of the theoretical basis from marketing and management. Today the marketing and management knows all these components and they are crucial for the companies to be competitive on the market. Permanent development of the economic science, society and globalization is reason to control the theoretical base in praxis.

II. ANALYTICAL PART

2. INTRODUCTION

2.1 Brief overview of the company

PCO company, which is the object of this study, is a Professional Conference Organizer and operates on behalf of a professional association that has more than 20 000 members worldwide with US headquarters, and is divided into sections by geographical areas. PCO has the secretariat for the Scandinavian section since 1977 and have a seat in Copenhagen, Denmark.

The business objective of the company is to organize technical conferences related to plastics. The sector of the market which covers the demand for conferences service by PCO is European or international (English-speaking).

The venues of the conferences are in Europe, primarily in Scandinavia. The potential market then is Europe, most often Northern Europe. The means of sales is direct marketing mail, (direct email and telephone sales). The purpose of the conferences the company organizes is dissemination and exchange of information and networking.

The range of the public which is involved in conferences is connected to the range of the market. This market contains: plastic producers and manufacturers of plastic parts, consumers of plastic parts (automotive, medical, electronic industries etc.), suppliers, scientific and educational institutions.

The main geographical areas such as market sector, location and public are connected very tightly and they represent the backbone of PCO. The whole strategy of the company is related to the proportional relationship between the number of participants and the travel distance. Parallel to each conference exhibitions are held.

The extent of conferences is different, however, typically there are two hundred people attending over two days, twenty speakers and forty exhibitors (internal information resources of PCO).

2.2 Issues of the company

The main issues which characterise PCO are: selling service industry (entry of new competition on the market), economic situation, situation on the market, legislation as well as the demand on the market.

The demand on the market (service) is one of the standards that characterise the behaviour of PCO on the market. This demand to some extent dictates the PCO, in which direction they should move (strategy) and what to do in order to satisfy the needs of the customers. The demand is tightly connected to the economic situation in the home market as well as on the international market. Conferences (and also seminars workshops, etc.) belong to the category of education research and development which is very sensitive to downward and upward economic trends.

The PCO is a service selling organization and hence one of the issues of the company is that it comes under the service market segment. The situation on the service market is changing rapidly because of the consumer's higher requirements on the services (products).

It is important to say, that PCO operates in a service-dominant market, in which exchange processes, relationships, (and intangibility) are essential.

At this point is necessary to define Value-added organization. A Value-Added organization delivers valuable total experience to their customers. This process contains the way he/she approach his/her career, the way you interact with your peers and the way you interface with customers, which determine the level at which your company competes.

The second question is "What is Value-added selling"? It could be described as a business philosophy. It is proactively looking for ways to enhance or enlarge your package for the customers. It is promising a lot and delivering more, always seeking ways to create meaningful value and to exceed customer expectations. In the way as a philosophy, Value-Added selling is proactive: It is everything you do before price becomes an issue. It is all the value you build in on the front-end so that price is less of an issue on the back end.

The third point is that the company concentrates on "Customer-Focused Value". Customer-focused value is viewing what the company sells as customers view it – as value received. It is their problem, their need, their money and a solution with which they must live.

These questions are necessary to be answered by PCO to determine the present situation and propose the strategy which will help to PCO reach these goals in most effective way.

2.3 PROBLEM SPECIFICATION

2.3.1 Value-added creation

The main aim of this part of Thesis is to describe the process of how and where the PCO creates the value-added for the customers as well as for itself. Then the question would be: What are the specific issues in adding the value in PCO service selling?

As usual, there are two parties in this process. The creator of the value – the company, and on the other hand there are the customers who buy this value from the company in the form of conferences, information databases, education etc.

In general, the creation of value-added differs in various fields of the service industry. This is related to the identity of the company (type of enterprise, size of the company, position on the market, etc.) and the competition (home market, international). The shift in focus to services is a shift from the means and the producer perspective to the utilization and the customer perspective. Every company wants to attract the potential customers in specific ways of adding value, e.g. brand, design, colour, packaging, and advertising.

2.3.2 Key players

There are three “Key Players” in my research. The first one is the PCO that organizes conferences; the second and third key players are those, who attend the conferences. On the one side are the companies which offer and sell equipment, machinery, services or materials to the manufacturing industry and on the opposite side there are the manufacturing industry customers who buy these products.

For PCO this means two main types of markets:

- 1) Delegates – represent plastics manufacturing and processing industry and their customers. The potential customers must have a recognised need for the professional / scientific knowledge disclosed at the conference and must feel that the conferences are conducted in more professional manner, offering information at the leading edge of professional/ scientific knowledge, and providing a platform for networking with peers and experts which proves beneficial.

- 2) Exhibitors consisting of the suppliers to the above category represented by the delegates. Strictly speaking, exhibitions are not sales settings. The prime objective is not to sell from display stands. Their main function is to build up goodwill, establish close contacts and pave the way for future sales. Such marketing related contacts are much less sensitive of economic climate in case of recession (market trends).

We know that the primary area of the selling process of PCO is “information”, which is the base for the key players. Hence, I will include in this paper also some theory about Value-Added in information systems.

In my research I will also describe the way in which the company allows access to customers to the information base. This part is connected with creating a network, which will also be part of this paper.

2.4 Theoretical approach

This part describes the main points of my interest. Then I will apply the theory on each of the parts or try to correlate reality with the theory, including personal experience.

2.4.1 Sales force management

Sales force is division of a business that is responsible for selling products or services. Basic Features creates a single environment for managing most aspects of customers, contacts and selling (contacts management, sales process definition, sales planning and support processes, opportunity management, orders management and customer call management)

Type of the enterprise

Theory says that the diverse nature of buying situations inevitably means that there are many types of selling jobs. Selling varies according to the nature of the selling task [23].

PCO company is sales-oriented. The main issue here is not how to organize but how to ensure that this service is sold. This is influenced by the degree of demand for the product on the market. The best way of measuring the demand is to study the market. By means of this research PCO gathers the information about where in the market the specific categories of potential customers are situated, and who are interested in the product, which is organization of conferences.

Conferences

The service the PCO provides is a platform for networking and education. There are two parties who meet at conferences. On the one hand the speakers presenting information and offering expertise related to their projects (products, services, technologies, solutions), on the other hand there are the listeners who are interested in new ideas, technologies and products. In the end, there should be developed a basis for collaboration between companies with common interests. The overall purpose of conferences is networking and exchange of information on an advanced level.

PCO's own conferences

In case the PCO organises its own conferences, it also establishes the conference programme. This includes:

- Doing the research,
- Identifying the speakers,
- Selling the conference to the delegates, and exhibition stands to the exhibitors,
- Undertaking all aspects of economy (from establishing a budget to presenting the final balance sheet).

Conferences for third parties (example)

When PCO organises events for other organizations, these may undertake various parts of the organization process, e.g. identifying the speakers. Such third-party conferences are organised for:

- Professional organizations,
- Trade associations,
- Companies.

Type of selling

The PCO selling function can be divided into several areas, as shown in Figure 10. Part of selling is conducted by people/companies who have self-interest in the conferences.

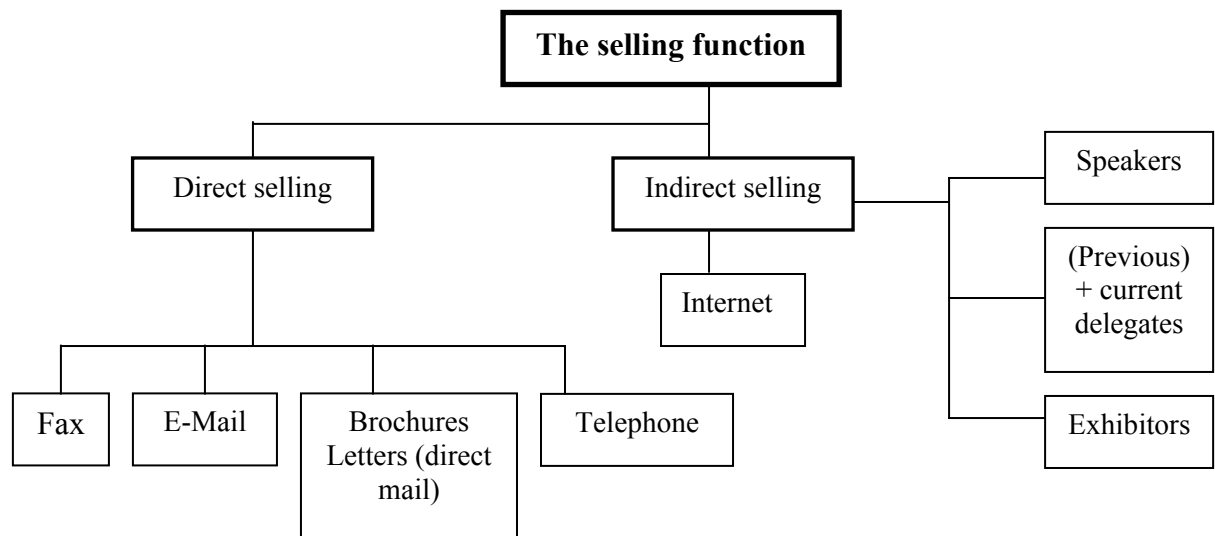


Figure 9. Type of selling function of PCO [24].

Direct selling is the sphere where the company is selling to its customers by means of tools like fax, e-mail, letters and direct mail, and telephone.

Indirect selling represents the spheres where the factors are situated that are necessary to run and sustain the conferences and it is also the sphere where the customers are buying the services from the company. Mainly through the Internet, because the potential customer can find the information about coming conferences there. Through the Internet the customers can search the database which contains materials from previous conferences.

Both spheres, indirect and direct selling in the function of PCO are important tools of promotion.

2.4.2 Structure of the sales force management

Every company has its own management structure. Often the structure is developing from its embryonic beginnings, when there were probably few customers and products (services), and very few personnel managed by a single sales manager. As the sales volume increases and the product (service) complexity grows, a larger, more sophisticated organization will be required to handle workloads or provide additional support functions.

A further stage of development typically occurs as sales grow to new levels, and it is felt necessary to split the sales function into more supporting divisions. The structure adopted will vary according to the nature of the market.

Any particular organization structure should have scope for flexibility to take account of and develop with environmental changes.

PCO management structure

PCO operates its own conferences in the framework of Society of Plastics Engineering (SPE) Scandinavia, a section of a worldwide professional learned society.

