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CRM Strategy planning for the construction industry in Latvia
Case: Atlas Copco Construction Technique, Finland

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Abstract

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<tr><td colspan="2">The objective of this study is to improve the CRM Strategy of Atlas Copco, a Swedish company that provides technical solutions for different industries. The need for marketing research emerged when its sales office in Finland received the sales and marketing responsibility for the Baltic States.

The scope was to make suggestions to improve the CRM strategy of Atlas Copco in Latvia. The key points covered in this study are Customer Strategy and Business Strategy. Customer strategy entails finding out who the customers are, while business strategy is concerned with the competitive strategy and understanding the business environment.

The research approach is a case study, which investigates an event or an individual case, in a specific environment. The research methods were both qualitative and quantitative. However, only qualitative outcomes were considered for reliability and validity issues.
On conclusion, in order to successfully become a market leader in Latvia, Atlas Copco needs to increase its marketing efforts and to improve its brand image. This will consequently improve customer's perceived product/service benefits. In addition, its after sales service and product availability should to match customer's expectations.</td></tr>
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1 Introduction

This chapter begins with the thesis background. It contains general information about the case company introduction, the project objective, and demarcation. In addition, the research problem and investigative questions are introduced.

1.1 Thesis background

The construction industry is a growing one; especially at the target region of Latvia, which I will be looking at for the purpose of this study. However, the current fragile financial situation in Europe has affected sales volumes, slowed the growth of markets and risked the financial stability of suppliers of construction equipment. For this reason, there is room for marketing research in B2B sales of technical solutions for construction and rental companies.

Regarding the commissioning company, Atlas Copco sales office in Finland has recently received the sales and marketing responsibility for the construction technique division in Latvia, Estonia and Lithuania from the Swedish sales office.

Hence, Atlas Copco Finland would welcome further information about these new regions. I will look specifically at Latvia and its dealers in this country, who are new business partners and possess most of their customer information, who do 100 % of the sales.

Moreover, the fast pace of technological changes means that some products have become obsolete so have served as a strong reason to understand customer's needs and to adjust to them. As a result, there is a need to research these markets and to provide business intelligence to help Atlas Copco Construction Technique better understand its customers, market and dealers in Latvia.

1.2 Atlas Copco

Atlas Copco Construction Technique, later in this study called ACCT, is part of the Atlas Copco group; a Swedish company that provides technical solutions for different industries. At the end of 2010, Atlas Copco had 33 000 employees and a turnover of 7.3 billion Euros. The group manufactures products in 20 countries that are sold and rented under different brand names in over 170 countries. Half of these countries have received direct investment from Atlas Copco. Founded in 1873, Atlas Copco is listed in Stockholm's NASDAQ OMX stock exchange. (Atlas Copco, 2010)

The Construction Technique division was launched worldwide in July 2011 to provide better customer service in the construction business by combining products from different divisions under one single division. ACCT's main products are different kinds of road and building construction machinery such as compactors, rollers, rammers, pokers and drills. This year, diesel driven compressors and generators have become part of this division as well.

1.3 Research Objective

The objective of this research-oriented thesis is to make suggestions for the development of an effective CRM strategy for the ACCT in the Latvia Market. In addition, CRM stands for customer relationship management; which is a concept that will be explained in detail in the next chapter.

This objective will be achieved by adopting a case study exploratory approach. A case study is a research approach that investigates an event or an individual case, in a specific environment.(Haaga-Helia's Contents and Methods Guidelines, 2012, 20)

1.4 Research Questions

The research questions are as follows

1- What is the business environment like for ACCT in Latvia?

2- Who are the customers of ACCT in Latvia and their characteristics
3- How can ACCT improve its CRM strategy?

1.5 Demarcation

A thorough understanding of the business strategy is vital if an effective customer strategy is to be implemented. However, it is important to remember that CRM is not concerned with developing a business strategy. In fact, it is about understanding the business strategy in order to determine how the appropriate customer strategy should evolve over time as Payne (2008) suggests. For this reason, not every aspect of the business strategy will be covered. I will, however, examine frameworks that can be used to make an analysis of the organization's business strategy and the CRM strategy development will be the focus.

Moreover, the process of strategy formulation should begin at the general corporate level strategy review. This involves decisions on what business the company is in (or should be in), the corporate culture and directions for the future. However, this study is not concerned with this level of decisions; top management at the company's head-quarters should make these. Instead, as it was previously stated, the goal is to under-take a review of the industry and the competitive environment, which addresses the question suggested by Payne (2008): "Where are we?"

Even though the initial research plan was to research all of the Baltic States, this study focuses on the Latvian market only. This change was made due to the lack of oppor-tunities to travel to other Baltic States for carrying out in-depth interviews, which was the chosen research method that will be discussed later on.

2 Theoretical Framework

This chapter outlines the theories used as a framework for this research thesis. These theories and models were chosen according to the needs of ACCT. The company has recently been assigned the responsibility of managing the Baltic States and therefore needs to increase their knowledge about their customers and increase their market share through boosting sales in these countries.

2.1 Key Concepts

In order to answer the research questions, the research will focus on two main key concepts of CRM strategy development: customer strategy and business strategy. (Figure 1)

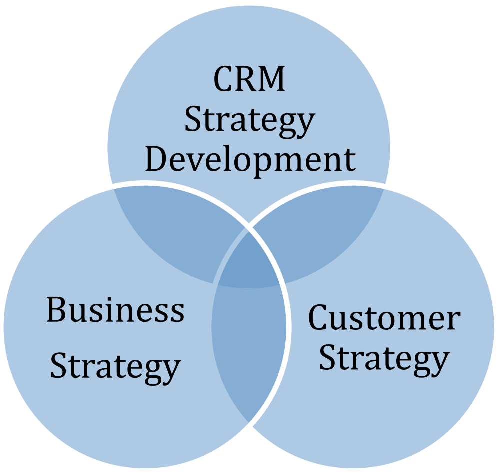

Figure 1. Key concepts of CRM strategy development

2.2 Customer Relationship Management

Customer Relationship Management or CRM has become a very hot issue in the corporate world. In fact, CRM has become a major factor for corporate strategy for two reasons: The invention of new technologies that enable companies to better target its customers, and the common acceptance of the limitations of traditional marketing, giving room to the use of more focused, customer based strategies. (Payne 2008, 10)

In the 1950's, frameworks such as the marketing mix were used to increase demand for a company's offer. This was the so-called transactional approach. However, the marketplace nowadays is a totally different one. As a response to these changes, Philip Kotler proposed a new approach based on relationships. (Figure 2) Consequently, the marketing mix became a tool used in the new relationship-building goal. (Kotler and Keller, 2012)

The transition to relationship marketing can be illustrated bellow:

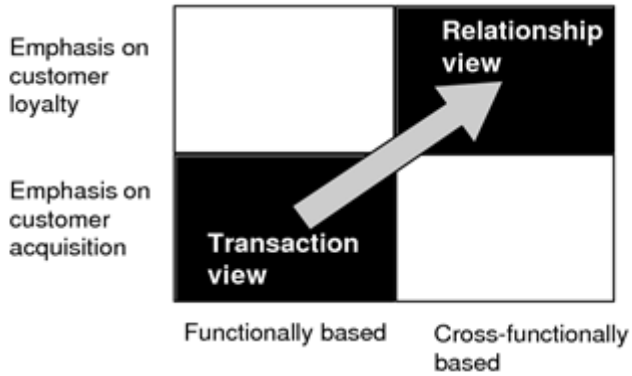

Figure 2. The transition to relationship marketing (Payne 2008, 8)

There is a lack of clarity in definitions of CRM used by different authors, and the term is used very differently across different industries. For the purpose of this thesis, the definition of Adrian Payne will be adopted:

> "CRM is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long-term relationships."

According to Payne (2008, 8), the CRM process has five cross-functional processes that organizations should consider. These are: strategy development, value creation, multi-channel integration,
information management and performance assessment. This study will focus on the strategy development process, which consists of business strategy and customer strategy.

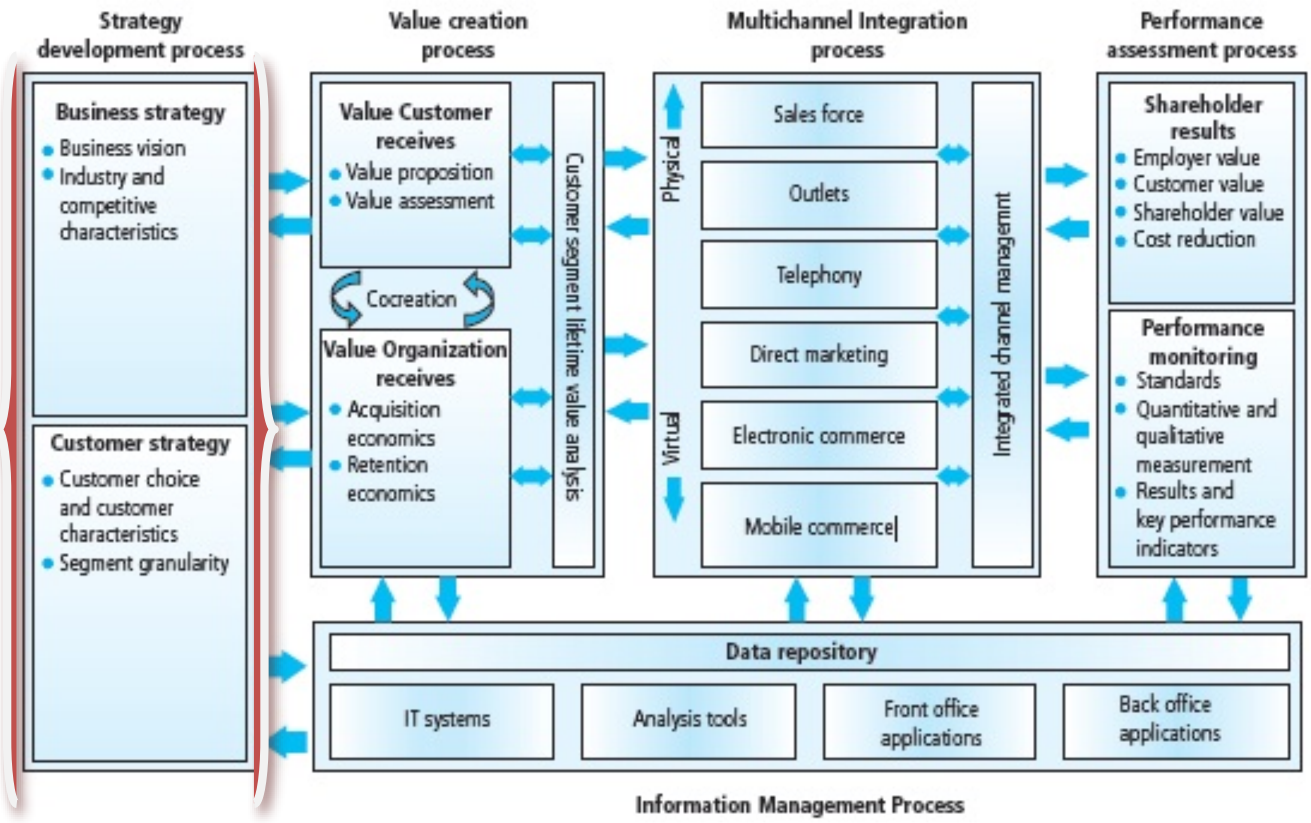

Figure 3. Strategic framework of CRM (Payne 2008, 39)

2.3 The Strategy Development Process

According to Payne (2008), the strategy development process is the first process to be considered in the CRM Strategic Framework (Figure 3) since it shapes the nature of the other four key CRM processes but, more importantly, it defines the overall objectives for the organization's CRM activities. More precisely, the strategy development process determines the business strategy, the customer strategy and ensures they are integrated and aligned with the corporate strategy.

The definition of strategy that best fits the context of CRM is the one by management consultants Richard Norman and Rafael Ramirez (Payne 2008, 40), which highlights the importance of customer relationships:

> "Strategy is the art of creating value. It provides the intellectual frameworks, conceptual models and governing ideas that allow a company's managers to identify opportunities for bringing value to customers and for delivering that value at a profit. In this respect, strategy is the way a company defines its business and links together the only two resources that really matter in today's economy: knowledge and relationships or an organization's competencies and customers."

As can be seen from Figure 3, the strategy development process focuses on addressing the following key issues:

- Where are weI and what do we want to achieve in our business?
- Who are the customers that we want and how should we segment them?

2.4 Business Strategy

In this section, I will address the following issues: the role of business strategy, analyzing the business environment and determining a business vision.

Business strategy is a top management responsibility, which should be developed in every company. However, this strategy can sometimes be implicit or explicit depending on the company. Even though some companies are successful with an implicit strategy, the majority of large companies who have introduced CRM have developed an explicit strategy. (Payne 2008, 50)

For this reason, companies wishing to influence sustained success over a long period of time should not rely on luck and intuitive responses to short term opportunities but instead define their business vision and develop a formal business strategy, taking into account the competitive characteristics of the industries they operate in.

At the business level, corporate strategy is concerned with competing for customers, generating value from the resources and the underlying principle of the sustainable competitive advantages of those resources over rival companies. (Lynch 2006, 170) In terms of the development of a business strategy, an analysis of the environment is an important element of the strategy formulation process. In fact, both the prescriptive and the emergent approaches to corporate strategy consider the analysis of the environment as a part of strategy formulation. Most importantly, the word 'environment' here is not used in the sense of 'sustainability' but as Lynch (2006) argues, the external factors acting on the organization, markets, competitors, governments, etc.
According to Lynch (2006), there are nine basic stages in carrying out a complete environmental analysis, which are summarized at Table 1.

Table 1: Nine basic stages in environmental analysis (Lynch 2006, 80)

Stage	Techniques	Outcome
1- Environment Basics	- Market definition - Market size - Market share	- Scope of the strategic opportunity - Future growth perspective - Structure market competition -
2- Degree of Turbulence	- Fast of slow? - Repetitive or Surprising? - Foreseeable of unpredictable? - Complex or simple?	- General Strategic conclusions - What are the opportunities and threats?
3- Background factors	- PESTEL analysis and scenarios	- Identify key influences - Predict, if possible - Understand interconnections -
4- Analysis of Stages of market growth	- Industry life cycle	- Growth stage? - Implications for strategy? - Identify maturity, overproduction and cyclicality issues
5- Specific Industry factors	- Key factors for success analysis (KFS)	- Identify factors relevant to strategy - Focus strategic analy-

		sis and development
6- Competitive balance of power	- Five forces analysis of Porter	- nStatic analysis of the competitive forces
7- Co-operation in the industry	- Four links analysis	- Analysis of the current and future organizations with whom co-operation is possible
8- Immediate Competitors	- Competitor analysis and product portfolio analysis	- Competitor profile Market strengths
9- Customer Analysis	- Market and segmentation studies	- Strategy targeted at existing and potential customers

In this thesis, I will not be able to complete all of the nine stages due to the constraint of resources and data availability for carrying out a full analysis and the complexity of each stage. Nevertheless, I will adopt another framework for industry analysis, which will be further discussed in this chapter. However, some of the stages suggested by Lynch to the environmental analysis will be included in the industry analysis.

Moreover, according to Kotler and Armstrong (2012), a company's marketing environment consists of microenvironment and macro-environment. The macro-environment consists of the larger societal forces that affect the microenvironment. These societal forces are: demographic, economic, natural, technological, political and cultural forces. The actors in the microenvironment are the company, suppliers, marketing intermediaries, competitors, publics and customers.

In this study it will be seen that I have analyzed the degree of turbulence by carrying out a SWOT analysis (Figure 4) and a satisfaction survey among intermediaries and end customers in the empirical part of this thesis.