Management structure is a strand of the sales force of PCO. The sales force and market dynamic helps management make better sales force design decisions [25].

The management structure of PCO is demonstrated in Figure 11. Most activities are outsourced to subcontractors)

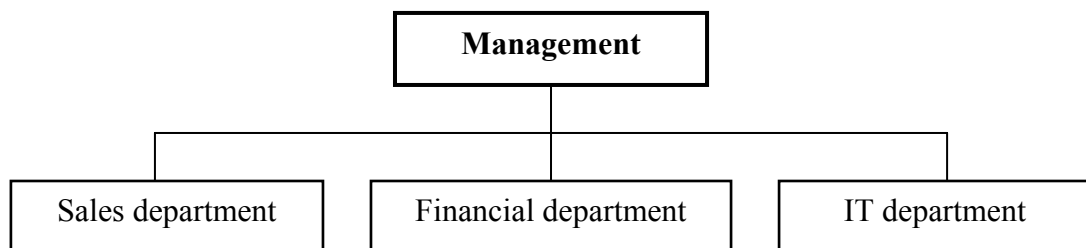


Figure 10. Management structure of PCO [25].

2.4.3 Market description

The company in its offer must keep several points in mind:

- The potential delegate must regard the conference as an important/vital professional source of topical and valuable information on important subjects;

- The potential exhibitor must expect to benefit from the exposure of his company's products at the conference exhibition, and
- The potential delegate/exhibitor must regard the conference as an important/ vital professional forum to get to know their peers.

In other words the potential delegate must regard the conference as a platform for "Professional-Networking" (personal interest as well as company interest), and forum to discuss views / problems with colleagues from the same area. In this view, the company in question can be characterized in the following way:

- PCO has competition from other private enterprises working in the same area;
- Competitive events are either national (domestic), or international conferences, some of them in English, other with simultaneous translation;
- Half of the profit (fees) comes from exhibitions (the stands), an income which is more stable and less influenced by upward and downward trends in the economy;
- The territory for the conferences is mostly European, but also overseas where the competition is higher;
- There are no market leaders. The market is characterised by many small PCO companies (suppliers). They fill various niches in the market (specialization);
- The price calculated by PCO companies is not transparent so it cannot be compared. The prices are based on experience and on what the market will tolerate. They depend on the type of conference and of people attending the particular conference.

Sales environment as customers adapt to their changing environment so the sales function has to adapt to the forces, such as rising customer expectations, negotiation between buyers and sellers, the expanding power of major buyers, globalization of markets and fragmentation of markets.

2.5 Sales Strategy

In today's economy, big and small businesses are seeking every opportunity to win sales through competitive advantages. Smart owners of small business know a sales strategy can create a competitive advantage.

Selling consists of two main functions: tactics and strategy. Sales strategy is the planning of sales activities: methods of reaching clients, competitive differences and resources available. Tactics involves the day-to-day selling: prospecting and sales process.

2.5.1 SWOT analysis

For PCO to be effective it is important to recognize the fact that sales activities need to take place within the context of an overall strategic marketing plan. The strategies and tactics may be implemented and assessed from the stand of framework of PCO-wide objectives and strategic planning processes.

The PCO thinks in terms of what its customers want and need. The process of business planning is extremely important not only in terms of immediate planning, but it forms a focusing mechanism for much of what follows.

As written before, an inevitable part of business activities is research of the market. The PCO do the market research by means of questionnaires. From them almost all information needed for adapting and satisfying customers needs can be obtained. A next very important point when establishing a sales strategy is to carry out a market analysis and analysis of strengths/weaknesses, opportunities and threats (SWOT). Swot analysis for PCO can be found below.

Table 2. SWOT analysis of the PCO company.

Strengths

- Trusted source of information
- Strong local partnership
- Identify niche markets
- Customers and community value PCO
- Marketing plan
- Highly skilled passionate members
- Strong community support
- High percentage membership
- Website
- Membership fees
- Strategic plan developed
- Good conferences in the past

- Partnership developed
- Highly skilled staff
- Expertise in technology
- Openness to new ideas
- Commitment to sharing
- Conference an excellent forum for learning /networking
- Database of members
- 30 years of track record
- High visibility and recognition

Weaknesses

- Low membership active participation
- Geographic spread
- Over reliance on e-mail
- Not a leadership role
- Not everyone able to fully participate / distance
- Lack of links with associations for info updates

Opportunities

- Professional development
- Fluctuation of the market
- Sharing resources
- Update membership on database
- Update web page
- Information dissemination
- Create a unified body and where build relationships
- Stress importance of participation of all members
- Partnership / sponsorship
- Think on several levels, local, state, regional
- Investigate how other associations fund and organize
- Strengthen relationships with other organizations

Threats

- Low expectations
- Reducing membership
- Members feel not listening to needs / not being heard
- Low priority for decision markets
- Loss of local autonomy
- Lack of resources
- Competition (other associations or PCOs)
- Volume of information – not kept up
- Reduced income
- Fluctuation of the market
- Email only: not always read and or received
- Other groups

A scan of the PCO's internal and external environment is an important part of the strategic planning process. The SWOT analysis provides information that is helpful in matching the PCO's resources and capabilities to the competitive environment in which it operates.

From external analysis, the strategy of PCO is consistent with the market environment and that is the core basis for the success of the company. The better correlation the PCO establishes between its strategy and the market environment, the better the results will be.

In internal analysis PCO finds out its strengths and weaknesses as well as specific advantages (strategy, techniques, procedures etc.), which could enable the company to differentiate from the competition.

2.5.2 Market segmentation

PCO has to take into account that any company's customers are heterogeneous with varying needs and requirements. Market segmentation involves identifying different groups of customers with similar characteristics. Various customers are divided into smaller groups with common characteristics.

Heterogeneity of the entire market becomes homogeneity by segments.

Segmentation provides PCO with opportunities to increase its effectiveness. It would be easier to treat all customers the same way, but it is much more productive to prioritise customers and to customize products, services, positioning and selling effort for individual segments.

The aspects of categorizing customers are following:

- **Industry:** plastics processing industry.
- **Customer size:** individuals, companies.
- **Customer behaviour:** the customers are in the position as innovators and followers (new technologies, solutions).
- **Geography:** primarily Europe (Scandinavia), international.
- **Application:** attract customers into conferences.
- **Benefits:** information databases, education.

- **Customer capabilities:** knowledge and skills
- **Usage situation:** networking and exchange of information.
- **Contribution to profitability:** how much money can be made selling the conferences to the customers.

The PCO's approach to segmentation for developing go-to-market strategies is one that generates segments whose members require similar customer attraction and retention activities, and hence similar essential work. After PCO establishes go-to-market strategy (accounts, segments), the most affordable selling tool is chosen (direct mail, E-mail, telephone, etc).

2.5.3 Management objectives

Objectives should be set and agreed at the company (PCO) level. The objectives should be mutually compatible between departments, and all focused towards promoting the achievement of PCO objectives. Once the PCO objectives are established, then each department should produce a plan with its own objectives. That way each person sets goals and objectives within their own sphere of responsibility that contributes to the overall achievement of PCO objectives. Within the sales the objectives should be specified for the product, customers and territory.

Just like a tangible product, a selling service must satisfy the needs of the buyers. However, their benefits are much less tangible than a physical product that can be stored or displayed, and satisfaction is achieved through activities [25]. In the case of PCO it is organizing conferences, i.e. a service.

The conference (meeting) should have a clear purpose and agenda, established in advance in order that all the inputs focus on the purpose.

The main purposes of the conferences (meetings) are:

- **Participation** – This promotes relationship building (PCO/customers).
- **Problem resolution** – identifying and evaluating alternative options.
- **Instructions** – importing new information, data, training, policies and programmes.

- **Motivation** – focusing on performance feedback, encouragement, productivity, improvement and exchanges of experience and ideas.
- **Exploration** – testing new ideas to improve productivity or performance or promote the achievement of goals and objectives.

The PCO builds its strategies on these points [25]. When all these questions have been answered, then the company will know what the customers expect from a particular conference and it can start to build the most suitable strategy to accommodate customers' needs.

2.5.4 Communication

Good communication is an important issue in relation between PCO and the customers. The means of communication selected by PCO depends on:

- The amount of time available to achieve the objective,
- The degree of urgency of the subject matter,
- The range of media available (telephone, electronic mail, postal service),
- The complexity of the subject matter to be communicated,
- The volume of contacts.

The main means of sales of PCO is direct mail, email and telephone. The subject matter of sales (communication) in PCO is information. We have to take into account that information has attributes which make it quite different from other resources. Such differences tend to heighten the difficulties of placing a value on information.

An important factor for PCO in the effectiveness of a direct mail campaign is the quality of the mailing list. Perhaps the most productive mailing list is that of PCO's own customers, i.e. previous participants. This is because of the existing relationship that the company enjoys with its own customers.

Customer behaviour, such as services (conferences) purchase, frequency of purchase and expenditure can also be stored in the company's database.

In direct mail management, these questions are usually asked:

- **Who** is the target market? Who are they trying to influence?
- **What** response is required? A sale, an enquiry?
- **Why** should they buy or make an enquiry?
- **Where** can they be reached? Can we obtain their home or working address?
- **When** is the best time to reach them?

Direct mail allows specific targeting to named individuals. The more the PCO will target a specific group of people, the more potential customers will be interested in a promotional offer. The effectiveness of direct mail relies heavily on the quality of the mailing list. In this term, direct mail should be viewed as a medium to long-term tool generating business from a carefully targeted customer group.

2.5.5 Territory management

Territory management is based on adopting common management principles at the level of the territory, i.e. goals and objectives, targets and forecast, strategies and tactics, sales and marketing.

PCO is focuses on two main territories. The first is the Scandinavian (home) section, the other is the international territory. On both markets, PCO concentrates on service specialized structure and customer-based structure. The former of selling contains conditions which are conducive to the form of organization and territory the company's services, and the area where the key members of the decision-making unit are situated. The latter, customer-based structure is more specialized in account size structure. For instance, the focused groups (account) are health care products manufacturers and their suppliers. At the core of field the sales activity is customer targeting. The role of customer targeting is to ensure cost-effective deployment of sales resources by identifying and classifying customers.

In targeting customers, the following questions are central:

- How many potential customers do we cover?
- What proportion of the trade channel or product category users do they represent?

- Are they the best users for our subject field?
- Do we inform them enough or too often?