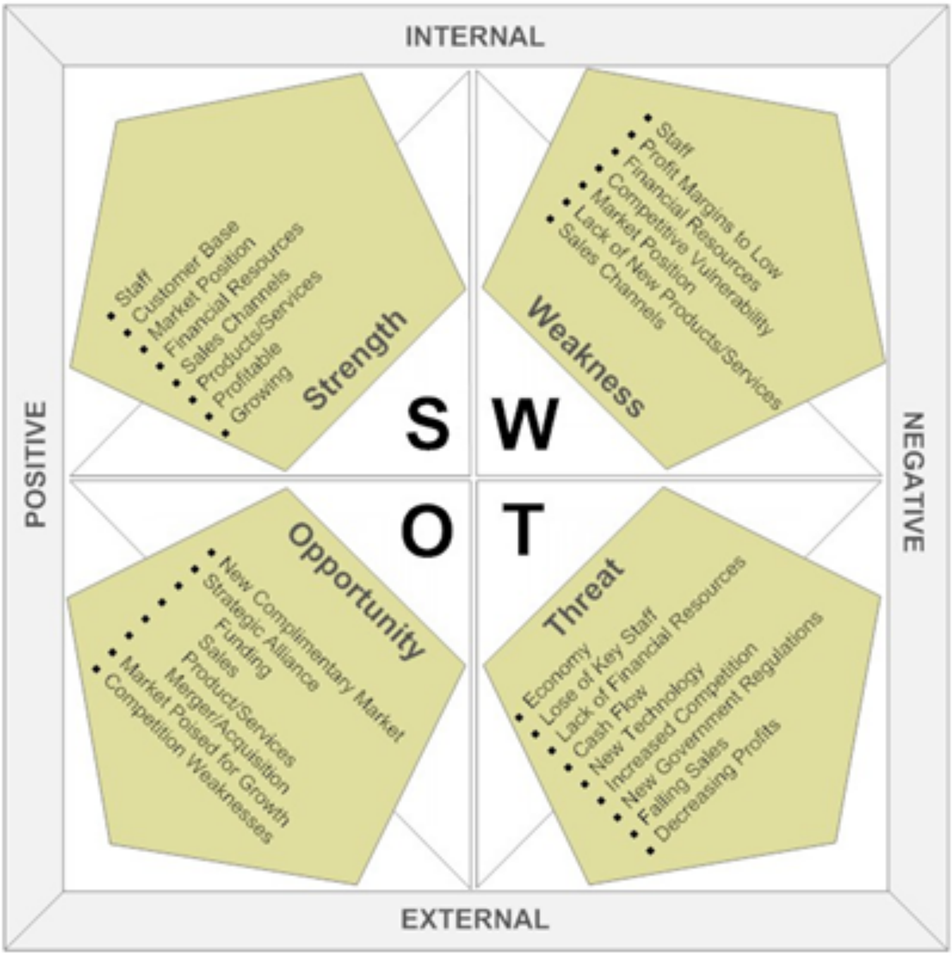

Figure 4. SWOT analysis (Trinity Web Works 2012)

It is important to remember that customers are the most important actors in the company's microenvironment. For this reason, a customer satisfaction survey was developed in order to understand current customers and identify new leads.

Regarding the macro-environment, a PESTEL analysis (Figure 5) analysis was carried out. PESTEL analysis provides a checklist for covering all of the factors that shape the macro-environment.

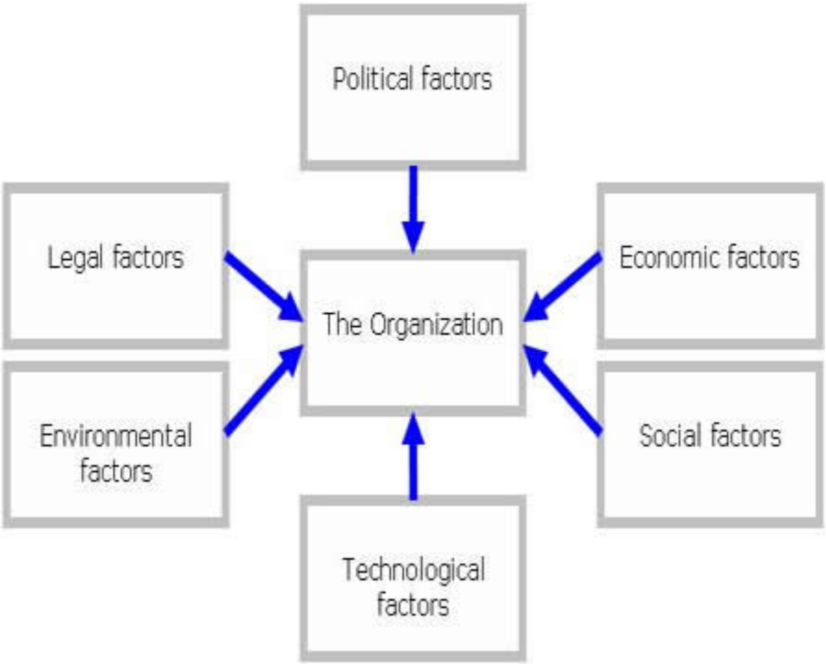

Figure 5. PESTEL framework (Business Mate 2012)

More specifically, certain issues have been considered relevant by Lynch (2006), when carrying out a PESTEL analysis:

- Political future: political parties, legislation, relations with the government, government ownership, etc.
- Socio-cultural future: change in lifestyle, values, and attitudes to work and leisure, green issues, education and health, demographics, income distribution.
- Economic future: GDP and GDP per capta, inflation, interest rates, currency fluctuations, investment by state, cyclicality, energy costs.
- Technological future: government and EU investment policy, new research initiatives, new patents and products, speed of change in technologies, level of expenditure on R&D, development in other industries.
- Environmental future: green issues, level and type of energy consumed, waste and its disposal.
- Legal Future: competition law and government policy, employment and safety law, product safety issues.

As Lynch (2006) suggested, the competitive balance of power should be estimated for a general examination of the industry the organization belongs to. The objective is to develop the competitive advantage of the organization in order to defeat its rival companies. Much of this analysis was structured and presented by Michael Porter. The model used is called Porter's Five Forces Model because he identifies five basic forces that can shape industry competition. (Figure 6)

Figure 6. Porter's five forces (Harvard Business Review 2012)

The bargaining power of suppliers means that suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services. Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own prices. (Porter 2004)

The bargaining power of buyers can play competitors against each other, lowering industry profitability. A company can improve its strategic posture by finding buyers who possess the least power. Therefore, buyer selection is a crucial strategic decision (Porter, 2004).

The threat of potential new entrants is analyzed since new entrants to an industry bring new capacity, which can drive prices down and reduce profitability as competition increases. In addition, the threat of new substitutes should also be taken into account because all firms in an industry are competing with industries producing substitute products. In fact, substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge (Porter, 2004).

The extent of competitive rivalry can be high when there is price competition, advertising battles, product introductions, increased customer service or warranties as Porter suggests (2004). This usually occurs when one or more competitors try to gain more market share, which has an impact on other firms in the same industry.

Even though Porter's model of industry analysis is an important tool for understanding the competitive environment, professors Stanley and Olson suggested augmenting Porter's five forces model to reflect the changes of industries dynamics in over the past two decades. (Payne 2008, 51) For this reason, the framework for undertaking industry analysis will be the more dynamic one, which is an adaptation of Porter's five forces models as follows (Figure 7).

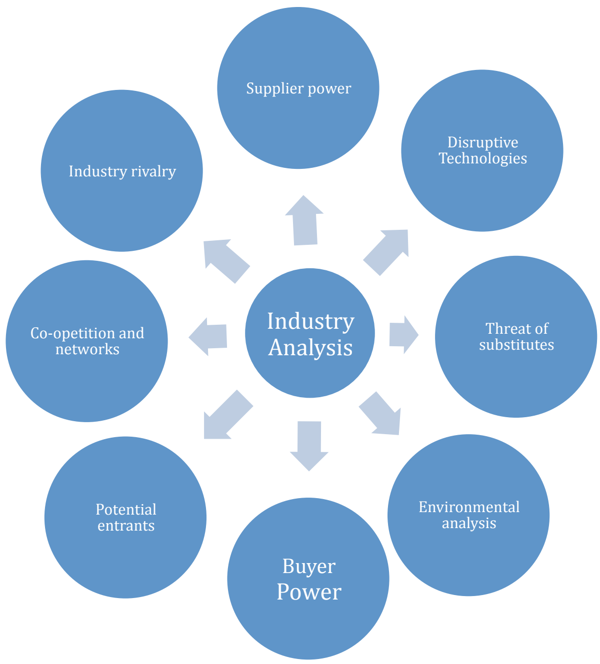

Figure 7. A framework for industry analysis (Payne 2008, 52)

This type of analysis will enable the understanding the construction industry in Latvia and the forces that shape industry competition, as well as understand the potential opportunities and threats in that industry. Hence, trends will be spotted and in response, alternative strategies to those trends may be developed as an emerging strategy.

Once the industry structure has been analyzed, the generic strategies framework can be adopted in order to decide which one of these three generic strategies is appropriate for a given business: cost leadership, differentiation and focus strategy. However, US consultants Michael Tracy and Fred Wiersema developed a framework that suggests three broad business strategies: operational excellence, product leadership and customer intimacy. (Tracy &Wiersema, in Payne 2008, 55).

These so called routes to success are based on the kind of value proposition that companies usually pursue - best cost, best product or best total solution.(Figure 8) Even though companies should choose one road to focus on, it is important not to ignore the others, which would give too much room for competitors to grow stronger.

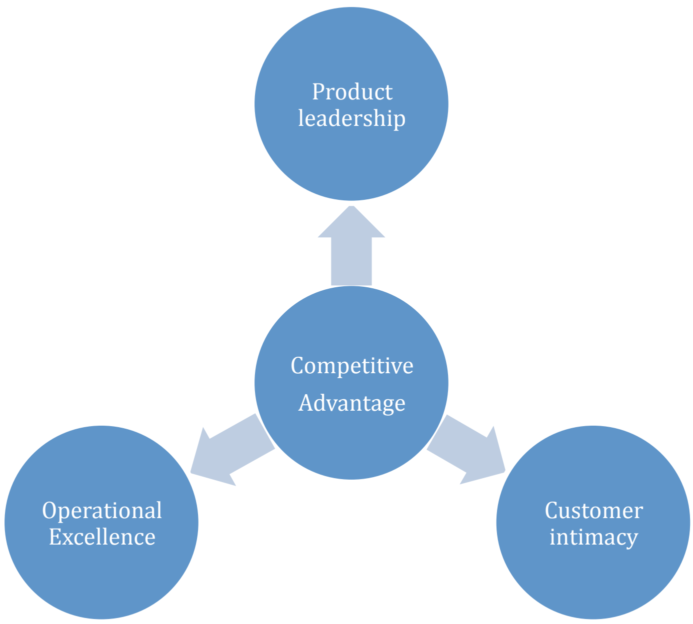

Figure 8. Value disciplines for market leaders (Payne 2008, 58)

To sum up, organizations seeking to follow the discipline of operational excellence need to have an internal culture based on lean thinking. Companies that place the emphasis on product leadership will need to encourage innovation. Finally, the ones that focus on customer intimacy will develop a more personalized relationship with customers, especially the ones with greatest potential for growth and profitability. (Payne, 2008)

In terms of CRM strategy, it is important to understand customer segments, micro-segments and determine where a one-to one strategy is appropriate (Payne 2008, 48). In fact, determining a distinctive customer strategy is the only way for a business to survive. Therefore, customer strategy will be discussed in greater depth in the next topic.

2.5 Customer Strategy

Customer strategy development is typically the responsibility of the marketing department. It involves examining existing and potential customers and identifying which forms of segmentation are the most appropriate. This analysis requires a considerable amount of consumer data, which requires time and resources. (Payne 2008, 50)

The first question that should be addressed is: 'who is the customer?" This may seem easy to answer for some businesses, but many companies sell their products and services through intermediaries. In these cases, the customer may include direct buyers, intermediaries and final consumers such as those shown in Figure 9. Companies that operate in intermediated markets need to consider all of these groups as customers and make every effort to balance the amount of time, money and resources directed to each group.

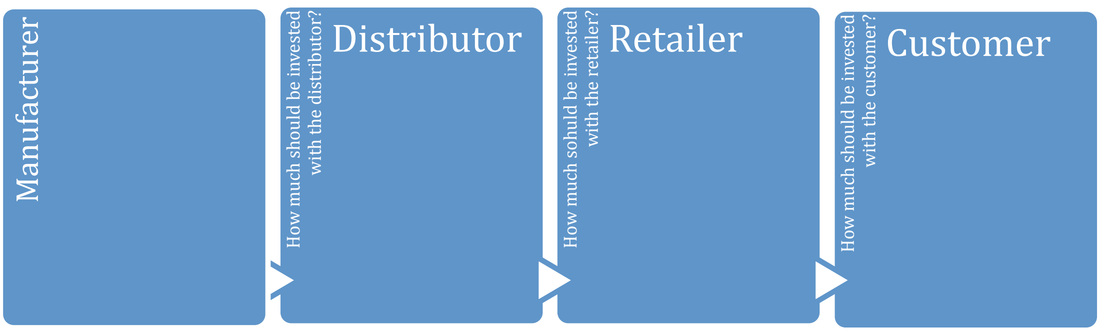

Figure 9. Determining balance of marketing effort to the ´customer`(Payne 2008, 63)

Once companies understand the characteristics of their segments, they can adopt a more targeted approach to their customers. This stage of the development process involves researching current and prospective customers in order to segment them. For this, Kotler's Customer Value Analysis can be used. (Figure 10)

Figure 10. Customer Value Analysis. (Kotler & Keller 2012, 252)

There are also alternative bases for segmentation, which includes more traditional forms such as by industry type and also more contemporary ones such as value sought, loyalty and usage segmentation.

In Business –to-Business market segmentation, this can be done on the basis of Industrial Classification (SIC), but only partially since these segments are thought of as vertical markets and are defined around business sectors such as the construction industry. The limitation of this kind of segmentation is that it provides no evidence of buying behaviour.

Finally, customer strategy involves identifying which customer the enterprise needs to focus on and plan how to serve this market. In an intermediated market, customers groups should be fully considered, regardless if the customer group comprises of distributors, intermediaries or final customers. (Payne 2008, 66).

For more information about the Strategy Development Process, please refer to the Checklist for CRM leaders (Attachment 1).

2.6 CRM Strategy Development

In this section, it is discussed how a consideration of business and customer strategies leads to CRM strategy development. I will also examine an important tool for competitive strategy analysis: Bowman's Strategy Clock. (Figure 12)

The evolving nature of the competitive situation, and the likely costs inherent in creating change need to be carefully assessed as part of the CRM strategy development process. The CRM strategy matrix. (Figure 11) is a useful tool for considering a company's present and future situations.

Figure 11. The CRM strategy matrix. (Payne 2008, 80)

Firstly, product based selling happens when the organization has limited information about transactions and can only analyze simple variables such as product sales over time and channel productivity.

Secondly, managed service and support can be achieved by setting up a call centre or help desk. This way, customers can be identified and important customers can be spotted. Customer based marketing companies have shifted their emphasis on the customer and seek to develop a more detailed understanding of them.
Thirdly, individualized CRM requires sophisticated platforms and applications to collect customer information. Usually companies seeking a wide range of channel options adopt this.