Achieve optimal results from a portfolio of customers, through effective use of processes and tools to analyze, classify and allocate appropriate time and resources to plan call cycles, account development and prospecting activities. The Territory Manager is responsible for a portfolio of accounts, and is an important intermediary between PCO and the customers. In addition to selling skills, account management, planning, profiling, territory analysis, prospecting and influencing skills are required from PCO to maximize customer relationships.

2.5.6 Key account management

Key account management is a strategy used by PCO to target and serve high-potential customers with complex needs by providing them with special treatment in the areas of marketing, administration and service. Key accounts are e.g. medical device manufacturers, pharmaceuticals manufacturers, product distributors, process equipment suppliers, diagnostics manufacturers, plastic part manufacturers and consumers (e.g. automotive industry), manufacturing service providers and raw material suppliers. If PCO wants to designate key account status, a customer must have high buying potential. A second characteristic is that PCO must take into account the buying behaviour, e.g. large decision-making units with many choice criteria, often found in dispersed geographical locations. Third, key account status is more likely to be given to customers willing to enter into a long-term alliance or partnership.

The major responsibilities of key account management are planning and developing relationships, mobilizing personnel and other resources, and coordinating and motivating the efforts and communications.

The success of key account management in PCO is based on:

- Integration of the key account programme into the company's overall sales effort,
- Management understanding and support of the key account unit's role,

- Clear and practical lines of communication between distant sales and service units,
- Establishment of objectives and missions,
- Compatible working relationships between sales management and field salespeople,
- Clear definition and identification of customers to be designated for key account status.

Several advantages for PCO with key account management can be identified:

- Close working relationship with the customers,
- Improved communication and coordination,
- Better follow-up on sales a service,
- Higher sales,

However, there are also some potential dangers. For example:

- The risk of pressure on profit margins if a customer chooses to abuse its key account status,
- The possible danger of a customer demanding higher levels of service,
- Focusing resources on a few key accounts may lead to neglecting of smaller accounts, some of which may have long-term potential.

The development and management of a key account in PCO can be understood as a process between buyers and sellers. The typical progression of a buyer-seller relationship based upon the nature of the customer relationship and the level of involvement with customers. The easiest way in which the process of development in relationships can be seen is to show it on key account management relational development model.

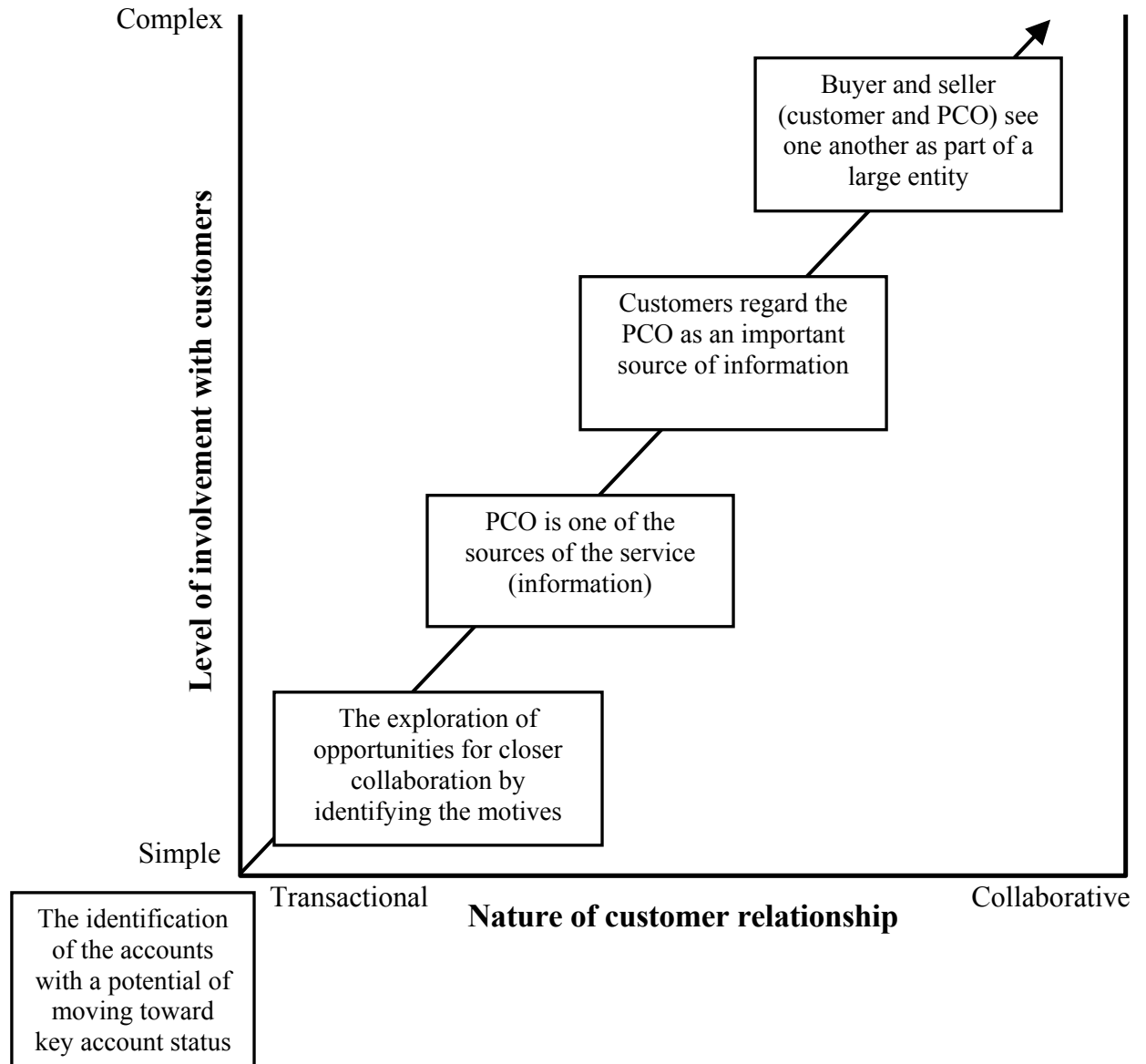


Figure 11. Key account relational development model of PCO [26].

The progress can, however, be also opposite, starting at any stage of the scheme. The final stage then is called “uncoupling”. This is the stage where the interaction between PCO and customers cease. The danger of uncoupling is acute in the exploration stage when a single point of contact prevails.

The whole strategy of PCO is primarily based on key account management. It makes the information base for PCO, which the company uses to focus on and select the potential customers who are interested in the field of PCO’s conference subject matter.

PCO is building strong customer relationships by means of personal trust, technical and resource support, and service levels. For developing and managing key accounts PCO has to do market research, and from this point the value chain process is started.

2.6 Value-Added selling

Value-added selling is a philosophy of doing business. It is proactively looking for ways to enhance, augment or enlarge your bundled package for the customer.

2.6.1 What represents Value-Added in PCO

Value-added measures the wealth of the company. Various advantages are claimed in favour of the value-added with the suggestion that it may become an innovation for PCO.

Value-Added can serve as:

- The measure of wealth created by the company,
- A ratio component in financial analysis and prediction of important economic events of interest to the company,
- The measure of the size and importance of the company,
- Means of collective bargaining.

The last item should be discussed in more detail. Value-added information can affect the conduct collective bargaining and hence the company's future labour costs. Unless such changes in labour costs cancelled by increases in the values of output, company earnings will also change. So, on the presumption that we are able to show that value-added information may affect collective bargaining, we can also deduce that it is potentially useful to investors for forecasting a company's earnings and hence the expected returns and total risk associated with securities.

2.6.2 Value-added model

Value-Added can be simplified in a model with three basic parts as shown in Figure 14.

Table 3. Value-Added model [9].

User	Interface	System
Problems which establish the criteria of choice	Display of values added by system to assist user in making choices	Specific processes that add specific values

As can be seen, the parts are the *user* or client, the *interface* between the system and the client, which in the user-driven approach is labelled “negotiating space”, and the *system* which is defined as a coherent series of value-added processes producing varying outputs.

The *user* is defined as an agent who actively seeks (or receives) information from a formal information system in order to achieve some objectives, either personal or related to the organization in which he or she works.

An important point in such processes is that the output is not the same as the input. The information chunks being processed are altered by various activities which make more value to the client than they would have been without the performance of those activities.

2.7 Information systems and access to the database

PCO company informs its customers about conferences through information systems. Most information is placed on the web pages of the company the second type of informing is sending direct emails or direct mails with brochures to the customers, including potential ones.

Customers have access to the information base in three ways. The first one is participating at a conference, the second one is access to the database of Society of Plastics Engineers and the possibility check the events and conferences (research papers, presentations) through the Internet. Finally, the possibility is to purchase a CD, which contains papers, presentations, abstracts (brochures, posters) and the profiles of the speakers.

2.8 Conclusion

“Sales system” is a term that is difficult to apply to most company's sales efforts. Typically, the way that a sales person does his/her job varies tremendously from person to person, with no attempt to identify or expect the “best practices” that will take a sales person's performance to higher levels. The “do-your-own-thing” mentality often extends to the manner in which branch or sales managers interact with their sales people as well.

While this *liaise-faire* approach may have been appropriate in earlier times, highly competitive economy demands a more organized and responsive approach to sales. While the concept of an independent, entrepreneurial sales force sounds good in concept, the reality is that *liaise-faire* management produces sales people who are content to remain in comfort zones, and managers who are frustrated and reactive.

To compete and thrive in the 21st Century economy, PCO need to have a sales force which is directable, flexible, and highly productive.

III. PROJECT PART

3. PROJECT: PROPOSAL OF THE IMPLEMENTATION OF WEB ANALYZER AND ANSWER TOOL IN PCO COMPANY

The following part of the Thesis provides, after a short introduction, analysis of the readiness of PCO company to introduce the suggested programmes, which should support the company's Value-Added creation through enhanced efficiency of the information provided to customers. The two proposed programs are 1) Answer tool software, and 2) analyzer of the customers' interest through log-ins. Implementation of both programs is designed from time and cost points of view.

3.1 Purpose of the research

Exploratory studies are a valuable means of finding out what is happening, seeking new insights, asking questions and assessing phenomena in a new light [27]. Their advantage is that they are flexible and adaptable to change. An exploratory study is used when a problem is not well-known, or the available knowledge is not sufficient. The study should be designed by stating the purpose and the criteria to consider the exploration successful.

Descriptive research on the other hand, should be portray an accurate profile of persons, events or situations. This may be an extension of or a forerunner to a piece of exploratory research. The goal with the descriptive study is to develop careful description of different patterns that were expected during the exploratory stage.