Lastly, organizations starting with product based selling should first integrate their customer facing activities. They should analyse the benefits of a more advanced form of CRM in order to choose the best transition path in order to shift to a more advanced form of CRM. (Payne 2008, 80)

In addition, the strategy clock originally developed by Cliff Bowman is an important tool for understanding the business level strategy, which is the competitive strategy. This level strategy is concerned with finding ways to be competitive in an industry of intense rivalry. The main idea is to avoid the use of strategies that are condemned for failure and to shift to more competitive strategies that will result in increased profitability and market growth. (Figure12)

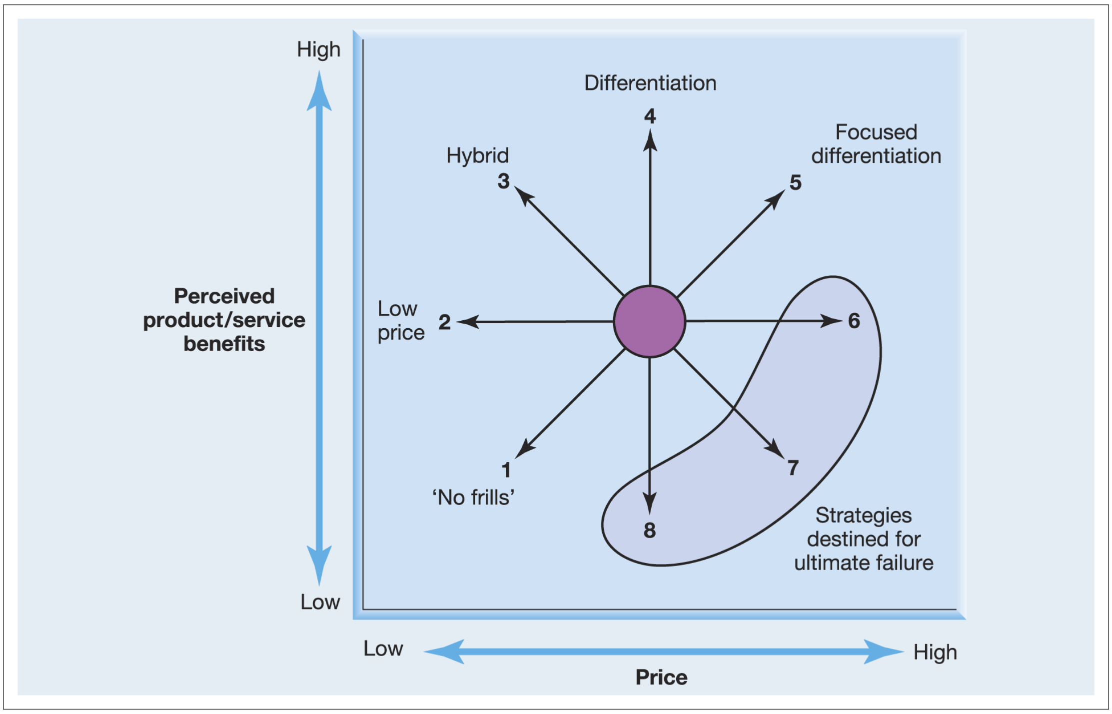

Figure 12. The Strategy Clock by Bowman (in Johnson, Scholes & Whittington 2008, 208)

Table 2. Interpretation of the Strategy Clock. (Johnson, Scholes & Whittington 2008, 208)

		Needs/risks	
1	'No frills'	Likely to be segment specific	
2	Low price	Risk of price war and low margins; need to be cost leader	
3	Hybrid	Low cost base and reinvestment in low price and differentiation	**Differentiation**
4	Differentiation		**Differentiation**
	(a) Without price premium	Perceived added value by user, yielding market share benefits	**Differentiation**
	(b) With price premium	Perceive added value sufficient to bear price premium	**Differentiation**
5	Focused differentiation	Perceived added value to a particular segment, warranting price premium	**Differentiation**
6	Increased price/standard value	Higher margins if competitors do not follow; risk of losing market share	**Likely failure**
7	Increased price/low value	Only feasible in monopoly situation	**Likely failure**
8	Low value/standard price	Loss of market share	**Likely failure**

2.7 Case study framework

To sum up, the case study theoretical framework combines the industry analysis suggested by Payne (Figure 7), business unit strategy analysis and customer segmentation. The business level strategy or competitive strategy will be analyzed with the use of value disciplines and the strategy clock, while segmentation will be discussed on the scope of Kotler's segmentation framework. (Figure 13)

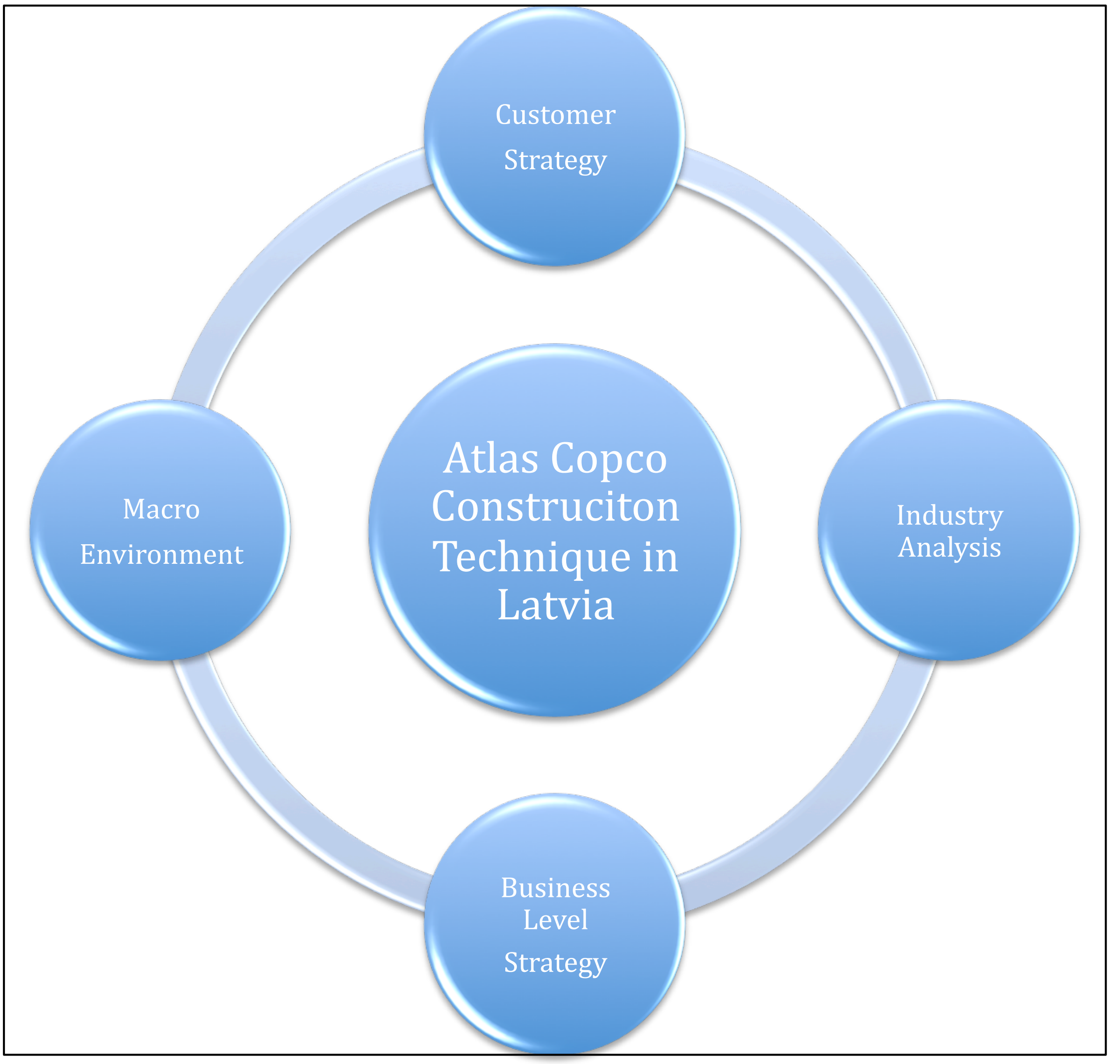

Figure 13. Case study framework

3 The Business Environment in Latvia

This chapter contains an analysis of the macro and microenvironment in Latvia, which is a key step in the strategy-planning phase. Even though this might seem a separate issue at a first glance, the study of the business environment is part of the business strategy development. For this reason, it is relevant to study the business environment as a part of CRM Strategy Development as it was discussed in chapter 2.

In order to carry out this analysis, several tools of strategic analysis have been used acceding to the theory framework of this study.

The big picture of the environment and its strategic tools can be seen in Figure 26 below. The analysis will begin from the inner layers and continue to the outer layers of industry and the macro-environment.

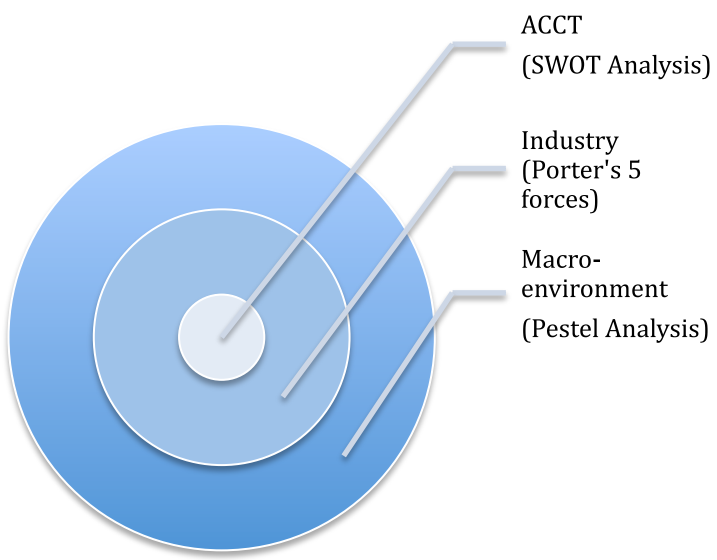

Figure 26. Layers of the business environment (Johnson 2010, 54)

3.1 Country Profile

Latvia is a Parliamentary Republic. It belongs to the European Union and it is a NATO member. It regained independence from the Soviet Union in 1991. The 100-seat unicameral Latvian Parliament, the *Saeima* , is elected by direct, popular vote every four years. The president is elected by the Parliament, also every four years. (EU REPORT 2012)

Latvia has four regions – Kurzeme, Zemgale, Vidzeme and Latgale. There are 109 local governments and 9 republican cities functioning in Latvia. (The Cabinet of Ministers of Latvia 2012)

3.2 SWOT Analysis

SWOT stands for strengths, it wasaknesses, opportunities and threats. According to Johnson (2011, 119), SWOT summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development. This can also be useful as a basis against which to generate strategic options and assess future courses of action. The SWOT analysis for ACCT is shown at the table below.

Table 5. SWOT Analysis of ACCT in Latvia

Strengths	- Product quality - Strong international brand - High re-sale value of used equipment – aftermarket - Good warranty - Global leader in compressors - Product innovation leadership - Financial resources
Weaknesses	- Brand is still unknown by some customer's segments, especially smaller construction companies. - Bargaining power of buyers due to the fragmented industry structure . - Risky growth through acquisition (Dynapac) - Inefficient after sales service - High price in comparison with the competition - Low value for the products - Fragile market growth and small sales volumes

	- Long delivery time - Small customer base, in the capital region mostly. (Daugavpills, Jekapills for instance unknown) - Distributors selling and/or preferring competing brands - Satisfaction problems with distributors, who technically are also considered customers. - Distance between manufactures and end customers - Unbalanced marketing efforts to different customer groups (direct customers , distributors) - Little knowledge of customer segments and buying behaviour.
Opportunities	- Construction Industry in development stage in the Baltic States - Competitor's acknowledgement of Atlas Copco as a market leader. - Big group of non-customers in certain areas with opportunities for growth. - Opportunities for the creation of a blue ocean.
Threats	- Outlook of the economies in Europe - Intensity of rivalry in construction tools and equipment - Construction companies preference for cost leaders. - Threat of substitute products such as chemicals.

Lastly. Johnson (2011, 119) states that a SWOT analysis should help focus discussion on future choices and the extent to which an organization is capable of supporting these strategies. However, what matters is to be clear about what is really important and what is less important. In addition, there is a danger of overgeneralization because a SWOT analysis does not explain the underlying reasons for a certain capability. Consequently, once the SWOT analysis is done, it is crucial to continue the strategy planning process with the use of other strategic tools. Such as the ones that have been included in this study's framework.

3.3 Industry Analysis

Industry Analysis is a market assessment tool designed to provide a business with an idea of the complexity of a particular industry. Industry analysis involves reviewing the political, economic, social, technological, environmental and legal factors that influence the way the industry develops. It also includes the five competitive forces suggested by Michael Porter. (Business Dictionary 2012)

According to Porter, (2004) the structural analysis of industries include descriptions of rivalry among existing competitors, the threat of new entrants, the threat of substitute products or services, the bargaining power of suppliers , and the bargaining power of buyers. Figure 26 illustrates these relationships. Nevertheless, as it was previously discussed, I will use Stanley & Olson's framework for industry analysis, which includes Porter's five forces model and other dynamic aspects such as macro-environment analysis. (Figure 27)

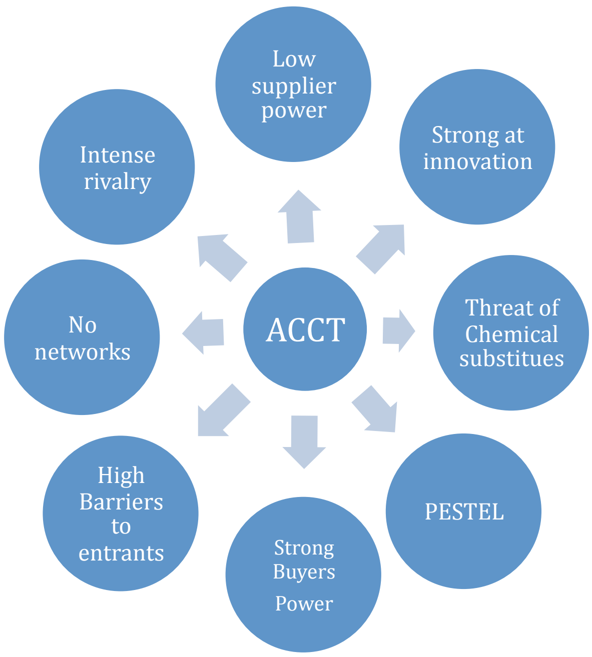

Figure 27. Competitive forces that shape ACCT's competitive strategy
As shown on Figure 27, the industry analysis of ACCT in Latvia suffers the following competitive forces:

- Intense Rivalry. The competitive strategy of Atlas Copco is product differentiation and it aims at achieving market leadership. At the same time, there are several competitors in the market that offer opposite strategies such as cost leadership and customer intimacy. Customers mentioned several competing brands as a good option, such as Robert Bosh, Weber, Ammann, Near, Belle, Shasta, and Komag.

- Low supplier power. Supplier power is low due to the fact that sales channels are 100 % done though distributors in the Baltic States.

- Strong at R&D and innovation. Atlas Copco's products are seen as innovative and modern. Atlas Copco has good resources for investing in product differentiation and quality leadership.

- Threat of substitute products is high since new technologies are constantly making construction tools useless, such as the chemical industry.

- Bargaining power of buyers is high since there are few big companies that make most of the purchases (40-60%) such as Cramo, Ramirent and Storent. For this reason, industry profitability is at the mercy of these strong buyers that might be able to reduce profit margins.

- High barriers to entrants is a positive thing since rivalry is intense, the market is small. As a result, new entrants need to make high investments and fight fiercely to gain share in a market that requires high volume of sales for profitability.

- The lack of networks in the country makes ACCT totally dependent on its intermediaries and builds a gap for accessing end customers. The success of marketing communications is also relying on distributors.

3.4 PESTEL Analysis

The PESTEL framework can be used to identify how future trends in the political, economic, social, technological, environmental ('green') and legal environments might impinge on organizations. This PESTEL analysis provides the broad 'data' from which to identify key drivers of change. (Johnson 2010, 54)

A PESTEL analysis of the macro-environment in Latvia for Atlas Copco Construction Technique was carried out with the support of the data collected in the empirical part of this thesis and desktop research.

- *Political Factors*

According to Ecorys (2011, xii), public spending has been under pressure due to the crisis (targets are to reduce deficits by 50% by 2013 and the public revenues and costs should be balanced by 2016). Some countries have invested in stimuli packages as part of a post crisis strategy. It could, however, be argued that stimuli packages that do not contribute to increased productivity and innovation capacity and a greening of the economy will have a limited effect.

- *Economic Factors*

Latvia is a small country with a population of 2,242,830 people with an area of 64,589 sq .km. Its GNP per capta is 11,620,00 US$.(Doing Business 2012) Situated on the Baltic coast, Latvia is a low-lying country with large forests that supply timber for construction and paper industries. The environment is rich in wildlife. Latvia also produces consumer goods, textiles and machine tools. (EU Report 2012)

In addition, economic factors related to the construction sector should be analyzed. The construction sector is defined using the NACE 1.1 sector classification and includes the following subsectors.

- Manufacturing of construction materials, suppliers of building products and

components (incl. wholesale);
- Onsite construction: site preparation, construction of complete buildings, building installation, completion and rental of construction machinery;
- Professional construction services such as architects, engineering services, cost-controllers and building control bodies. (Ecorys 2011)

According to the Latvia Infrastructure Report (2011), over the period 2011-2015, growth in the Latvian's construction market was expected to be between 1% and 2.5 % per year. For this reason, it was not anticipated that Latvian's construction industry would recover to its 2008 high in US$ terms until considerably after the end of 2020. (PRLOG 2011)

In fact, in 2007, the construction sector in Latvia was still going strong. The regional construction was developing as well as the building sector in the capital city Riga. The abundance of projects in Daugavpils, the largest city in the region of Latgale, created a shortage in qualified workforce. At the peak of the construction boom, workforce had to be imported from Riga. However, the negative effects are now being felt across the entire spectrum of the construction industry. They can be seen in different parts of the country with frozen or postponed projects.