The third type is explanatory research. It makes complicated issues understandable by presenting how their components fit together according to some rules. The goal of an explanatory study is to develop a theory that could be used to explain the empirical generalization developed in the descriptive stage. The emphasis in explanatory research is on studying a situation or a problem in order to explain the relationship between variables. The study is considered explanatory when the focus is on cause-effect relationships, explaining what causes have what consequences.

The purpose of my research includes all these aspect: explorative, descriptive and explanative. The research is explorative because little investigation has been conducted in the area of how the Internet is used as a strategic tool in e-CRM and with the help of exploratory research I will prove my understanding of the problem. Moreover, I will describe the problem, so my study is also descriptive. Finally, my research is explanatory

as well because I am going to answer how and where PCO company creates the value-added for both the customers and for itself.

3.2 Dimensions of Internet service quality

The conceptualization and assessment of service quality continues to play an important role in marketing for both academics and practitioners alike. The software was developed in an attempt to measure how customers perceive the quality of a service. The most recent version of this scale comprises five dimensions: 1) tangibles, 2) reliability, 3) responsiveness, 4) assurance and 5) empathy. Current discourse among marketing academics and practitioners suggests that in order to accurately assess service quality in different areas, modifications of the software may be done.

The Internet has an inevitable role in economics, however, although the number of individuals purchasing products over the Internet continues to increase, the decline and failure of such high-profile e-commerce sites help to emphasize the importance of maintaining a high level of services quality in this highly competitive venue. Through Internet users, this study attempts to fill in this gap by developing a preliminary set of five Internet service quality dimensions on which PCO should focus. They are specified below.

Table 4. Dimensions of Internet service quality [28].

Dimension	Description
<u>Performance</u>	How well does an online marketer accomplish the set of tasks that customers expect it to perform?
<u>Access</u>	To what extent does an online marketer provide a wide variety of products from all over the world?
<u>Security</u>	To what extent does an online marketer foster perceptions of trust, assurance, and freedom from risk?
<u>Sensation</u>	To what extent does an Internet service provider pay attention to aesthetic aspects of the online shopping experience?
<u>Information</u>	What is the nature of information provided by an online marketer?

Performance

Customers must be confident of a firm's ability to confirm process and deliver their online order correctly and speedily. If mistakes occur, the company must be able and willing to put matters right with minimum problems to the customer. A further aspect of performance is that the customer expects Web sites to load quickly and be easy to navigate.

Access

Customers expect to be able to access a wide assortment of models and brands within a given product/service category. Clients highlight the Internet's ability to provide convenient access to products/services from all over the world. Having access to a wide variety of goods/services at one Web site reduces the need for customers to move to another site.

Security

Customers' most significant security concern is the risk involved in using credit cards when purchasing online. Some people also expressed fears that their Internet activities could be monitored, perhaps by the government, marketing organizations or the Internet service provider. They were also concerned about being placed on mass mailing lists and then bothered by spam mail.

Sensation

Many people have an idea that shops offer an environment which the Internet cannot replicate (one of the main issues of PCO company). In particular, they like to be able to see and touch the merchandise. On the other hand, some people preferred Internet shopping because they did not have to deal with a salesperson. Online retailers who offer sales assistance may wish to provide their regular customers with the option of automatically connecting with a salesperson or shopping on their own.

Information

Most people use the Internet for checking product availability and comparing prices, features and quality. While many people welcome the Internet as a powerful and convenient research tool, others say that online searches bring up either too much or too little information, or information that is irrelevant.

3.3 Description of online environment

The aim of the first question is to investigate the determinants of a successful online (Website) environment. In e-businesses, too much attention is pay to the aesthetic design of the website, which ends in looking amazing but actually causes frustration because customers have difficulty in finding what they are looking for. So, in this point I will describe what can be added to increase the value of the website.

My research will based on a model “Dave Determinants of a successful website” [29]. In this model indicated five major categories of website design, which are page loading speed, business content, navigation efficiency, security and customer focus. Then they identified how to create an effective website using these points of view. In this model the components of a website are more extensive than in other theories. The categories, like page-loading speed, have been elaborated thoroughly and the factors, which are helpful for each item, have been precisely described. Security issues are also discussed in a way that can better match the concerns of security. The recommended rules are given in the following

Table 5. David King - Determinants of a successful web site [29].

Page-Loading Speed	○ Keep graphics simple and meaningful ○ Limit the use of animation and/or multimedia plugin requirements ○ Use thumbnails ○ Provide ‘text-only’ choice ○ Use progressive rendering
Business Content	○ Use clear and concise text with proper spelling and grammar to describe the business ○ Provide contact information on each page ○ Use simple background colors and textures ○ Provide free services or useful information ○ Make regular changes to the site ○ Limit registration forms and the amount of requested information on them ○ Jokes on the site ○ Create a Frequently Asked Questions (FAQ) section ○ Avoid ‘Under Construction’ signs

Navigation Efficiency	○ Use well-labelled, accurate (no broken) links ○ Avoid the use of frames ○ Keep navigation consistent ○ Provide an effective search engine on the site ○ Use distinctive hot buttons ○ Use long pages with links rather than subsequent pages ○ Use site maps/guides if the site has many underlying pages ○ Avoid links that open up new browsers or pop-up ads
Security	○ Stress the use of security ○ Protect your copyrights ○ Generate a confirmation page after a customer makes a purchase
Customer focus	○ Be up front about business practices ○ Use an auto responder ○ Write the Website in English or give the English choice

Following the principles given by Dave Efrain will help create user-friendly web pages, which in turn will contribute to better company – customer relationships.

3.4 How are the customers served in this online environment?

The purpose of second research question is to investigate how customers can be served in an online environment. Online customer services help the customer by providing more non-sensory information than is possible in brick-and-mortar retail stores. To find the answer, I used a frame of reference of services by Eunyoung & Leslie [30]. This frame gives a deep understanding of customer service components for online environment which could help to meet the users' requirement. The components used in this model cover most of the area of customer services, which helps to increase customer satisfaction. The authors first discuss 'placing order', then they define the components of 'placing order', which clearly describe one area of customer services. Similarly, this model depicts other areas of

customer services, like payment option, shipping information, return policy, interactive services and web policy. More detail are given in the following table.

Table 6. Frame of Reference of services [30].

Placing Order	○ Number of order method (online ordering, phone, mail, fax, catalogue quick order) ○ Order Status ○ Confirmation of product order by email
Payment Option	○ Number of credit card accepted ○ Offline payments ○ Pay later
Shipping Information	○ Shipping and handling Information ○ Number of delivery option ○ International shipping ○ Sales information
Returns	○ Money back guarantee ○ Convenient returning information ○ Returning methods
Interactive Service	○ Email ○ Toll-free number ○ Interactive chat function ○ FAQ ○ Site map ○ Shopping Help site
Web Policy	○ Privacy ○ Security policy ○ Company information

Developing a relationship with online customers is much more challenging than developing a relationship with customers in a traditional store. In a non-internet environment, sellers often have the opportunity to greet customers personally, lend a helping hand, and answer any questions they may have on the spot. Personal interaction allows sellers to gain insight as to a customer's unique personality, interests and needs.

Assessing personal characteristics and needs is much more challenging in the online environment. That is why it is so critical for an online business to establish trusting and enjoyable relationships with customers.

3.5 Necessities

After the general introduction I will concentrate on the company which is to be analyzed.

3.5.1 Business plan

The service PCO company provides is a platform for networking and education. There are three main sections on which PCO focuses:

- 1) Pharmaceutical and medical packaging - the programme is directed to those in the pharmaceutical and medical device industry who are involved in packaging and distribution; professionals who are responsible for the development of new products and their packaging and labelling, quality assurance and regulatory affairs managers, purchasing managers, production managers, audits or supervisors and advisors from the public sector, as well as the people in the packaging manufacturing industry.
- 2) Medical plastics - the programme is intended for those in the medical device industry who are involved in the fields of production, design and development of the product, materials, quality assurance and testing.
- 3) Injection moulding – The programme is designed for workers in the moulding industry who are involved in any aspect of the production of injection-moulded parts and to those who have an interest in discovering the advantages that the new and emerging technologies can offer.

The conference programme is also aimed at professionals in the industries, which consume plastic parts, such as the electric, electronic, mechanical, automotive, medical and household appliance industries, amongst others.

Section topics

For each event (conference) a programme created involving expert speakers from throughout Europe who address a variety of highly stimulating issues. The subjects can be:

- | | |
|-----------------------|------------------------------|
| - Materials | - Labelling |
| - Design | - Child resistance |
| - Processing | - Anti-counterfeiting |
| - Migration | - Biological evaluation |
| - Extraction | - Bioactive materials |
| - Testing | - Validation |
| - Device applications | - Research and development |
| - Sterilisation | - In-mould decoration |
| - Accessibility | - Micro and nano replication |
| - Legislation | - Multicomponent products |
| - Anti-counterfeiting | - Foam moulding |
| - Shelf Life | - Process control |
| - Advanced materials | - Metal injection moulding |

Sections and potential customers

PCO company operates on behalf of a professional association that has over 20 000 members worldwide with US headquarters and is divided into sections by geographical areas. Therefore, there is a group of permanent customers.

However, the point is not only to keep the current customers, but also to address new, potential customers. To learn more about them is to analyze their behaviour on the website.

Here are some tips that are in connection with my project of implementation the Absolute Log Analyzer:

- How the potential customers get to know about PCO?
- What are their first impressions on PCO's web pages?
- In which section on the web pages are they most interested in?
- How many times a day, week and month do they visit the web pages?
- Which topics of the previous and future conferences are they interested in?

- Are the customers satisfied with the services provided by PCO and what could be done better?

There is a lot of other information that could be useful for PCO in its strategy to attract more and more customers and be competitive on today's market. The Absolute Web Analyzer offer huge possibilities in gathering this information on the PCO's web pages and subsequently analyzing it.

Use of e-metrics

Various software is used to analyze the website visitors' behaviour.

The most popular and mature programs are page hits, visit frequency, page views, web site security and active pages. They are mainly used for assessing operation performance and marketing support and are seldom used to support strategic planning.

Companies are constantly attempting to increase the customer value while obtaining a reasonable return on investment (ROI) through their web-based services. However, web metrics that repeal business value have a very low deployment rate and few plans exist to increase their use. The target group for this study suffers from a lack of available/affordable tools to capture necessary e-metrics data for this purpose.

At present e-metrics are in the early stages of evolution for small and medium-size companies. Most metrics collected are constrained by data processors and application service providers' capabilities. Only 25% companies use formal tools (software packages) for collecting e-metrics and web analytic data. However, successful web-based service implementation stories (such as my project study) demonstrate how the balanced use of internal metrics and customer-focused measurements provide a sustainable advantage in the e-business journey.

Application and Database Management

Designing, developing and maintaining efficient databases and applications on the mainframe is not an easy task. The size and complexity of today's databases and environments make it a constant struggle for database administrators to simply keep up

with routine maintenance for critical applications. Even the best-designed applications experience degradation after they have been in production for a period of time, because the database environment and applications are subject to constant changes. The cost to organizations can be measured in thousands or millions dollars per hour when essential data becomes corrupted or unavailable because of application failures. The worst case scenario of a site disaster could potentially close the doors, virtually or literally, of a business forever. The mainframe management application and database management solution enable customers to reduce their total cost of ownership for managing large and complex database environments by increasing personnel productivity improving application reliability and performance and by ensuring the availability of critical business data. The security of customers' data is a top priority for PCO. As PCO creates database objects, it might consider who will use them and what types of activities the users should be allowed to perform with the objects. These activities might include viewing, modifying or deleting database objects or information. Database security is primarily an issue in a multi-user environment, although PCO can also secure databases that are stored on a single-user computer.

3.6 Analysis of PCO present situation

At present PCO run its web pages that have been recently innovated and new information added. These web pages are offered to the current and potential customers. The customers have a possibility to examine the whole conference programme which is placed on the web. There is also a possibility to send an email to PCO to ask some questions about the services and conferences. However, from my point of view this process is a little lengthy and not always the worker is able to respond exactly to the questions of the customer.

The present state of obtaining information is that the customer has to contact PCO by sending an email with information about themselves (name, e-mail and contact address). There is also a possibility to contact PCO by phone, but my research is focused on information technology and its improvement. When the question has been asked, the PCO's worker finds and sends the required information to the questioner. This process could be speeded up by using an Answer Tool.

The next step is to implement the Absolute Log Analyzer. This software will help the company to gather information about the visitors of its web pages, and subsequently to supply the customer with exact information of his or her interest.

The description and features of the application software are specified in the following chapters.

3.6.1 Shortcomings

By the analysis of the present situation I identified these deficiencies in informing customers and their participating on conferences:

- Membership active participation is low (reducing membership)
- Over-reliance on E-mail (not always read and/or received)
- Not everyone is able to fully participate (e.g. because of the distance)
- Lack of links with associations for info updates (volume of information – not kept up)
- Members seem not to listen to the needs / not to be heard.

These deficiencies results from SWOT analysis, which is specified in chapter 2.5.1 - type of sales strategy.

3.7 Planning phase of the software implementation

The objective of this phase is to specify the goals, structure of the object, and procedure of project. It is important to keep in mind that three viewpoints must be followed in every part of the project: the manner, schedule and costs.

The specification of the project will start with description of the software suggested to be implemented to CPO information system.

The current situation in informing the customers is illustrated in Figure 11.

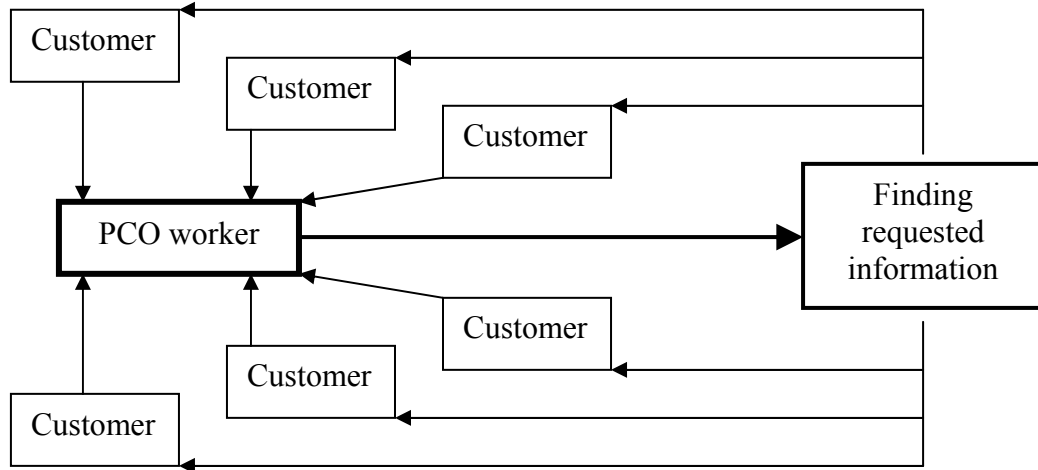


Figure 12. Current information system in PCO.

However, as the system is slow and inefficient, I propose an implementation of Answer Tool software. The situation after innovation is depicted in Figure 11.

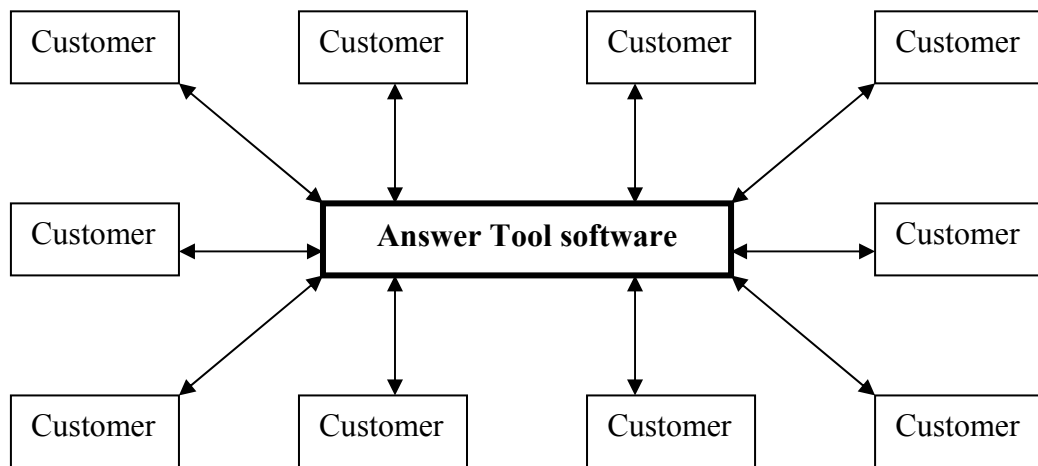


Figure 13. Innovated information system.

3.7.1 Answer Tool software

Answer Tool has one simple aim: to make answering many emails a much faster and more productive process, and in this it succeeds brilliantly. Answer tool is one of those rare software products that you open for the first time and can use immediately. It comprises simplicity and power in one. There are few hidden features to get to grips with, although there are also 'hot keys' to make the work easier [31].

Answer Tool not only significantly reduces the time taken to reply to support requests, but also ensures more accurate and targeted support responses. Support staff

chooses their predetermined answers and combines these with personalised replies that address issues far quicker, and often more accurately, than replying to multiple email support requests individually. It does not mean that Answer Tool makes support email responses a fully automated process [31].

The answers you cut from your Answer Tool files can be either pasted and presented in HTML format, or easily and automatically stripped of all HTML content and pasted as plain text (plain text is a safer option if you are sending information to a broad user base, as some companies restrict incoming email in HTML format).

The purpose of the Answer tool for PCO is reduction of the time which is necessary to contact potential customers as well as the current customers. Next point is to inform the customers more precisely, which should be ensured by the application of another program.

3.7.2 Absolute Log Analyzer

Absolute Log Analyzer Pro is a sophisticated Windows-based log processor designed to uncover valuable information about website traffic that may otherwise lay hidden in log files. The program is designed for website owners and web designers.

Website log files are generated by a web server, and contain a record of website activity. Every time a person visits a website, a log file is updated with the visitor's information by the web server. A single HTML page usually includes many graphics and other associated files, and therefore results in many entries in the log files, which can be downloaded and used to generate useful statistics. This is commercially valuable data that provides information about who is visiting a website, how they get there, where they go, and what files they request. In turn, this shows the webmaster how their site can be restructured and improved.

Web logs are usually saved in a 'raw' text form which is impossible to read without the aid of a log analyzer. The job of a web analyzer is to demystify these logs and present the information in meaningful ways [32].

There are essentially two kinds of log analyzer available. Those that carry out their tasks on the web server (usually script-based applications), and those, like Absolute Log Analyzer Pro, that are exclusively client-based and used on a local computer. Some commercial software products deliver both client-side and server-side log analysis solutions.

Absolute Log Analyzer provides 160 reports that uncover the way visitors and files at a website are delivered, instant customisable filters, parsing filters, and remote log file import. The software recognizes more than a hundred search engines including the most significant like Google and Yahoo. This allows the webmaster to view information about search words and phrases, which assists in their Meta Tag implementation and content editorial.

Absolute Log Analyzer's traffic statistics appears in charts and tables, and all reports are delivered via a simple explorer type 'report tree'. An original Get Stats interface and support for FTP/HTTP protocol allows the webmaster to easily retrieve and analyse remote log files. The analyzer recognizes the majority of log files formats (Microsoft IIS, Apache combined, and W3C Extended) automatically, and there is also the ability to specify a customised log file format for non standard log files.

Absolute Log Analyzer imports data into its optimized proprietary database. This allows to incrementally update the statistics as new log files arrive, and makes it simple to zoom in on a particular quarter, month, week, or day.

Specific properties and abilities of the suggested software are given in Figure 13.

Table 7. Absolute Log Analyzer Features [32].

Working with logs	
Available log file formats	W3C Extended, Apache/NCSA Combined, Microsoft IIS, Common Access Log Format, <i>Custom</i>
Automatic log file format detection	Yes
Log compression support (import and recompression)	ZIP (import only), GZip (.gz), Bzip2 (.bz2)
Command line support	Yes
Work with local log files	Yes
Remote import of the log files via FTP	Yes
Work with gs.dll interface (HTTP interface for remote compression and retrieving of the log files on Microsoft IIS servers)	Yes
Working with web site statistics	
Easy for use user interface with attractive and easy to understand charts and tables	Yes
Fast navigation through reports	Yes
Several time intervals for trend evaluation	Yes

Custom time interval	Yes
Command line support	Yes
Export several reports on single HTML page	Yes
Export all reports linked with tree	Yes
Export reports as XLS (MS Excel) files	Yes
Customisable set of reports	Yes
Maximum reporting time span	Unlimited
Direct time selection mode	Yes
Number of reports	>170
Multidomain log support	Full
Multiserver log support	Yes
Instant filters (set your conditions and get data refined instantly)	Yes
Advanced parsing filters	Yes
Printing support	Yes
Fast reverse DNS lookup for organizations report	Yes
Technical details	
Supported platforms	All Win32 except Win95
Incremental statistics update	Yes
Highly optimized database	Yes
Maximum database size	Win9x: 1Gb
	More than 1000M Visits

The Absolute Log Analyzer features gives quick overview of what kinds of utilities can this software provides to PCO. The most important information for PCO is system requirements: 64MB RAM - Microsoft operating system: Windows 98/ME/XP/NT/2000.