On the other hand, there is still demand for quality construction work. In order to survive and operate in the current market conditions, Latvian construction companies have to identify their unique strengths on the Baltic market. For this reason, a number of construction companies had to undergo drastic restructuring and are no longer able to provide multi-functional services across the entire construction spectrum. (The Baltic Times 2012)

When compared to the frontier economies, which is a synthetic measure based on the most efficient practice or highest score observed for each business indicator across all economies and years included in the Doing Business report since 2005, Latvia has achieved pretty good scores. However, there are exceptions, such as the ease of registering property, getting credit, paying taxes, resolving insolvency and getting electricity.

In fact, getting reliable electricity is vital for business. Globally, Latvia stands at 34 in the ranking of 183 economies on the ease of getting electricity. (Figure 28) The difficulties in resolving insolvency could directly influence the difficulty in getting credit. Actually, access to finance has been severely restricted due to the financial crisis. This poses a threat to the survival and future development of the companies in the construction sector. (Ecorys 2011, x)

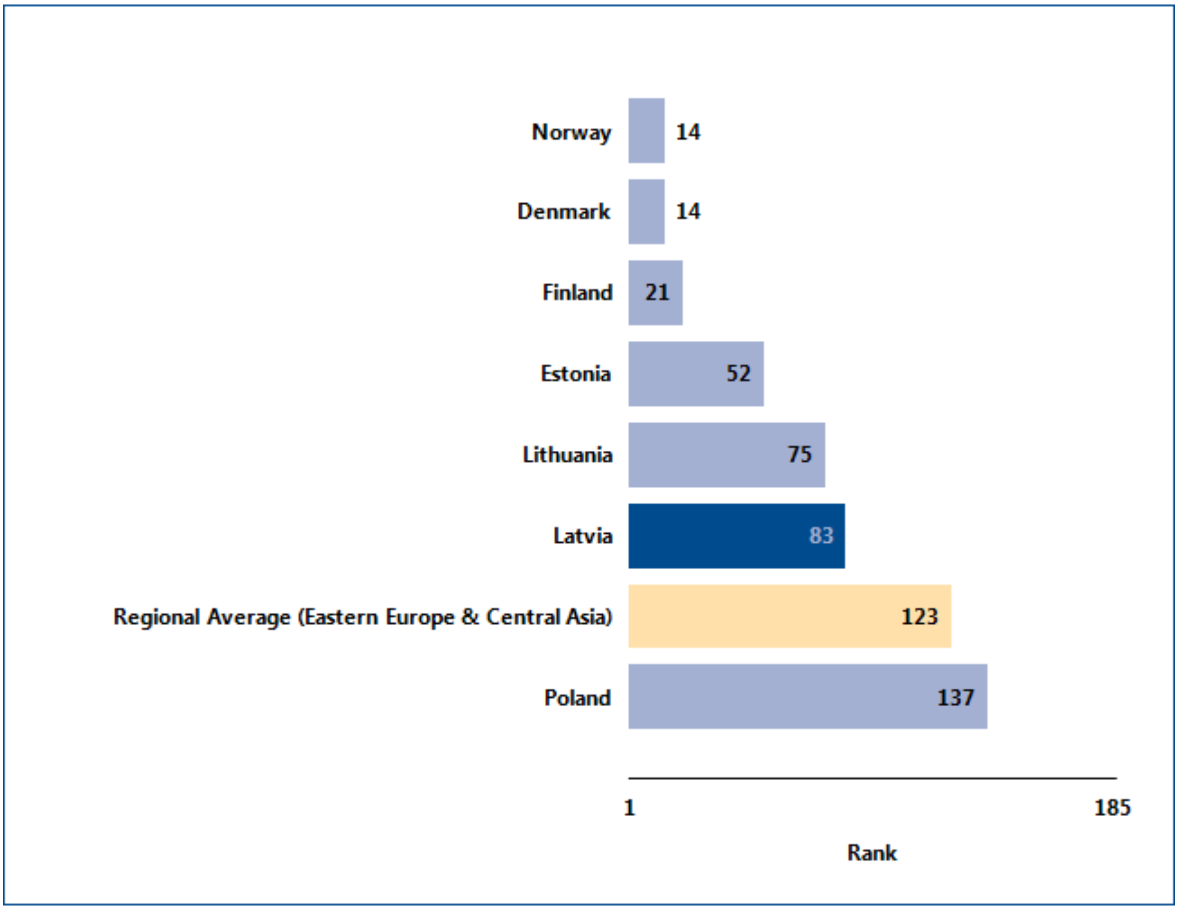

Figure 28. How far has Latvia come in areas measured (Doing Business 2012, 9)

Moreover, Latvia stands at 112 in the ranking of 183 economies on the ease of dealing with construction permits (Figure 29). According to data collected by Doing Business (2012), dealing with construction permits requires 23 procedures, takes 205 days and costs 21% of income per capita.

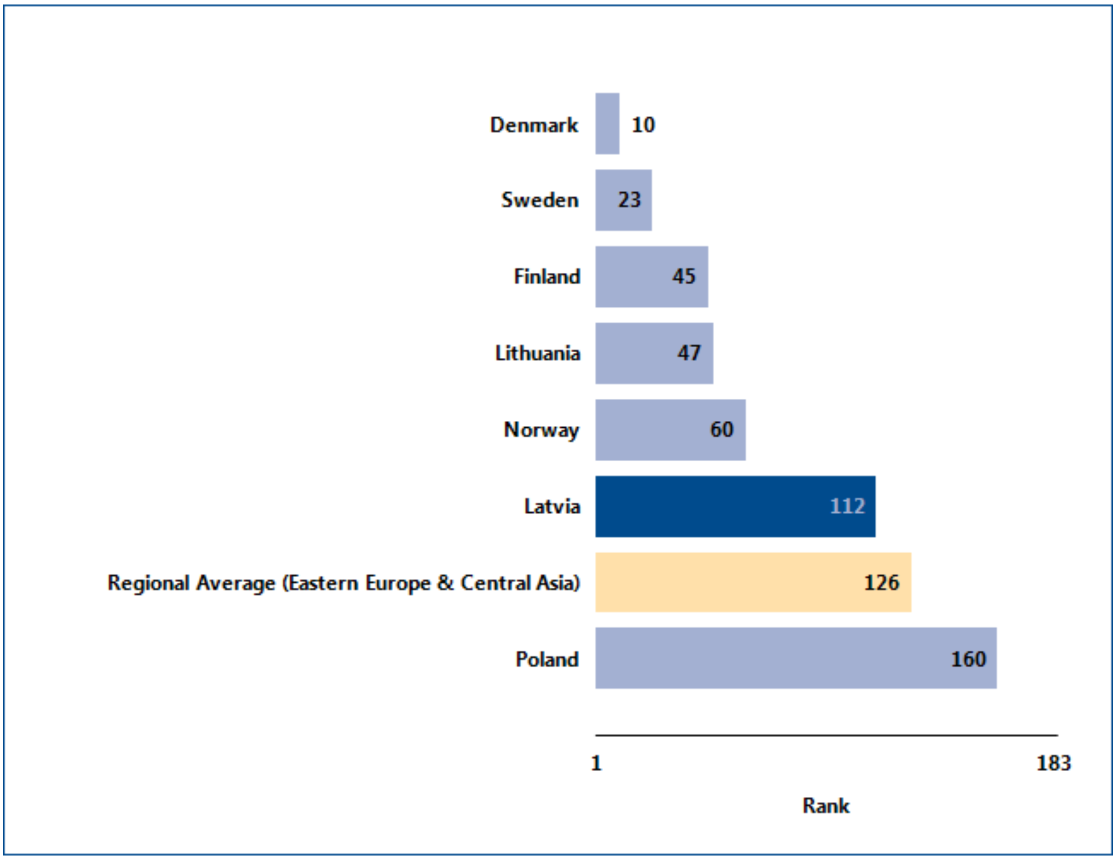

Figure 29. How Latvia and comparator economies rank on the ease of dealing with construction permits (Doing Business 2012)

Lastly, Latvia plans to join the euro zone in January 2014. According to Prime minister Valdis Dombrovskis, the government's current task is to clarify why Latvia should access the euro zone and find out the opinion of business organizations regarding Latvia's accession to the euro zone. A convergence report will be drafted in the next few months so that the country could eventually fulfil all of Maastricht's criteria and eventually join euro. (The Baltic Course 2012)

- *Social Factors*

Ethnically, the population is 59% Latvian and 29% Russian, and more than a third live in the capital Riga. Founded in 1201, Riga is the largest city of the three Baltic States with a population of 730 000. (EU REPORT 2012)

Furthermore, the downturn in construction activity has inevitably had an impact on the number of persons employed. The EU-27 employment index for construction fell sharply (-8.8 %) between the first quarter of 2008 and the second quarter of

2009. The construction workforces of Latvia shrank by about one third between the first quarter of 2008 and the third quarter of 2009. (Eurostat 2010)

In fact, the current high level of unemployment in the sector due to the financial crisis could worsen the situation in several ways, including an ensuing deterioration of the skills in the existing European skills base following long-term unemployment and the limited attractiveness of the sector to young talent due to uncertain employment perspectives. (Ecorys 2011)

- *Technological Factors*

Technological developments, increasing competitive pressure and the sustainability agenda will form the future for the construction sector in Latvia and Europe as a whole. The sustainability agenda is already being addressed in all parts of the European construction sector. Moreover, European construction companies are exploring the potential o f industrialization through the use of new technologies, but the take-up of mature technologies could be strengthened further.

Furthermore, according to the Ecorys report (2011), there is a global need for the development of a range of technological services to address issues as health and safety, energy efficiency, green building, good indoor climate, and renovation processes and materials that are design to fit.

- Environmental Factors

  The Baltic countries hope to diminish the high-energy dependency on Russia by developing a common nuclear power plant. Latvia has started work on its "Energy Strategy 2030", which is aimed at cost competitiveness, sustainability of the sector and security and stability of supply. Latvia has set a goal of having a 40% share of renewable energy in its energy supply by 2020. This goal is seen as reachable because currently renewable resources made up around a third of the nation's sources of energy. The main source is the hydroelectric power plants along Latvia's largest river, the Daugava. (Baltic Export 2011)

- *Legal Factors*

  Latvia stands at 17 in the ranking of 183 economies on the ease of enforcing contracts (Figure 30). The rankings provide useful benchmarks for assessing the efficiency of contract enforcement in Latvia. (Doing Business 2012)

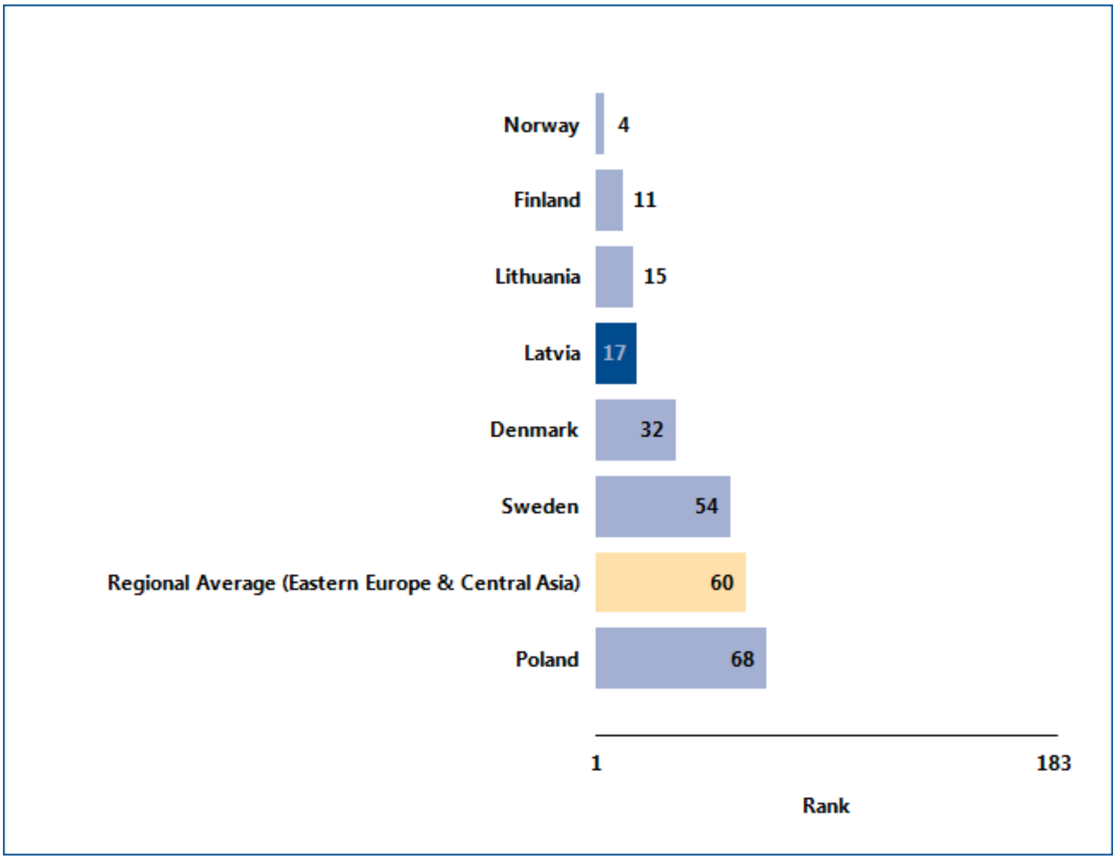

Figure 30. How Latvia ranks on the ease of enforcing contracts (Doing Business 2012)

Moreover, after the PESTEL analysis is made, key drivers should be spotted to construct scenarios of possible futures. Scenarios consider how strategies might need to change depending on the different ways in which the business environment might change. (Johnson 206, 55).

3.5 Key drivers for change

Most importantly, a number of factors are likely to influence the future competitiveness of the construction sector in the next decade and to improve quality and productivity in the construction industry.

- Access to a qualified labour force;

- Access to finance and new financial models:

- Closer customer and end user relations and process innovation;

- Professionalization of the clients;

- Access to applied R&D and tech transfer such as new technologies, materials, smart and eco-efficient solutions and buildings;

- New service models to complement actual construction, retrofitting and renovation activities;

- Modularization and pre-assembling;

- Coordination across actors to achieve lean construction;

- Orientation towards future growth markets outside the EU. (Ecorys 2011, vii)

4 Empirical Study

The empirical study of this thesis consists of five main parts. First the research topic, research design and data collection are explained, then validity and reliability are discussed and finally research results are presented.

4.1 Research Questions

As it was mentioned earlier, this case study is concerned with Customer Strategy and the Business Environment in Latvia. The ultimate goal is to provide business intelligence to Atlas Copco Construction Technique division in Finland, to better understand the Latvian market and customers, in order to improve its CRM.

A combination of the thesis framework and research questions was made in order to provide a clear picture of the integration of the theoretical framework and the empirical part. (Figure 14)

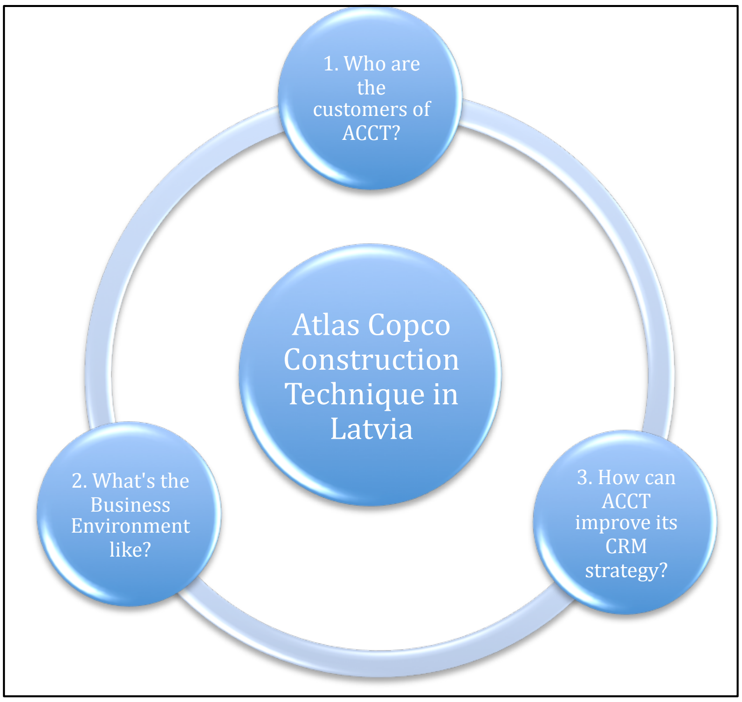

Figure 14. Research Questions

4.2 Research Method

The chosen approach to the research was to do a case study. A case study is a description of a management situation and often involves data collection through sources such as verbal reports, personal interviews and observation as primary data sources. In addition, case methods involve data collection through sources such as financial reports, archives, including market and competition reports. (Ghauri & Gronhaug 2012) The case study approach is often associated with descriptive or exploratory research, the latter one being the chosen research method.