The Absolute Log Analyzer will help PCO permanently improve the information base of the services and the subject of business. This should have the impact on the customers and their satisfaction with the services of the company.

3.7.3 Schedule of software implementation

The management of PCO set the duration of the project on two months (60 days). So from the time point of view the project should be divided into several parts:

- analysis of the present state
- analysis of the hardware requirement
- technology analysis
- implementation itself
- connectivity with the information system of PCO
- test run.

The clear project time counts only working days; one day is eight working hours. Thus, the whole project will take 45 days. PCO charged two-member team for realization the project. In the following table the schedule is developed including the aim of each phase and costs, which will be dealt with later.

Table 8. Schedule of software implementation in PCO.

Objective	Partial objectives	Required time (days)	Independent float (days)	Total (days)
Analysis of the present conditions	Shortcomings of the present system	1	0.5	1.5
	Inform problems	2	1	4.5
	Studying the competition systems	2	0.5	7
Analysis of the hardware requirement	Present state of IT	0.5	0.5	8
	Implementation requirement on IT	0.5	0.5	9
	Market research	1	1	11
Technology analysis	Purchase of the software	5	1.5	17.5

Implementation	Instalation	2	1	20.5
	Put software into operation	4	1	25.5
Connectivity with the information system of the PCO	Instalation	2	1	28.5
	Put software into operation	4	1	33.5
Test run	Put the whole systém into operation	2	1	36.5
	On-the-job training	5	2	43.5

The required amount of time was stated 45 days, the calculated timing of the project is 43.5 days, so the difference is 1.5 days. The float which arises will be reserved on extraordinary situations that could appear during the realization of the project.

3.7.4 Costs analysis

Costs are very important for every project and they must be planned as precisely as possible. It is very hard to follow the budget. They should not be undervalued. The primary budget takes into account the hardware support, two software packages, the costs of wages, and on-the-job training. The management of PCO established the final costs limit at 15.000 euros.

Technology

The technology which must be purchased for the software application includes:

MS SQL Server	2.500 EUR
Software: Answer Tool	24 EUR
Absolute Log Analyzer	260 EUR
TOTAL	2.784 EUR

Labour

The labour costs can be divided again into separate parts with different objectives. The research has shown that the average hour wage was approximately 15.8 euros, so it is at about 126.3 euros per day, which was rounded to 126 euros per day. The labour costs are given in Table 9.

Table 9. Analysis of labour costs for the project implementation.

Objective	Partial objectives	Required time EUR	Independent float EUR
Analysis of the present conditions	Scarcity of the present system	252	126
	Inform problems	504	252
	Studying the competition systems	504	126
Analysis of the hardware requirement	Present state of IT	126	126
	Implementation requirement on IT	126	126

	Market research	252	252
Technology analysis	Purchase of the software	1.260	378
Implementation	Instalation	504	252
	Put software into operation	1.008	252
Connectivity with the information system of the PCO	Instalation	504	252
	Put software into operation	1.008	252
Test run	Put the whole systém into operation	504	252
	On-the-job training	1.260	504
TOTAL		7.812	3.150
		10.962	

The overall balance status:

Upper costs limit stated by PCO management:	15.000	EUR
Technology costs	2.784	EUR
Labour costs	7.812	EUR
Independent float costs	3.150	EUR
Difference	1.254	EUR

The difference that emerges from the overall balance could be used as a monetary reserve for the problems that could arise. From the point of view of time we have one and half day left in the reserve so we have 1.254 euros /1.5 days.

3.7.5 Entrepreneurship risks of the project

Every project means some risks, which the realization team should take into account. In my project I can identify these possible risks:

- Overrun the timing
- Costs overrun
- Low-quality on-the-job training
- Difficulties with actuation of the software/hardware

These potential dangers should be prevented by applying appropriate measures. I suggested the following steps:

- The timing of the project as well as the costs must be followed continuously. If some obstacles arise, there is a necessity to inform the management and adjust the plan accordingly in both timing and costs.
- Place emphasis on the choice of an instructor to train the management. This step will help the company accomplish the project in time.
- Secure quality and reliable computer technology. The PCO should not underrate the impact of the modern information technologies.

3.7.6 Final remarks to software implementation

In accordance with my calculations there are several perspectives to use the timing and costs of the project.

- 1) The project could be realized in a short time and low costs. If there are no delays, we do not take into consideration any independent float and independent float wages. That means that the project will result in 31 days duration and costs of 10.596 euros.

- 2) In case, independent float and costs must be used, than the project will take 43.5 days and it will cost 13.746 euros.
- 3) If we use the time and monetary reserves for unexpected situations (1.5 days and 1.254 euros), and independent float and costs, the project will be completed in 45 days, at costs of 15.000 euros.
- 4) There is also a possibility that during the project realization we will use only some of the possible reserves. It means that neither the time nor the costs can be estimated precisely. The most important issue here is that the costs will not drop below 10.596 euros and exceed 13.746 euros. The same can be said for timing, where it is not possible to reach time shorter than 31 days and longer than 45 days.

The project will be financed from the funds of PCO company, so no additional costs will emerge from credit interests.

4. CONCLUSION

The creation of the value-added is a process which depends on the subject matter of the given enterprise. Every company has got its own style and strategy how and where value-added is created.

In PCO Value-Added is primarily created by the customers who buy services from the company. One part of the Value-Added is the ability to motivate and persuade the customers to buy the service, an other part is added in the process of transforming the information, placing the information on the Internet or sending it to the potential customers, and organizing all that is necessary to run conferences. If all these steps are put together, the starting point can be seen at zero value. In the process of creating value-added PCO company realizes these steps one by one and creates a value chain. At the end of this chain is the final product-conference-sold at a substantial price.

Customers, like resources, become something to be captured or acted on. The service-centered view can be stated as cultivated relationships that involve the customers in developing customized, competitively compelling value propositions to meet specific needs [15].

Value for customers is created through the relationships among customers and, partly also in interactions between the customer and the supplier or service provider (PCO). The focus is not on products (service) but on the customers' value-creating processes where the value emerges for customers and is perceived by them. The focus of marketing is value creation rather than value distribution, and facilitation and support of a value-creating process rather than simply distributing ready-made value to customers [16].

The value-added for customers is created by offering the products (conferences) to them in the first place because it represents an information base for them. If we look closer, we can see again a chain of processes that create a value for the customers. The most important of them are:

- The customers are interested in the subjects of conferences;
- PCO listens to customers' needs and tries to satisfy them;
- The company prepares attractive surroundings and ambiance for running conferences;
- PCO prepares conferences in the field of the market trend or interest on the market (current events);
- By means of running conferences PCO creates an information network and associative learning.

All in all, a service-centered view is participatory and dynamic. Service provision is maximized through an alternative learning process on the part of both the enterprise and the customer. The view necessarily assumes the existence of emergent relationships and evolving structure (e.g. relational norms of exchange learned through reinforcement over time).

In the present Master Thesis a proposal of implementation of new software to PCO company was elaborated. This implementation will help improve the promotion and acquaintance of the potential and current customers, which should help PCO in its effort to become a competitive subject on today's market.

The proposal has already been accepted by the company and will be realized during August and September 2005.

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6. LIST OF SYMBOLS

PCO	Professional Conference Organizer.
CRM	Customer Relationship Management.
E-CRM	Electronic Customer Relationship Management.
TQM	Total Quality Management.
SWOT	Strengths, Weaknesses, Opportunities, and Threats (analysis).
ROI	Return On Investment.
HTML	HyperText Markup Language.
FTP/HTTP	File Transfer Protocol/Hyper Text Transfer Protocol.
W3C	World Wide Web Consortium.