According to Ghauri and Gronhaug (2010, 110), when research questions concern open-ended questions such as "what ", for example " What is the business environment like ?", an exploratory study is justified. The objective is to develop hypotheses or propositions, which can be used later. Besides, case study method is used when one wants to study a single organization and identify factors involved in some aspects or behaviour of an organization or smaller unit.

It is important to emphasize that the case study method is not synonymous with qualitative research. In fact, a case study may involve qualitative methods or even be entirely qualitative.(Ghauri & Gronhaug 2010, 111.) Indeed, this was a very important aspect of the research method adoption as the primary objective was to conduct qualitative research due to the small number of customers to be researched and the nature of the research. However, upon the conclusion of the first round of in-depth interviews, the true dimension of the research was acknowledged and the research method was reviewed and redefined as a case study.

Originally, the main goal was to collect information through qualitative research for customer segmentation and measure the satisfaction of dealers of Atlas Copco Construction Technique. This was because the company uses intermediaries in Latvia, not dealing directly with end customers.

Nonetheless, due to the limited possibility of carrying out in-depth interviews with all of the customers, for linguistic obstacles and lack of resources, part of the research was structured as quantitative in order to attend the suggestion of the commissioning company to make the research process simpler and more objective. In fact, some of the managers were unable to get into deeper details during the interviews.

Moreover, in the middle stage of the project, when a good understanding of the factors was reached, the major areas of the research project were refined to fit a case study approach. For reliability, the research design went through a four-stage review process, which will be explained in the next topic.

4.3 Research design

The research design was concerned with covering both the theoretical background and the actual case research in the key concept areas of CRM and the overall business environment in the target countries.

The research questions were separately applied to both intermediaries and final customers of the case company. The empirical research served the purpose of discovering previously unknown information, improving existing business relationships and creating new business for the case company.

Firstly, qualitative questions were designed to find information about the case company, distributors and both existing and prospective customers. One of the main goals was prospecting new customers since the amount of end customer information that the manufacturer possesses is somehow limited and dependent on the quality of relationships nurtured with its dealers in the Baltic States. For this reason, similar questions were made in order to cross compare the dealer's point of view and end customer's point of view.

As a result, questions were developed with the support of Kotler's customer segmentation framework (Figure 9), which provided the most important criteria for customer segmentation, based on product attributes, product ratings, brand awareness, company size, purchase policies, loyalty, special needs and purchasing patterns. Based on these aspects to be measured, questions were developed according to the overlay matrix below. (Table 3)

Table 3. Overlay Matrix of the Research.

Research Problem (RP)	Research Questions (IQs)	Chapters	Measurement Questions	Results **
What is Atlas ACCT's CRM Strategy development like in Latvia?	**What's the business environment like for ACCT?**	**CRM Business Strategy**	**4,5,6, 14**	**Business Environment Analysis**
	Who are the customers of ACCT in Latvia and their characteristics?	**CRM Customer Strategy**	**1,2,3,7,8, 9,10,13**	**Suggestion for customer segments and target group.**
	How can ACCT improve its CRM strategy?	**Business Unit Strategy Development**	**11,12,15,16,17,18,19**	**Suggestions for CRM improvement**

Secondly, a second version was made in order to interview the company's dealers, which are the intermediaries used by ACCT in the Baltic States. However, after a first round of interviews and discussions with the commissioning company, the questions were partially modified to the form of a survey, in order to save time when carrying out the remaining interviews due to the short time availability of interviewees. The final questions can be found in attachments 2 and 4 as a reference. Plus, the original customer interview questions were translated into Latvian (attachment 4), in order to increase participation since it was noticed during the first part of data collection that the language represented a significant obstacle to this research project.

The four-stage revision process consisted of drift, design, prediction and disconfirmation as suggested by Bonoma (1985, 205). Drift was the first attempt to learn the scope of research, frameworks and objectives. Design was the choice of methods for data collection and definition of the case study framework. Prediction occurred when a good understanding of the case factors was gained and the research proceeded to case construction and analysis. Finally, disconfirmation involved a further analysis of the results.

Lastly, Yin (1994) cited by Ghauri and Gronhaug (2010, 114), provides four types of case study design and presents a 2X2 matrix suggesting that single case is appropriate when a particular case is critical and I want to use it for testing an established theory. Another situation is when a single case is revelatory, extreme or unique. Yin (2003) cited by Ghauri and Gronhaug (2010, 15) suggested that a single case design can also be used when it is an exploratory study that serves as a first step to a later, more comprehensive study, which is the purpose of this single case study research. In addition, the approach was inductive seeking for specific explanations as a result.

4.4 Data collection technique

According to Haaga-Helia's contents and methods guidelines (2012), researchers believe that qualitative research is always a case study in one form or another. The case study can make use of different methods and date. As it was stated earlier, the main focus of this study is on qualitative research.

Patton (2001) suggests in his book that there are three kinds of qualitative data: interviews, observation and documents. All three were used during the research in order to apply given theoretical framework in practice in the best possible manner. Conducting a thorough research is the main prerequisite for result validity.

Furthermore, interview data is a major source, perhaps the major source of information for many qualitative researchers. In fact, whatever the interview form, the purpose is to get inside someone's head and enter into their perspective to find out their feelings, memories and interpretations that cannot be discovered in any other way. (Carson et al, 2001). For this reason, the business line manager of Atlas Copco Construction Technique Finland was initially interviewed for a better understanding of the case study.

The data collected during this first interview, added to the commission company's requirements was used to create questions for a second round of in depth interviews of prospective and existing customers and distributors. Indeed, distributors were interviewed using structured interviews at the House One trade fair in Riga that took place on March 15th, 2012. However, it was particularly challenging to collect data from end customers on site since the commissioning company did not have its own stand at the fair. Time allotted for the research was scarce and dealers were not willing to cooperate by letting me approach their customers. Also, the language barrier prevented communication with users of construction equipment, who preferred to speak Russian or Latvian. Consequently, customer data was collected later on by the use of an online survey, which was sent to them by email.

Actually, this was the last attempt to collect customer data after several frustrated attempts. Unfortunately, this aspect affected the decision of carrying out exploratory research since none of the methods used to collect qualitative data from customers were successful. After the trade fair, customers were contacted by e-mail but none of them replied to the questions that were sent by email. Next, phone calls were made in order to collect data by phone interviews. However, no manager was able to take part in phone interviews.

Eventually, a native speaker of Latvian was hired as a freelance research assistant and the questions were adapted into a web survey format and translated into Latvian. The native speaker called 31 companies, which were chosen from extensive research on the construction industry in Latvia and The Construction and Building Materials Industry Report in Latvia (LIAA, 2009). However, none were willing to spare their time to the research but after some consideration, five of them agreed in answering the web survey that was sent to them by email.

Moreover, due to the fact that not all dealers were present at the trade fair in Riga, online interviews with the remaining dealers were carried out in summer 2012. In addition, one dealer did not reply to the several attempts of data collecting, therefore, only four dealers were interviewed out of five. On conclusion, the most effective data collection methods were the face-to-face interviews, despite the limited time available and by email. This approach shed the light on the past experiences and difficulties of working with ACCT, as well as the potential improvements.

In addition, it is important to explain that another reason some of the qualitative questions were changed into quantitative was to increase the response rate. This was a suggestion of the commissioning company that also aimed at reducing linguistic limitations and time constraints. Unfortunately, most of the prospective customers were not willing to take part in semi-structured phone interviews due to the amount of time that these type of interviews usually take. Therefore, I have mostly collected data from key customers mentioned by ACCT's dealers at the in-depth interviews.

Lastly, the data collection process can be summarized in Figure 15 for a better understanding of the data collection process.

Figure 15. The data collection process

4.5 Data analysis

This topic explains how data was analyzed in the different stages of the research .

4.6 Qualitative Data

Most qualitative researchers use some form of content analysis to analyze their data, that is, they code groups of words in their transcripts into categories. These categories are usually determined from the research topics that were the starting point for the research. (Carson et al, 2001). In addition, the codes are keys to arranging the mass of data into patterns.

The data analysis of this research consisted of two phases: axial coding and selective coding. In axial coding, codes were assigned to words or segments of words and second comparisons and in selective coding, contrasts were made between the coded materials. (Neumann 1994: 408-409 cited by Carson et al, 2001). However, I must emphasize that in interpretivistic research lie grounded theory or ethnographic, there is usually another phase before these two, called open phase, when the initial codes are found within the data itself. Nevertheless, in this study the first coding phase was axial because most of the codes were known before data was collected. Literature frameworks and the objectives of the study generated these codes as Carson et al (2001) suggested.

4.7 Quantitative Data

Even though most of this case study research was meant to be exploratory and qualitative, most of the data collected from customers were in quantitative form due to the fact that face-to-face in-depth interviews were not possible due to the lack of resources and the rejection of phone interviews. The main obstacles of exploratory research were the use of the English language by Latvian native speakers. The fact was that customers are located in Latvia and therefore had an unwillingness to take part in phone or online interviews.

Consequently, the last alternative for data collection was the online survey sent by email. In order to collect data from customers, a native speaker of Latvian with experience in market research was contracted for this special task. The interviewer called around 31 key companies in Riga and suggested that they would take part in phone interviews. However, none of the interviewees were willing to be interviewed on the phone but some of them agreed to take part in the web survey, which contained both qualitative and quantitative questions.

The number of respondents was 5 out of the 31 companies that were initially selected and sent an invitation to take part in the research. For this reason, no complex statistical analysis, such as cross tabulation, was made. Instead, data analysis of the quantitative questions were made with the use of Excel charts that provide a visual representation of the data analyzed even though the sample size was not adequate for making generalizations. The advantage is that I managed to collect data from most of the main customers of Atlas Copco Construction Technique in Latvia.

4.8 Research Results

This section of chapter contains the research results of the empirical part of this thesis, which is divided in two parts. First, the research results of the customers and distributors interviews will be presented. Second, I will present the research results of the semi-structured interviews carried out with ACCT's distributors.

4.8.1 Customer Interviews

These are the research results for the structured interviews carried out by email with current and prospective customers of ACCT. A summary of the answers can be found in Attachment 3.

As it was already mentioned in the data collection chapter, some of the questions were adapted to quantitative questions in order to optimize time consumption and increase response rate. The main findings can be seen below in Figures 16 to 21.

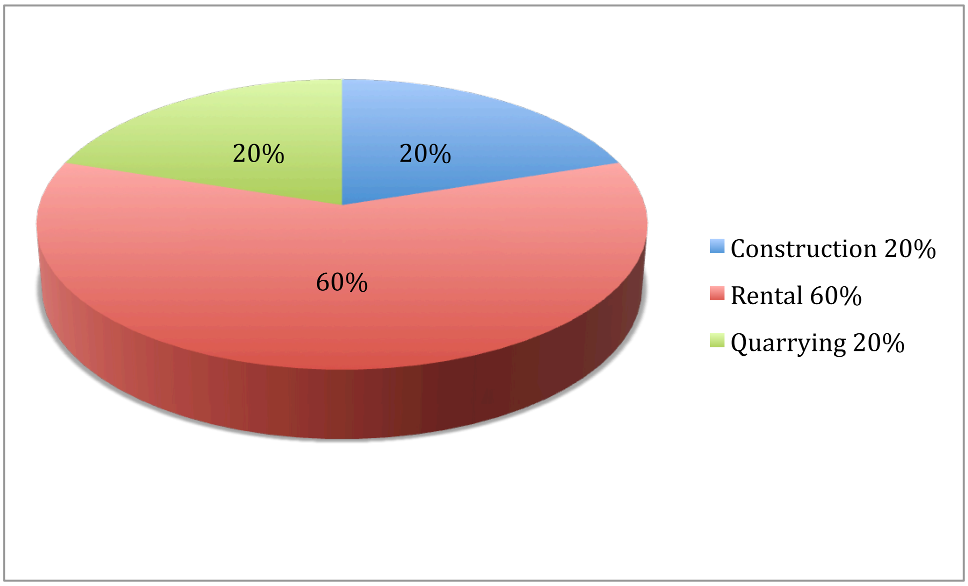

Figure 16. Customer segments

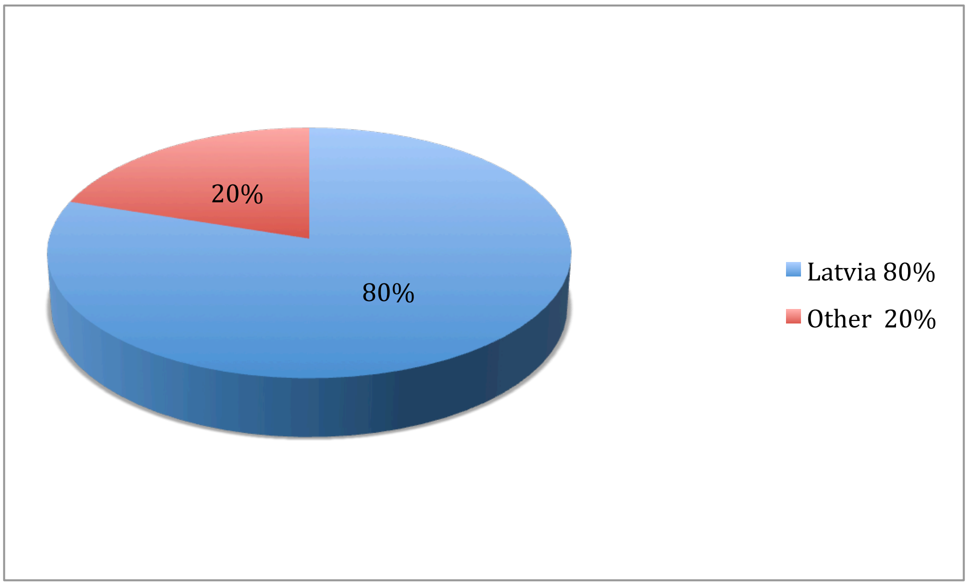

Figure 17. Geographic location

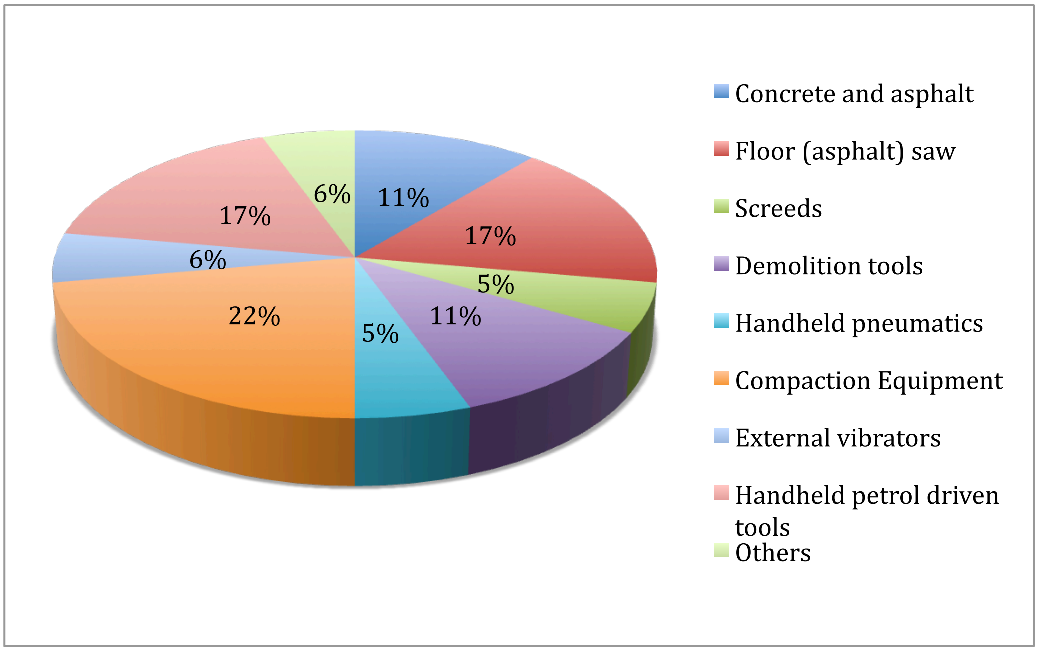

Figure 18. Product segments of interest

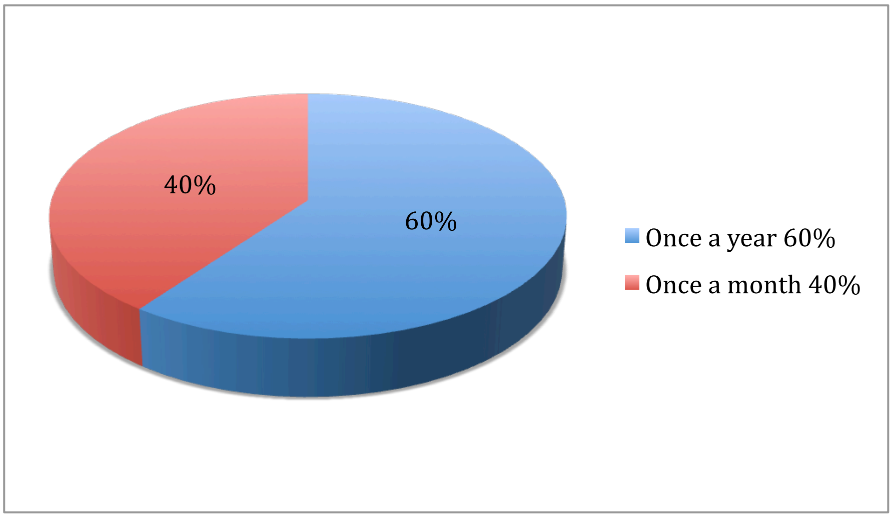

Figure 19. Frequency of purchases of construction equipment

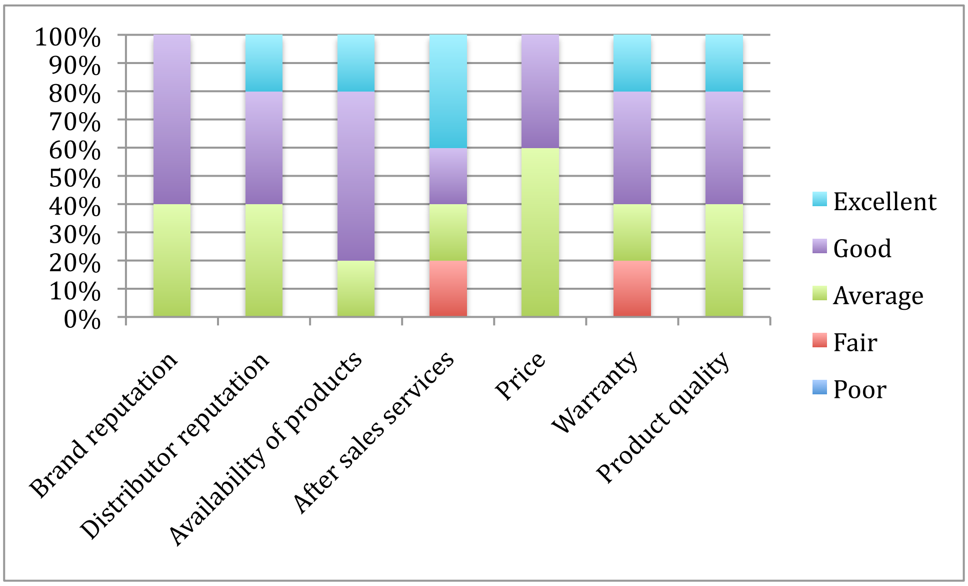

Figure 20. Atlas Copco's ratings

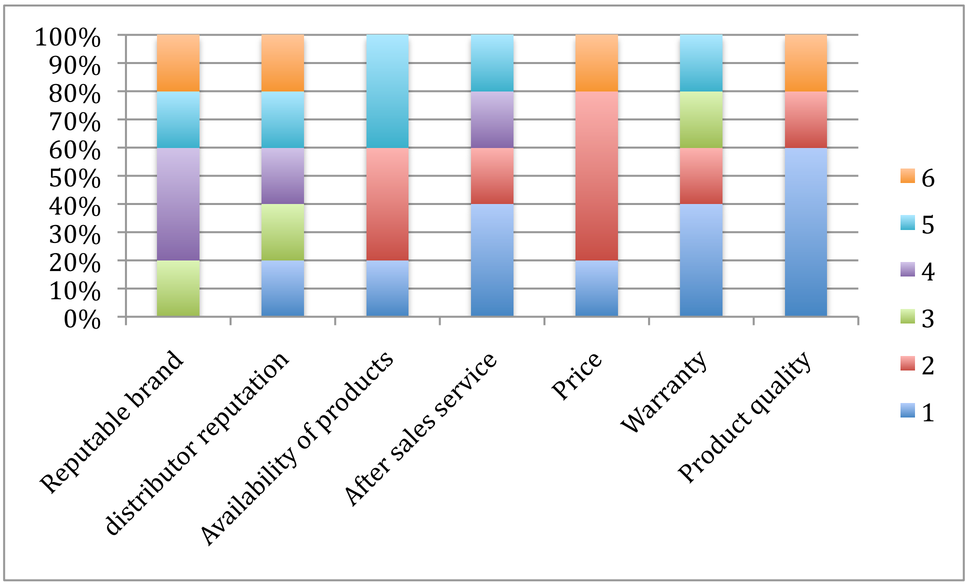

Figure 21. Supplier selection criteria ranking

Key findings

- Most of the interviewed customers were rental companies
- The two main customer segments are rental companies and construction companies.
- Compaction equipment, hand-held petrol tools and floor asphalt saws are the most purchased product among interviewees.
- Most of the interviewees buy construction tools once a year.

- Atlas Copco has a good brand image, distributor reputation and availability of products.
- There are problems with after sales services and warranties.
- Its price is considered average and the quality is good.
- Most of the customers interviewed were located in the capital area.
- The construction companies that didn't know much about ACCT were located in Liepaja town and Riebinu novads that are two areas about 200km from Riga.

Lastly, a segmentation framework was developed given Kotler's customer segmentation framework. To sum up, two main segments were spotted among interviewees (Table 4). Rental companies prefer good quality, are loyal to ACCT and make bigger purchases and more often. Construction companies prefer a good cost-benefit, buy smaller volumes less often and give importance to warranty competitive prices.

Table 4. Application of Kotler's segmentation framework.

Criteria	Rental Companies	Construction companies
Product attributes	Good quality	Good cost benefit
Brand Awareness	Good in general	Unknown to some
Company size	More than 20 employees	More than 20 employees
Purchase policies	Maintenance available	Competitive price
Loyalty	Yes, in compressors	Prefer other brands
Special needs	After sales services	Warranty
Purchasing patterns	Rentals buy once a month	Construction buys once a year
Product ratings	High quality	Good but price is high
EUR spent in 12 months	More than 20 000	Up to 10 000

4.8.2 Distributors Interviews

These are the research results of the semi-structured interviews carried out with ACCT's distributors.

At the very beginning of the research, distributors were interviewed face-to-face in Riga. The main quantitative findings are summarized bellow.

- The main industries s
- erved are rental and road construction in the capital region.
- Most customers buy construction equipment monthly.
- The most important factors to customers in order of importance are illustrated in Figure 20.
-

-

Figure 22. Rank of importance to customers according to distributors

- Most sold products are compaction equipment, pokers and trowels.
- Cramo, CT Noma, RBS Skalls and Ramirent were mentioned as the main customers of ACCT in Latvia.
- Distributors expected to sell more than 100,000 EUR of Atlas Copco's construction tools over 12 months.

- ACCT's main competing brands and their main competitive advantage according to distributors are shown in Figure 23 and Figure 24.

Figure 23. Main Competitors and their competitive advantage

Figure 24. Other brands mentioned and their products

- Customers get information of the sold products from the distributors salespeople, Internet and mailings from distributors.

Furthermore, the majority of the respondents considered Atlas Copco's brand excellent. However, some interviewees mentioned better competing brands such as Ammann that provides better customer support, better pricing and delivery terms. Interviewee 1 stated " Another brand, Amman, has its own brands and the best solutions"

Availability of products was fairly good but there have been occasions when delivery time was rather long (6 months). "In 2011 delivery time was bad. Orders placed in July were delivered only in December" – interviewee 2.

However, according to interviewee 2, it seemed that delivery started to finally work this year. In fact, an improvement in Logistics was suggested for faster delivery of products. It sometimes took more than two weeks for the product to arrive since it leaves the factory in Belgium. The expected delivery time is 4 days. "Logistics could work more efficiently. Delivery time from warehouse in Belgium to Lithuania normally should not exceed 4 working days. In some cases (50%) it is possible, but in some cases it takes more than 2 weeks." – interviewee 3

After sales services was one of the most criticized aspects with ratings of poor and non-existent. Interviewee 2 seemed rather upset with the extinction of Dynapac. He stated that Dynapac was a more professional, efficient and reliable partner. "Atlas Coco's sales structure is useless, there is no contact with factories. More technical assistance is needed. Atlas Copco is not professional anymore. No one really knows about the products. Dealers depend on after sales support, which is not professional anymore. 24h delivery is the high level support that we expect. The time limit for answers should be two working days at the longest , but expected time for reply is 2 hours at the most" Interviewee 1 stated.

Price was pointed out as the main concern due to the low prices of competing brands and low value of Atlas Copco as a brand in some product segments such as concrete products. Interviewee 2 believed that Atlas Copco should adopt a different strategy to that particular market. This was because the brand is not strong in light compaction products in his opinion. "There has been a 20% price increase, which is not acceptable since quality has gone down. 10% at the most would be ok." interviewer 1. According to interviewee 2, "Markets are different so pricing strategies should be adjusted to the markets. Pricing strategy should be reviewed" . In addition, and interviewee 3 said: "Spare part prices for main components of hydraulic breakers too high (pistons, cylinders etc.)"

Warranty was seen as a differential of Atlas Copco, which was pretty good and increased the reliability of ACCT's products. In general, products were considered high quality, innovative and reliable. "Latest models are very innovative." Interviewee 4.

However, there were quality issues with concrete products. “Compaction equipment is quite alright, while some concrete products still have quality issues or are overpriced in comparison with the competition. ” said interviewee 3.

When questioned about their supplier selection criteria, the main answers were about the importance of good price and quality. ”Quality and price is the most important. If quality is good and the price satisfies customers, then it is good for the company's reputation.” said interviewee 2. “Quality and service are most important. Brand is very important if that means quality ” interviewee 3.

Most importantly, the level of support of a business partner was seen as crucial when choosing a supplier as said interviewee 3 “Brand reputation and P/Q ratio are the key determinants when selecting a supplier, on which depends ability to sell certain equipment. Other key aspect is level of support you, as a dealer, can get from your supplier - in terms of training, marketing, problem solving. Product range should fit your strategy as a dealer.”

Figure 25 gives an overview of the satisfaction of Atlas’s Copco’s dealers

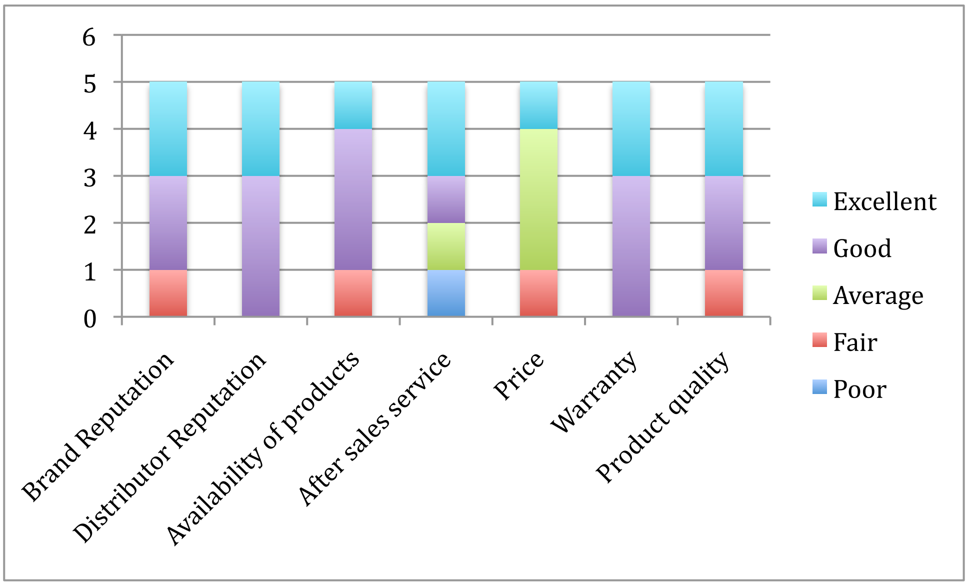

Figure 25. ACCT’s ratings

Lastly, when asked if they would recommend Atlas Copco as a brand, most of the answers were positive, referring to the good quality, guarantee and reliability of the products as their replies show below.

- ”Yes, I would recommend the products of Atlas Copco. You can rely on most of the products. ”
- “Yes, because the products are good quality and price, and the supplier provides a guarantee.”
- “Yes, I would recommend Atlas Copco’s products. They are simply the best!”

- “Very good products. We have our own (Sautec AS) service here. I think it is good.”

However, some additional negative comments were collected for further discussion in the next chapter.

“Atlas Copco is doing internet sales only. You have no idea of what the next 5 years will be like. Information is missing, it lacks answers”

“Different product segments should be taken into account since customers have different motivations to buy”

“Concrete products such as plate compactors are weak, not known”

“Only Atlas Copco has felt that construction is going down among the players in this industry.”

“Some important products have disappeared from your portfolio”

“ACConnect sometimes can be misleading, even though I believe it is a valuable tool.”

“Be given to instructions on the products that are important to customers. Everyone wants the product to serve them in the best way and last longer.”

5 Discussion

This chapter consists of a final analysis of the research results, given the theoretical framework presented, the research results and the objectives of this case study.

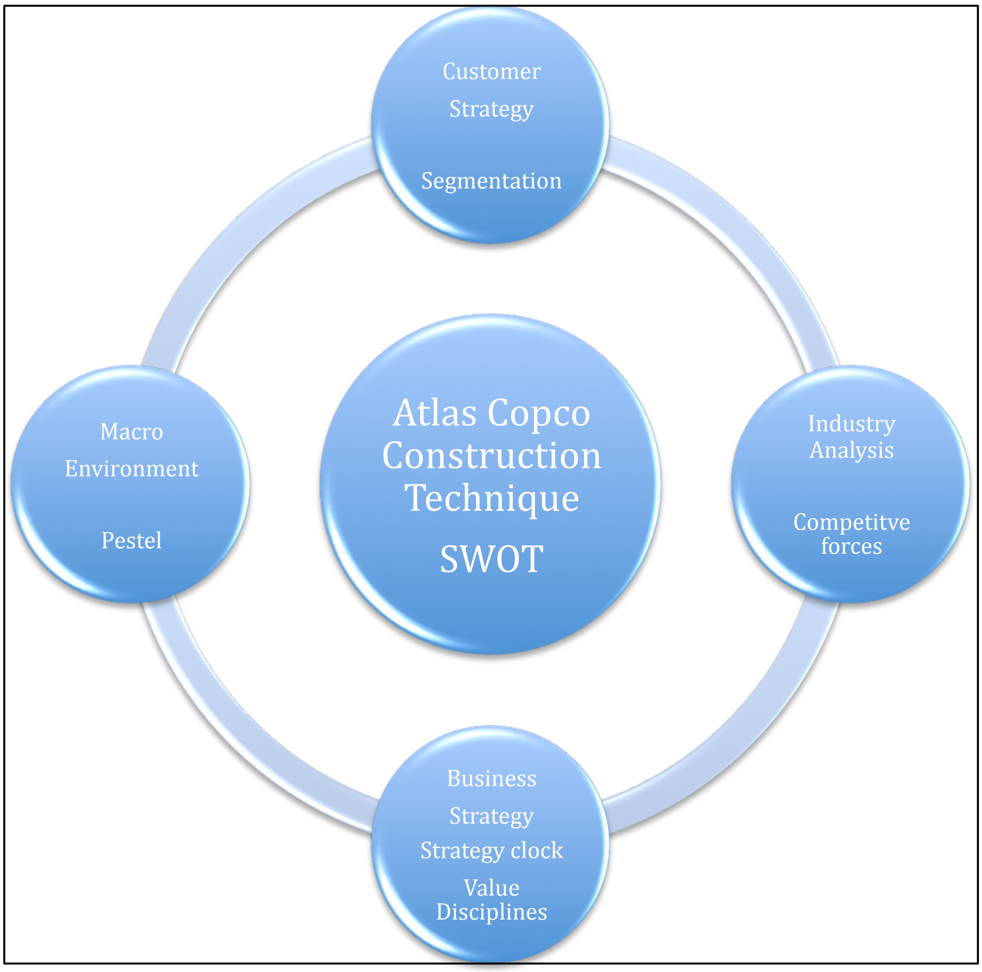

Figure 31. Strategy development framework and analytical tools.