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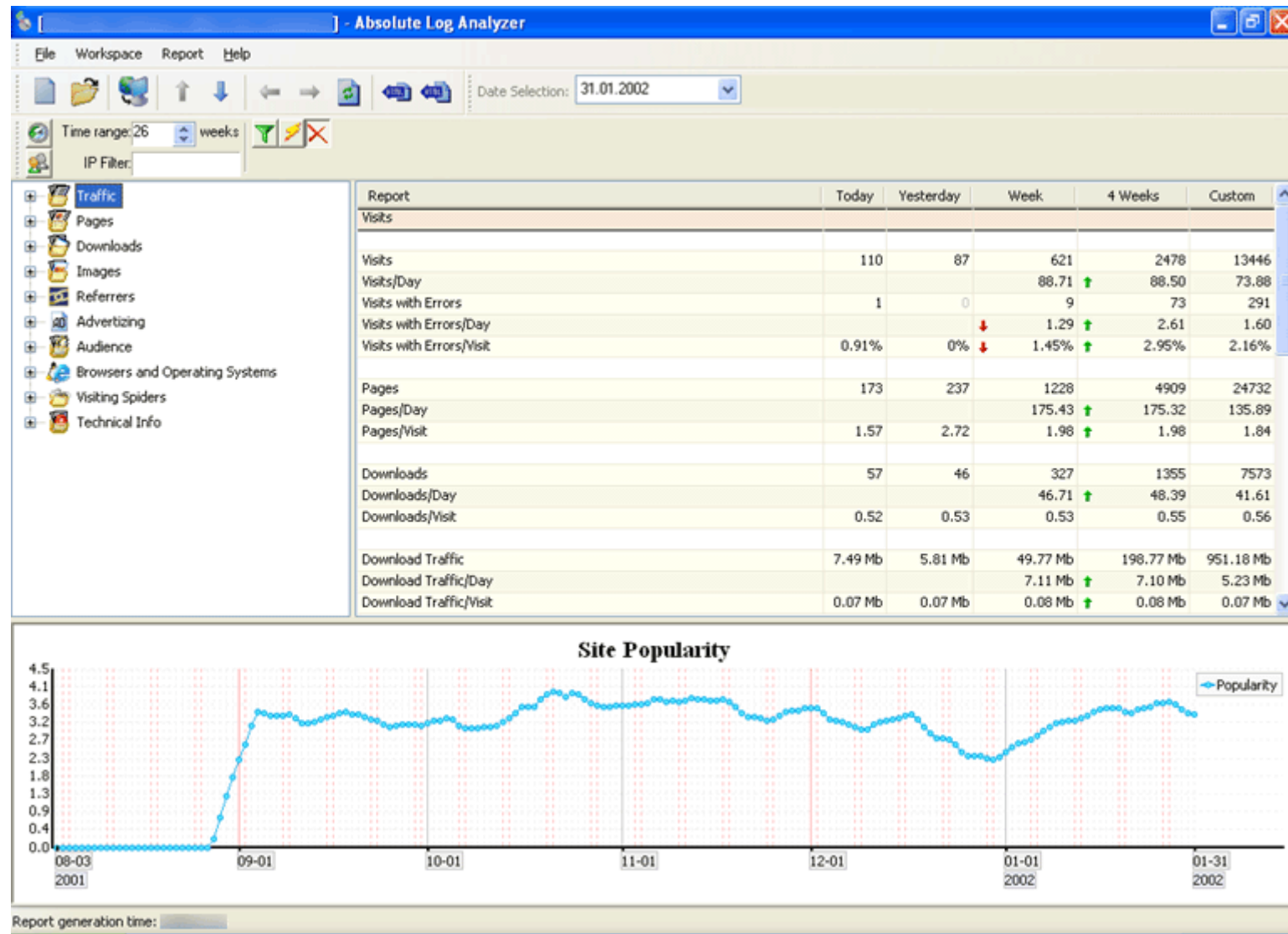
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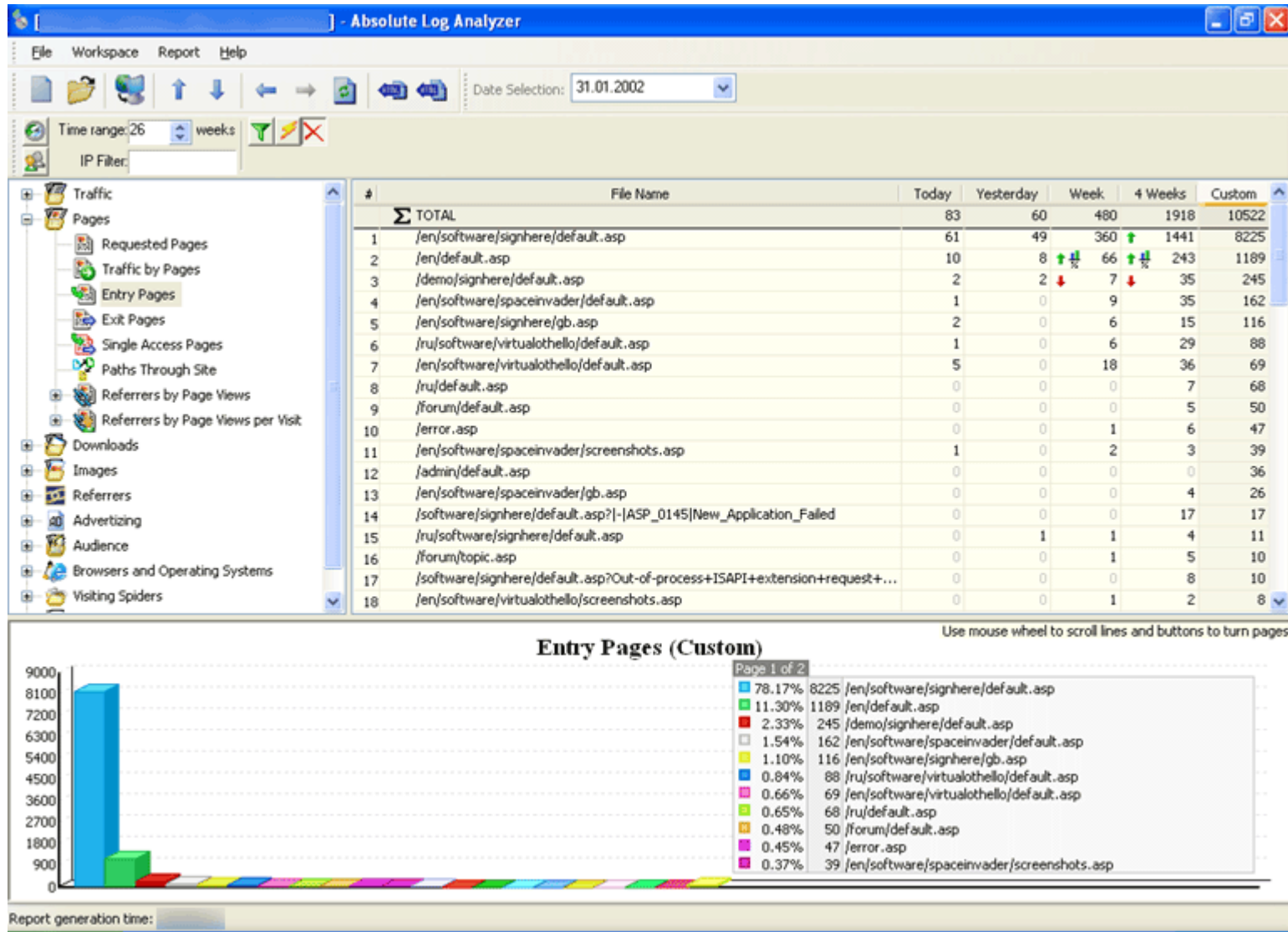
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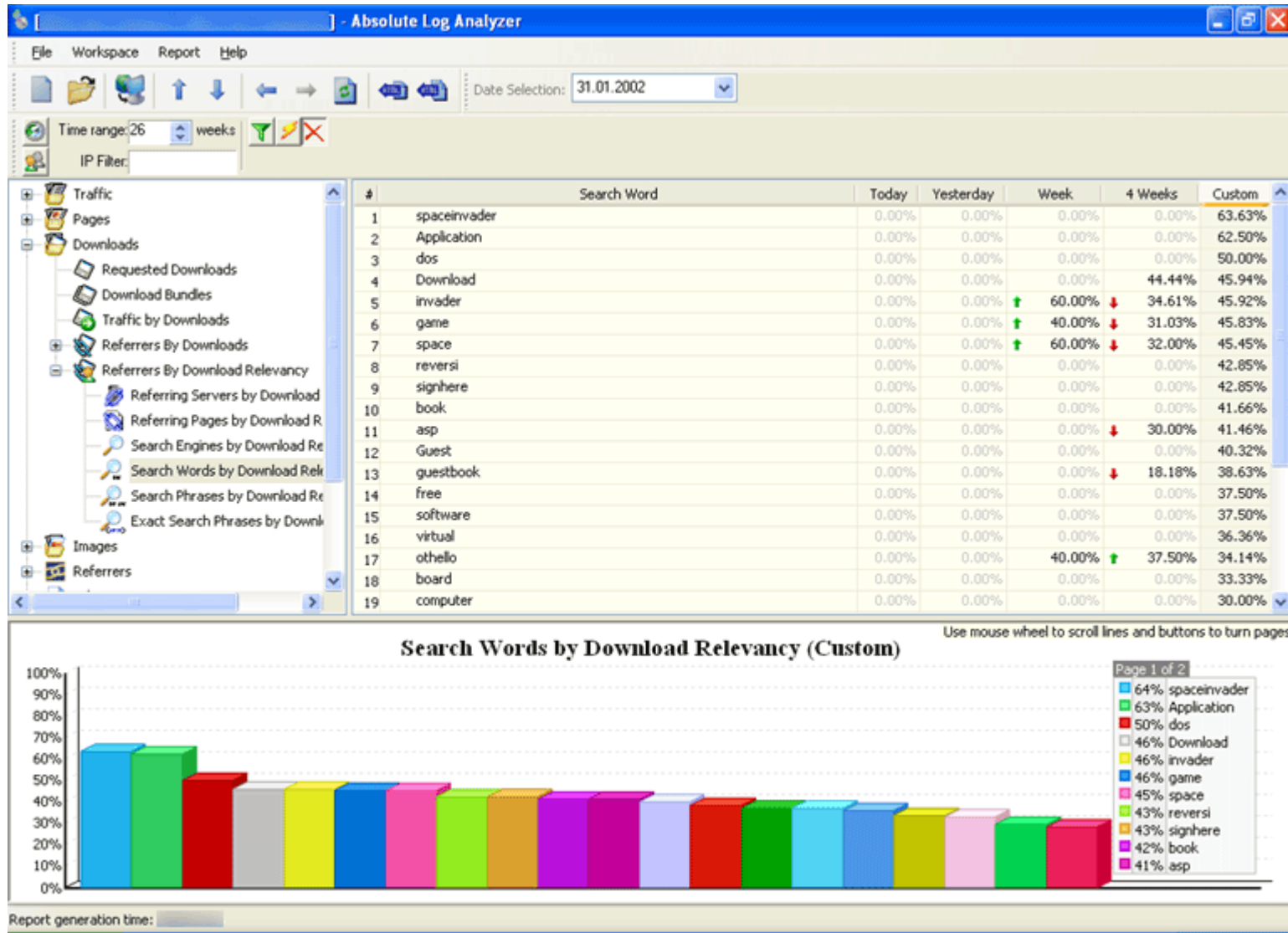