5.1 The Strategy Clock and Value Disciplines

Given the main research findings presented in the previous chapter, an analysis of the current competitive strategy can be made with the use of two very useful analytical tools, the strategy clock and value disciplines, which were introduced in this study's theoretical framework.

The strategy adopted by Atlas Copco Construction Technique in Latvia is in alignment with Atlas Copco's corporate strategy, which is to be a leader in every product segment by adopting differentiation strategies. Indeed, the innovative and cutting edge technology and high quality of Atlas Copco products, combined with value based pricing clearly indicated that Atlas Copco seeks a premium differentiation positioning. In the value disciplines framework, this would be called a product leadership strategy.

However, the opinion of distributors and customers are divided when it comes to the strength of Atlas Copco brand in Construction tools. The main reason is that the brand image of Atlas Copco does not match the brand positioning of differentiation, making its intended strategy become a high price-standard value strategy or high price-low value strategy. The latter one is only possible in monopoly situations. According to Ecorys, (2011, xiii) increasingly clients and users are demanding better performance of constructions. Users expect convenient solutions in the short, medium and long term from the construction sector. Key demands include low maintenance, automation, flexibility, health improving features, optimal environmental integration, etc.

Consequently, this differentiation strategy seems to give room for loss of market share to the intense competition. As it is shown in Figure 32 , strategies 6, 7 and 8 are the failure ones. As it was mentioned, the industry is fragmented, with few big players and several small ones. It is evident that the non-customers belong to the smaller companies niche, which is price sensitive and is currently being served by cost leaders or brands with more customer intimacy.

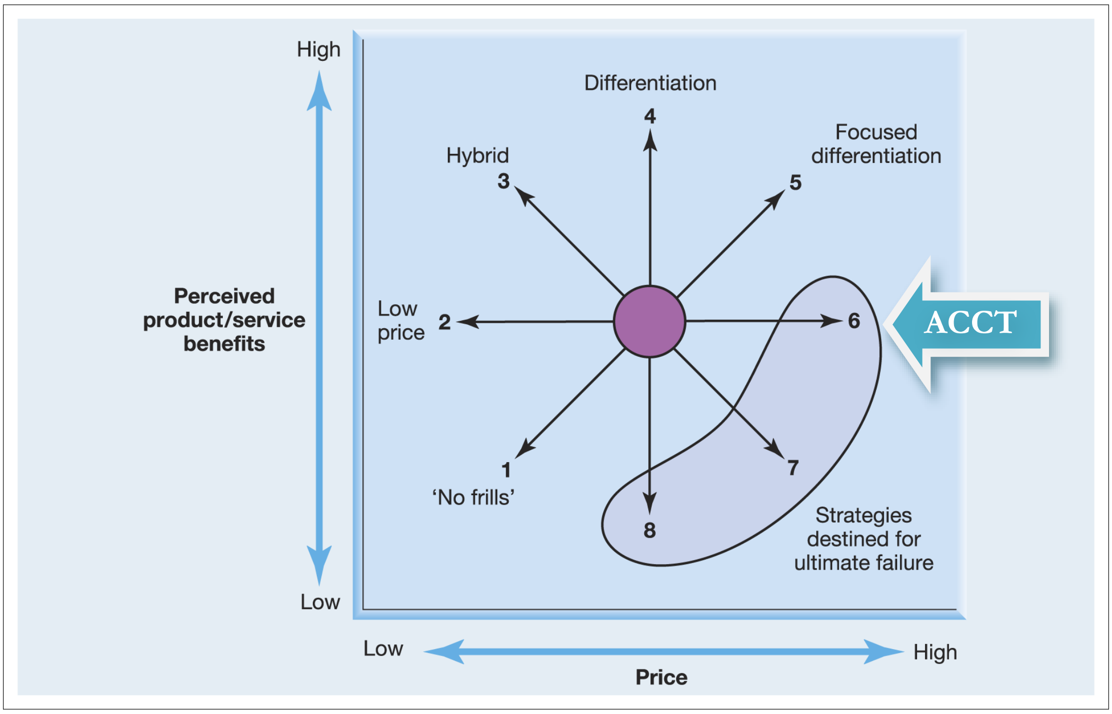

Figure 32.ACCT's competitive strategy

On conclusion, in order to successfully become a market leader with its intended strategy in Latvia, Atlas Copco needs to increase its marketing efforts as to increase its brand awareness. This will consequently improve customer's perceived product/service benefits. In addition, its after sales service and product availability needs to match customer's expectations, especially if it aspires to be a market leader. As a result, once customer's perceived value becomes higher, Atlas Copco will be seen as a premium product brand and price will not be an issue for customers that seek differentiation, which will result in the acquisition of new customers with the same margins.

5.2 The CRM Strategy Matrix

As we discussed, organizations starting with product based selling should first integrate their customer facing activities, and analyze the benefits of a more advanced form of CRM in order to choose the best transition path in order to shift to a more advanced form of CRM.

According to this research, the current position of ACCT's strategy is product based selling with a low degree of customer individualization and low level of customer information due to the choice of sales channels. Nonetheless, more advanced forms of CRM that would eventually lead to an individualized CRM would definitely increase the chances of success in terms of gaining more customer intimacy and operational excellence.

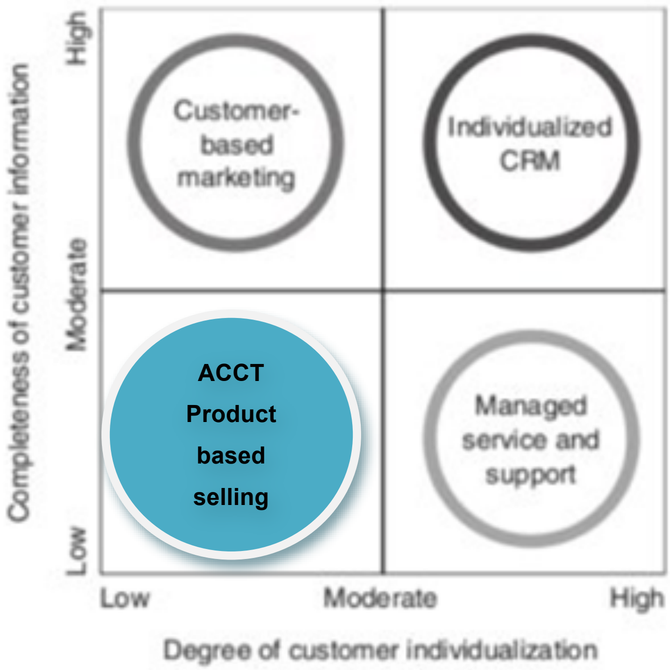

Figure 33. CRM Strategy Matrix of Atlas Copco

5.3 Interpretation of results

All in all, as it was suggested in the previous topic, Atlas Copco should make every effort to improve its brand image since its current strategy might fail and give room for its competitors to grow their market share in case competitors choose to keep their low price strategies.

Besides, the intensity of rivalry and the long list of weaknesses and threats for ACCT suggest that another strategy could be adopted, which would make competition irrelevant by exploring the segment of non-customers with the adoption of a Blue Ocean Strategy.

In order to gain market share, the Blue Ocean Strategy might be answer because product leadership does not seem to be enough in this price sensitive market. A full analysis of the cost structure might offer hints on how to match product leadership and low cost to serve this market. In addition, the development of maintenance and the after sales service will make Atlas Copco a more attractive brand in the Baltic States.

5.4 Validity and Reliability

Qualitative research demands theoretical sophistication and methodological rigor. In fact, just because statistical tests are not used, it does not mean that quality should be neglected. (Silverman 2005) For this reason, validity and reliability are seen as an important topic for discussion.

Validity, which is another word for truth, can sometimes be challenged if the researcher does not clearly make an attempt to deal with contrary cases or if data depends on a few examples that were carefully chosen. In this case, the researcher is not able to convince their audience that their findings are genuinely based on critical data investigation, which is also known as *anecdotalism*. (Silverman 2005)

The two common responses to this problem are to suggest method and data triangulation, or respondent validation. Triangulation is, simply put, an attempt to get a true fix of the situation by combining different ways of looking at it or different findings. However, many of the models that underlie qualitative research are not compatible with this method while respondent validation suggests that we should go back to the subject with the tentative results and refine them in the light of our subject's reactions (Pearson and Rowan 1981, cited by Siveverman 2005). On the other hand, Silverman (2005) suggests more satisfactory, such as the refutability principle, comprehensive data treatment and deviant case analysis, which were adopted in this research.

The refutability principle means that we must overcome the temptation to jump into conclusions just because there is some evidence that seems to lead in an interesting direction. For this reason, the deviant case analysis was always carried out, which means that every piece of data was used and accounted for, especially the deviant cases.

Moreover, comprehensive data treatment was adopted when all cases of data were incorporated in the analysis. (Mehan 1979 cited by Silverman 2005)

Lastly, reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions. For reliability to be calculated, it is incumbent on the scientific investigators to document their procedure and demonstrate that categories have been used consistently. (Silverman, 2005, p 224) Having that in mind, the reliability of this researched can be proved by the transparent and documented research procedure, which was presented, in the previous chapter.

To sum up, there is little point in concluding a research thesis unless the procedures that were adopted can be shown in order to ensure that one's methods are reliable and the conclusions are valid. (Kirk and Miller 1986: 72 cited by Silverman, 2005). For this reason, I would also like to point out that the results of the quantitative part of this research do not represent current and prospective customers as a whole due to the low response rate. Therefore, the conclusions made in this chapter are based on the outcomes of the qualitative research only.

5.5 Assessment of the thesis process and own learning

The thesis process was very detailed in the thesis plan, which included empirical and desktop research to be concluded by the end of May 2012. However, several factors influenced in the extension of the process to the second half of the year and the research was concluded in autumn 2012. The major obstacles to the project's timeline were the difficulty in collecting data from customers and the challenge of focusing on a single market and topic. In fact, the research plan included all of the Baltic States and other aspects, such as B2B buying behaviour and supplier selection.

Two crucial factors for the focus in one market and the reduced scope of research was the fact that one of the research team members quitted after the plan was approved and agreed with the commissioning company. Consequently, the scope of the study was redefined, as well as the key theoretical frameworks.

Regarding my own learning, this research furnished me with valuable experience in the field of marketing research. I had previously done marketing research as far as the survey planning, data analysis and results were concerned. However, this was the first hands-on experience in data collection and exploratory research. The most important learning stage took place when the first attempts of data collection failed and other alternatives had to be considered in order to obtain answers to the proposed research questions.

Furthermore, I consider myself a more developed professional in terms of project management skills. Actually, most of the long reports made for Globba studies were group work and this was the first solid piece of research that was carried out by myself from beginning to end.

In summary, the benefits and lessons from this research outnumbered the drawbacks and sacrifices that were made in order to achieve the research objectives by the course's deadline. Not to mention the insight that was gained of an industry in growth in international scale and the reward of assisting a global leader in its industry to improve its customer relationship management.

5.6 Recommendations for further research

As I see it, further research is recommended on prospective customers' buying behaviour. This study has shed the light in possible threats to Atlas Copco in the Latvian market. However, quantitative research would be beneficial in order to find out more about brand preferences of target customers and collect information for a detailed segmentation of the non- customers and planning marketing communications for future target groups.

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Attachments

Attachment 1. Checklist for CRM leaders (Payne 2008, 90)

CRM leaders need to review the following issues about the Strategy Development Process.

Business strategy (including leadership and sponsorship)

1. Senior management in my organization has demonstrated strong leadership in introducing and supporting CRM initiatives

2. There is a strong and well-supported board level executive who is a committed sponsor of the organization's CRM initiatives

3. Senior management works together in a united manner and resolves cross-functional conflicts

4. My organization has a vision, mission, purpose, or statement of direction that clarifies its commitment to quality and customer focus and that is clearly understood by staff. My organization has a clear set of

values that support the vision and these are shared by most of our staff

5. My organization develops and reviews strategic and annual business plans that incorporates an analysis of market trends, customer characteristics, industry evolution, the competitive landscape and technology impacts

6. My organization has a clear view on the value discipline on which it competes: customer intimacy, operational excellence or product leadership

7. The future impacts of electronic commerce and shifts in role of channels and intermediaries are considered on a regular basis by senior management

8. The overall strategic plan serves as the basis for the annual business plans of the organization and its functional departments

9. Managers and supervisors understand their specific responsibilities in carrying out the actions in the strategic plan

10. My organization comprehensively reviews and improves its management systems at least annually to an international, industry-specific or internally developed standard.

Customer strategy

1. My organization has a clear view on which customers it wishes to serve and which ones it does not wish to serve

2. My organization considers not only its immediate customers but also its customer's customer in making its marketing decisions

3. My organization has done a thorough and recent segmentation of its customer base

The strategy development process

4. My organization has selected the appropriate level of segmentation of its customer base, i.e. macro- segments, micro-segments or one-to-one

5. We consider customer segments in terms of value preferences of benefits sought, in addition to more general customer characteristics

6. My organization customizes its product or service offer to different segments where appropriate

7. At least annually my organization seeks new customer opportunities

beyond its existing offer to customers

8. Our business strategy and customer strategy are closely aligned

9. We have considered the appropriate degree of customer individualization given our position in the market and the nature of our competition

10. My organization has plans for future customer individualization and customer information requirements.

Note: Each issue should be considered in terms of:

Rating for our organization (5 _ applies fully; 0 _ does not apply at all)

Importance to our organization (5 _ very important; 0 _ no importance

Attachment 2. Online Research questions to current and prospective customers

Dear Sir or Madam,

We are conducting a survey among distributors and customers of Atlas Copco for the construction tools and equipment division, in cooperation with Haaga-Helia University of Applied Sciences in Finland.

We would appreciate your collaboration in spending some minutes to answer a few questions.

Feel free to contact me if you have any questions.

Best Regards,

Priscila Nisonen
Thesis Writer
Atlas Copco Construction Technique
Finland

1-What's the name of your company?

2-What's your name and title? (Optional)

3- What's the size of your company?

○ 1-5 employees? ○ 5-20 employees ○ 20 or more employees

4- What industries do you serve?

○ Other ○ Rental ○ Construction ○ Road Construction

○ Other (Please Specify)

5- What countries do you operate in?

○ Lithuania ○ Estonia ○ Latvia ○ Other

○ Other (Please Specify)

6- Where are you most of your customers located?

7- What kind of construction tools do you mostly sell?

○ Compaction Equipment ○ Demolition tools ○ Pneumatic pumps ○ Hand-held hydraulics ○ Handheld pneumatics ○ Concrete and asphalt floor saws ○ Hydraulic breakers ○ Hydraulic pumps ○ Trowels ○ Screeds ○ Pokers ○ Hand-held petrol driven tools ○ External vibrators

Other (Please Specify)

8-How often do your key customers purchase construction tools?

Yearly Monthly Weekly

9- How do they receive information of the products they consider to buy?