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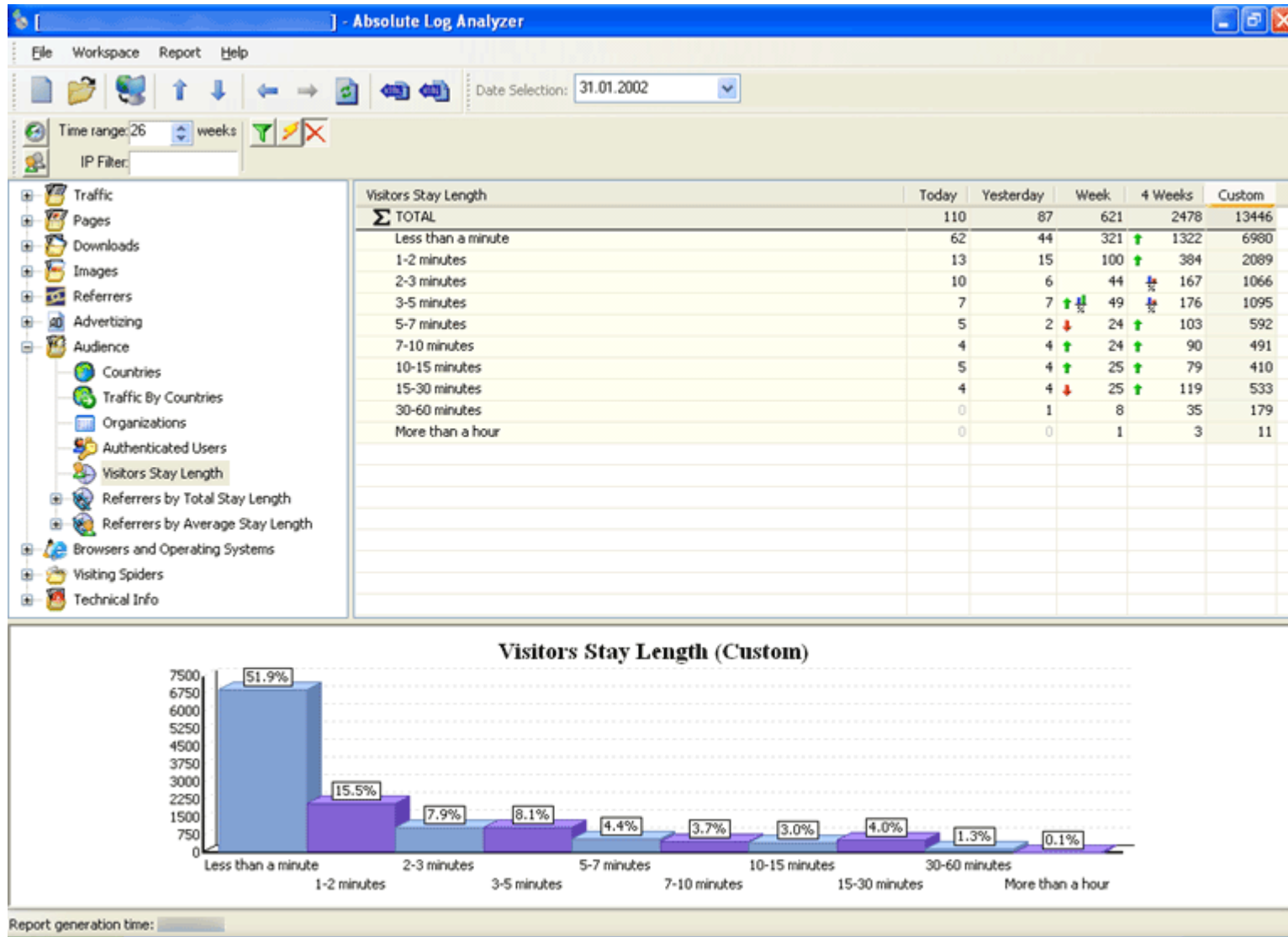
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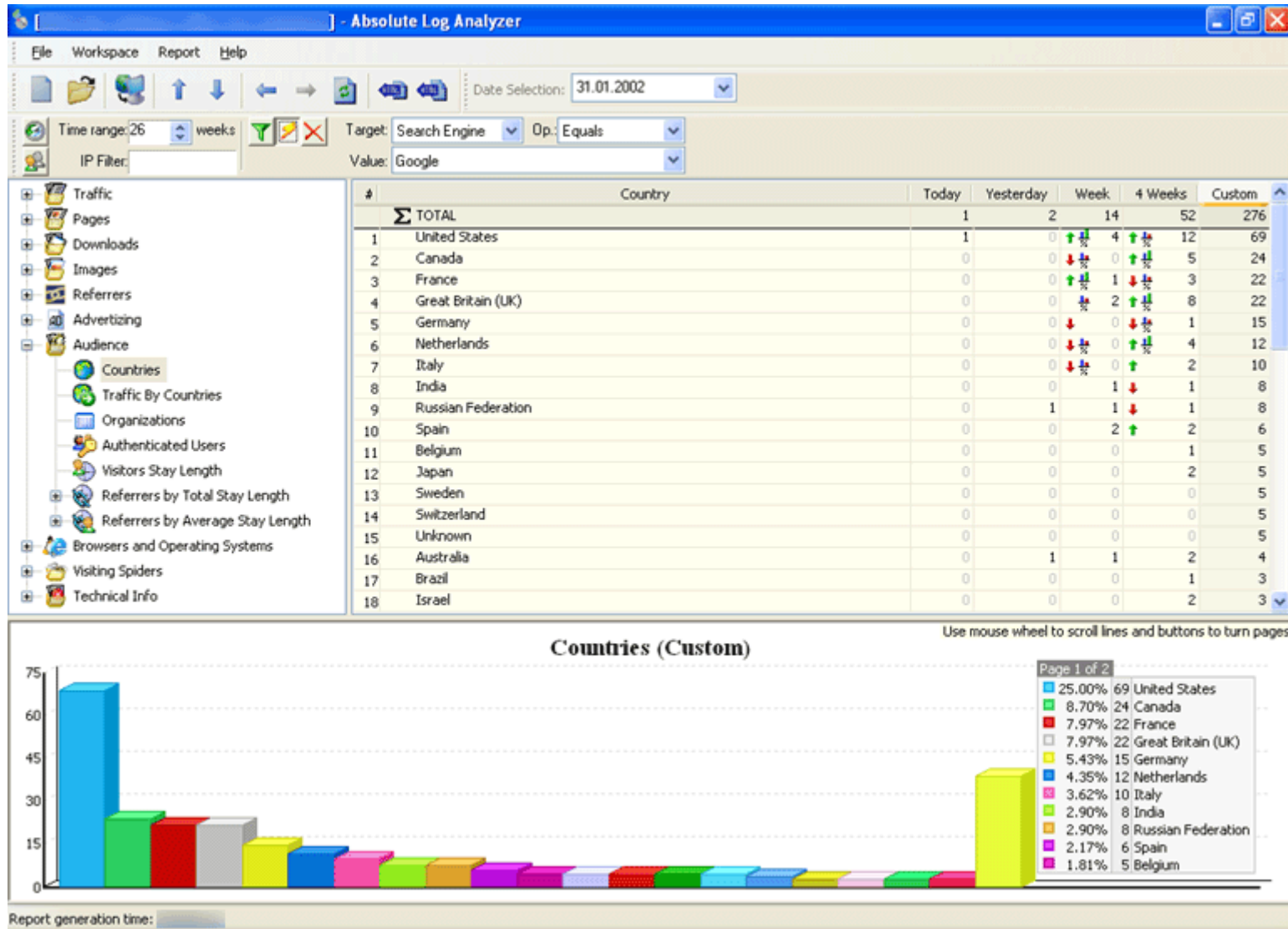
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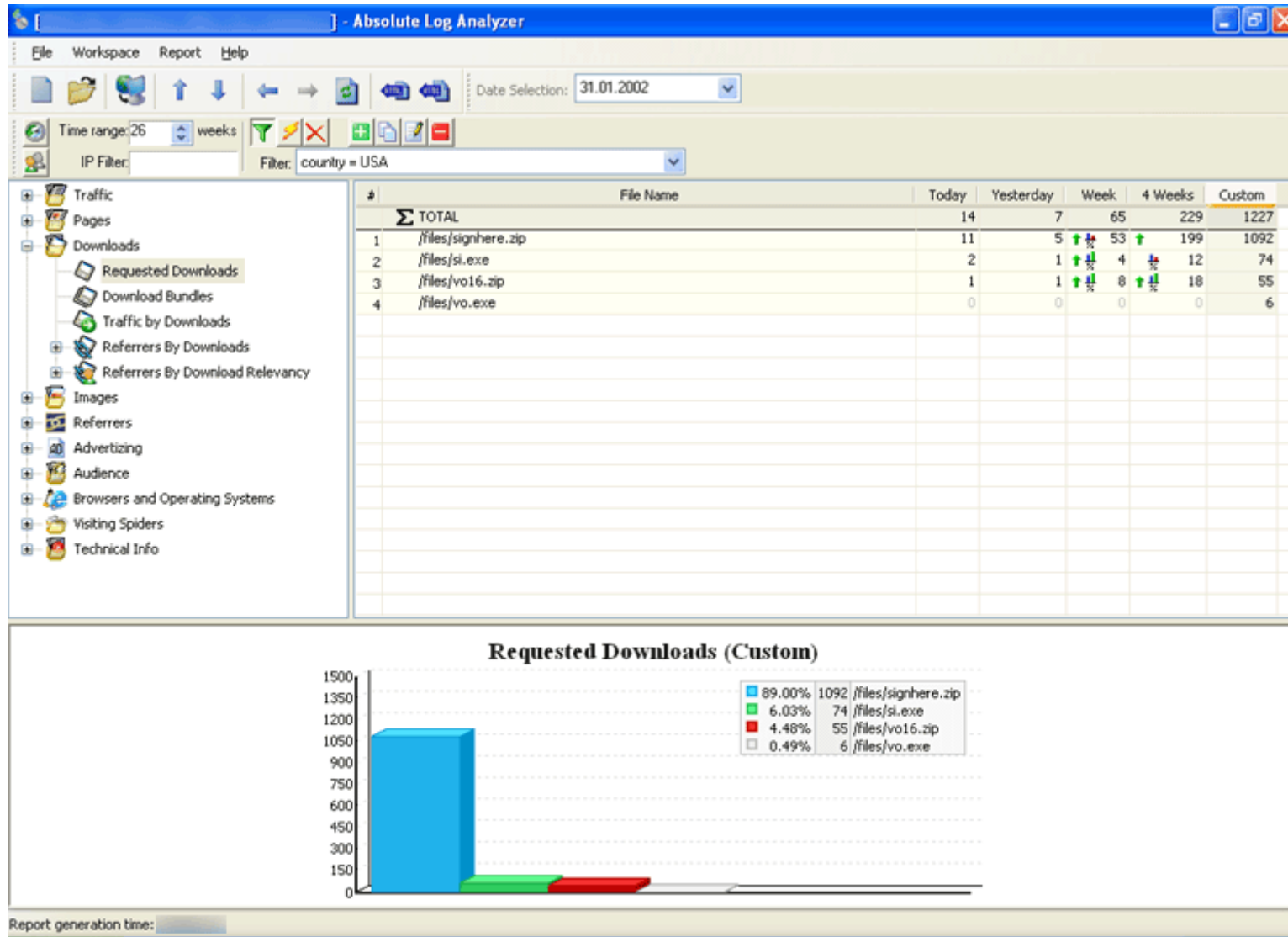
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