Mailings from manufacturer Mailings from distributor Trade publications Internet Salespeople- distributor Word of mouth

Other (Please Specify)

10- How much do you expect to sell of Atlas Copco construction tools over 12 months? (In Euros)

0-25 000 EUR 25 000-50 000 EUR 50 000- 100 000 EUR 100 000 EUR or more

Other (Please Specify)

11-How would you rate Atlas Copco construction tools in these categories?

	Poor	Fair	Average	Good	Excellent
Brand Reputation	○	○	○	○	○
Distributor Reputation	○	○	○	○	○
Availability of products	○	○	○	○	○
After sales service	○	○	○	○	○
Price	○	○	○	○	○
Warranty	○	○	○	○	○
Product quality	○	○	○	○	○

12- Please rank the following from 1 to 7 in order of importance to your customers when making their buying decisions. (1 - most important, 7- least important)

	1	2	3	4	5	6	7
Reputable brand	○	○	○	○	○	○	○
Distributor reputation	○	○	○	○	○	○	○
Availability	○	○	○	○	○	○	○
After sales service	○	○	○	○	○	○	○
Price	○	○	○	○	○	○	○
Warranty	○	○	○	○	○	○	○

Product quality ○ ○ ○ ○ ○ ○ ○

In this section, please feel free to share your opinion with us by writing full answers the questions. It is very important that you also explain why you have a certain opinion. Thank you for your time!

13- What are the main competing brands of Atlas Copco construction technique? Why? (Can name up to three brands, in order of preference.)

Brand 1 – opinion

Brand 2 – opinion

Brand 3 – opinion

14- What do you see as important when selecting a supplier of construction tools? (Brand, price, quality, service, etc.) WHY?

15- How do you experience Atlas Copco's products and services?

16- How can Atlas Copco improve its products and services?

17- What do you like the most about Atlas Copco's products?

18- Would you recommend Atlas Copco's products? Why?

19- Any additional comments or suggestions?

Attachment 3. Research questions to customers in Latvian.

Atlas Copco celtniecības tehnikas klientu tirgus pētījums

Cien. Dāmas un Kungi,

sadarbībā ar Somijas Haaga-Helia Lietišķo Zinātņu universitāti, veicam aptauju esošo un potenciālo Atlas Copco celtniecības instrumentu un iekārtu produktu klientu vidū.

Mēs būtu ļoti pateicīgi par Jūsu sadarbību, veltot pāris minūtes, lai atbildētu uz dažiem jautājumiem.
Mums ir ļoti svarīgs Jūsu viedoklis!

Gadījumā, ja Jums rodas kādi jautājumi, sazinieties ar mums,

Ar cieņu,

Priscila Nisonen
Promocijas darba autore
Atlas Copco celtniecības tehnika, Somija

1.Jūsu uzņēmuma nosaukums?

2.Jūsu vārds un ieņemamais amats? (izvēles)

3. Uzņēmuma lielums?

1-5 darbinieki

5-20 darbinieki

20 vai vairāk darbinieki

4. Kādā nozarē darbojaties?

Ceļu būvniecība

Būvniecība Noma

Cits (lūdzu norādiet)

5. Kādās valstīs darbojaties? Latvija

Lietuva

Igaunija

Citas (lūdzu norādiet)

6. Kur Jūs atrodaties?

7. Kāda veida celtniecības instrumentus Jūs iegādājieties?

☐ Betons un asfalts ☐ Grīdas (šuvju) zāģi ☐ Klons ☐ Hidrauliskie drupinātāji ☐ Demolēšanas instrumenti ☐ Hidrauliskie sūkņi ☐ Rokas pneimatika ☐ Blīvēšanas iekārtas ☐ Ārējie vibratori ☐ Ķelles ☐ Pneimatiskie sūkņi ☐ Ar degvielu darbināmie rokas instrumenti ☐ Dzeļi ☐ Rokas hidraulika ☐ Citi (lūdzu norādiet)

8. Cik bieži iegādājaties celtniecības instrumentus?

○ Reizi gadā ○ Reizi mēnesī ○ Reizi nedēļā

9. Kā Jūs iegūstat informāciju par produktiem, ko plānojat iegādāties?

○ Ar pasta sūtījumiem no ražotāja ○ Ar pasta sūtījumiem no izplatītāja ○ Ar tirdzniecības publikācijām ○ Internetā ○ No pārdevējiem ○ Pēc rekomendācijām

10. Cik daudz plānojat iztērēt celtniecības materiālos 12 mēnešu laikā? (eiro)

○ 0-5000 EUR ○ 5000-10 000 EUR ○ 10 000- 20 000 EUR ○ 20 000 EUR vai vairāk

11. Kā Jūs novērtētu Atlas Copco celtniecības instrumentus pēc šādiem vērtēšanas kritērijiem?

	Slikti	**Diezgan slikti**	**Vidēji**	**Labi**	**Izcili**
Zīmola reputācija	○	○	○	○	○

Izplatītāja reputācija	○	○	○	○	○
Produktu pieejamiba	○	○	○	○	○
Apkopes pakalpojumi	○	○	○	○	○
Cena	○	○	○	○	○
Garantija	○	○	○	○	○
Produktu kvalitāte	○	○	○	○	○

12. Novērtējiet zemāk minēto no 1 līdz 7 pēc to nozīmīguma pakāpes pirkuma izdarīšanas brīdī. (1 - vissvarīgākais, 7- vismazāk svarīgākais)

	1	**2**	**3**	**5**	**6**	**7**
Cienījams zīmols	○	○	○	○	○	○
Izplatītāja reputācija	○	○	○	○	○	○
Pieejamība	○	○	○	○	○	○
Apkopes pakalpojumi	○	○	○	○	○	○
Cena	○	○	○	○	○	○
Garantija	○	○	○	○	○	○
Produkta kvalitāte	○	○	○	○	○	○

Šajā sadaļā paudiet savu viedokli, rakstot pilnas atbildes uz jautājumiem .

Ir ļoti svarīgi, lai Jūs paskaidrotu savu konkrēto viedokli. Paldies par veltīto laiku!

13. Kādi ir Jūsu iecienītie celtniecības instrumentu zīmoli? Kāpēc? (Varat nosaukt līdz pat trīs zīmoliem to vēlamajā secībā.)

1.zīmols - viedoklis ☐

2.zīmols - viedoklis ☐

3.zīmols - viedoklis ☐

14. Kas, jūsuprāt, ir svarīgi, izvēloties celtniecības instrumentu piegādātāju? (zīmols, cena, kvalitāte, serviss, u.c....) Kāpēc?

15. Kāda ir Jūsu pieredze ar Atlas Copco produktiem un pakalpojumiem?

16. Kā Atlas Copco varētu uzlabot savus produktus un pakalpojumus?

17. Kas Jums visvairāk patīk saistībā ar Atlas Copco produktiem?

18. Vai Jūs rekomendētu Atlas Copco produktus citiem? Kāpēc?

19. Papildus komentāri vai ieteikumi?

20. Lūdzu norādiet savu kontaktinformāciju, ja vēlaties saņemt sīkāku informāciju par Atlas Copco produktiem un pakalpojumiem. (izvēles)

Paldies par veltīto laiku!!

Attachment 4. Distributor's online interview questions

Distributor Survey for Atlas Copco

Dear Sir or Madam, We are conducting a survey among distributors and customers of Atlas Copco for the construction tools and equipment division, in cooperation with Haaga-Helia University of Applied Sciences in Finland. We would appreciate your collaboration in spending some minutes to answer a few questions. feel free to contact me if you have any questions.

Best Regards,

Priscilla Nisonen

Thesis Writer

Atlas Copco Construction Technique, Finland

1. What's the name of your company?

2. What's your name and title? (optional)

3. What's the size of your company?

1-5 employees?

5-20 employees

20 or more employees

4. What industries do you serve?

Road Construction

Construction

Other

Rental

Other (Please Specify)

5. What countries do you operate in?

Lithuania

Estonia

Latvia

Other

Other (Please Specify)

6. Where are you most of your customers located?

7. What kind of construction tools do you mostly sell?

External vibrators

Handheld petrol driven tools

Concrete and asphalt floor saws

Hydraulic breakers

Compaction Equipment

Pokers

Handheld pneumatics

Trowels

Hydraulic pumps

Demolition tools

Pneumatic pumps

Handheld hydraulics

Screeds

Other (Please Specify)

8. How often do your key customers purchase construction tools?

Yearly

Monthly

Weekly

9. How do they receive information of the products they consider to buy?

Mailings from manufacturer

Mailings from distributor

Trade publications

Internet

Salespeople- distributor

Word of mouth

Other (Please Specify)

10. How much do you expect to sell of Atlas Copco construction tools over 12 months? (EUR)

0-25 000 EUR

25 000-50 000 EUR

50 000- 100 000 EUR

100 000 EUR or more

Other (Please Specify)

11. How would you rate Atlas Copco construction tools in these categories?

	Poor	Fair	Average	Good	Excellent
Brand Reputation					
Distributor Reputation					
Availability of products					
After sales service					
Price					
Warranty					
Product quality					

12. Please rank the following from 1 to 7 in order of importance to your customers when making their buying decisions.

(1 - most important, 7- least important)

	1	2	3	4	5	6	7

Reputable brand
Distributor reputation
Availability
After sales service
Price
Warranty
Product quality

In this section, please feel free to share your opinion with us by writing full answers the questions. It is very important that you also explain why you have a certain opinion. Thank you for your time!

13. What are the main competing brands of Atlas Copco construction technique? Why? (Can name up to three brands, in order of preference.)

Brand 1 - opinion
Brand 2 - opinion
Brand 3 - opinion

14. What do you see as important when selecting a supplier of construction tools? (brand, price, quality, service, etc...)

WHY?

15. How do you experience Atlas Copco's products and services?

16. How could Atlas Copco improve its products and services?

17. What do you like the most about Atlas Copco's products?

18. Would you recommend Atlas Copco's products? Why?

19. Any Additional comments or suggestions

Attachment 5. Summary of customer survey responses

1. Company name	a. Ramirent b. CT Noma c. Cramo d. Albert GS Ltd e. Celu, tiltu buvnieks Ltd (CTB)
2. Respondent	a. Sandris Juhnevics – Technical Manager b. Ojars Dalders c. Deputy head of service d. Valdis Metlans – director e. Technical Director
3. Number of employees	20 or more – 100%
4. Industry	a. Rental b. Rental c. Rental d. Quarrying (dolomite production) and construction e. Road construction

5. Country	Latvia – 100%
6. Location	a. Piedrujas iela 3d, Riga LV – 1073 b. Ventspils iela 48, Riga, LV - 1002 c. Riga, Melluzu iela 1 d. Riebinu novads, Silukalna pagasts, Stikani e. Liepaja Town
7. Construction Equipment purchased	a. Concrete and asphalt, floor saw, screeds, demolition tools, compaction equipment, and handheld petrol driven tools. b. Floor saw, compaction equipment, external vibrators c. Hand-held pneumatics, compaction equipment, com- pressors and generators d. floor saw, demolition tools, compaction equipment, handheld petrol driven tools e. concrete and asphalt floor saws, handheld petrol driven tools

8. Frequency of purchases	a. Once a month b. Once a month c. Once a year d. Once a year e. Once a year
9. Marketing tools	a. internet b. sellers c. sellers d. internet e. trade publications
10. Amount to be spent in the next 12 months	a. 20000 or more b. 20 000 or more c. 20 000 or more d. 0 – 5000 e. 10 000 – 20 000
11. Atlas Copco's image	a. good b. good, perfect, good, perfect, medium, good, good c. good, good, good, pretty bad, medium, pretty bad, medium d. medium

	e. medium, medium, perfect, perfect, good, perfect.
12. Importance to customers	1.Quality 2. Price 3. Warranty 4. Reputable brand 5. Availability 6. After sales services
13. Top brands	a. Bosch, Weber, Husqvarna b. Atlas Copco, Komatsu, Robert Bosch c. Makita d. Bosch, Metabo, Hilti e Husqvarna, Berner, Stokker
14. Supplier selection criteria	a. Quality and quick service. b. service, quality, delivery c. all of the above mentioned. d. price-quality ratio. Possibility to repair and cost of spare parts at low cost e. service and quality
15. Atlas Copco's experience	a. Atlas Copco bought many brands so it's hard to say but compressors are a strong

	point. b. Experience with 2-3 years and 10 years with Dynapac – good quality. c. High quality products but the generator's warranty repair was too long, more than a month. d. No experience, just bought from Dinlats a fibro plate and asphalt cutler. Have got excavators with the name Atlas. ? e. no answer
16. Areas for improvement	a. Nothing b. More products and more competitive price c. After sales service (repairs, spare parts, technical maintenance) d. Improve advertising, never heard of this company before e. no answer
17. Atlas Copco's strengths	a. not much experience b. delivery and quality c. No problems with technical

	documentation d. No experience e. No answer
18. Would you recommend AC?	a. yes, compressors b. Yes, due to high quality c. yes, good price-quality ratio d. No as I got to know this company a few days ago. e. No answer
19. Comments	a. none b. none c. none d. are you selling hydraulic breakers? A bid demolition hammer, mounted on the excavator instead of the bucket. We'd like to see a demonstration of this equipment. In real conditions. e. no answer
20. Contract information	c. alek- sandrs.kahanovskis@cramo.c

	om d. valdis.metlans@inbox.lv tel. 26156660, interested in tools related to mining and quarrying

Attachment 6. Online interview with ACCT's business line manager

1. What products do you sell?

Please see the file attached

2. What are the product segments in each country?

We offer full line in each country, one of your tasks will be to find out the markets for different segments

3. Who are your target customers?

Your task as well, but basically the rental companies and best construction companies (size is only one factor)

4. Could you name the most important ones?

Your most important task. The most important rental companies at the moment are Cramo, Ramirent and Storent.

5. How do you segment them?

Your task as well

6- How do you collect and use customer information of previous purchases?

Your task as well, our dealers must have something but how can we get that information.

7- What kind of sales channels do you use for CT?

In Baltics 100 % of CTO sales are done by dealers.

8-What kind of key benefits do you think your customers seek? (added-value) Lowest cost of ownership

9-Who are your distributors? Where are they located?

See our updated website, change the country and search.

10- What geographical areas are the most profitable ones?

Tallinn, Riga, Vilnius, Kaunas and Klaipeda

11- What geographic areas aren't well explored?

Eastern part of Latvia is unknown for us and for our dealers. I hope your friend can explore this area (Daugavpills, Jekapills etc)

12 - How could you describe the sales process?

Your task as well, follow up our dealers and make notes. Seek best practices

13- Who is usually involved in the purchases?

Your task as well,

14- Do you think there could be any niche that isn't well served?

Definitely
15- What kind of relationship do you have with your distributors?

Your task as well. With most of them we have good and open conversation, Dinlats in Latvia and Keluva in Vilnius were difficult to approach, but lately I've managed to break the ice.

16- What kind of criteria is there for selection of partners?

Reliability, financial situation, sales team, service, marketing, targets and plans...

17- What is your market share for CT in the Baltic States?

Your task as well, extremely hard to say

18- Who are your competitors?

Your task as well,

19 -What is your position in relation to them? (market leader, follower, challenger) Your task as well,

20 - How do you differentiate yourselves from your competitors? (price, quality, brand, etc) All these factors and best dealers in the market.

21- What are your short-term and long term goals?

To be a market leader in all product segments

22- How can we help you achieve your goals?

You tell me

23- How would you describe the industry you're in? (growing, saturated, etc)

The construction industry is growing and especially in Baltic countries

24 - What's the current market situation?

Fragile growth with the treat of total crush

25- What are the trends in this industry?

Last 10 000 years the new construction methods has changed the market of certain tools and machines. For example chemicals has made some of our concrete tools almost useless.

26 - What are the biggest challenges for ACCT in the Baltic States?

Financial situation, small volumes,

27 - What concrete results do you expect to get from this research?

How big is the potential market and what kind of main customer segments we should consider in each country, what is our dealers real role in the market.

28 Feel free do add anything your might consider important for the research

Attachment 7. Semi-structured interview questions for distributors

Distributor Market Survey

Company Name:	Location:
Name:	Title:

Good morning/afternoon. We are conducting a survey among dealers, current and prospective customers of Atlas Copco construction tools and equipment. We'd appreciate your cooperation.

1. What industries do you serve?
   a) Rental
   b) Construction
   c) Road construction
   d) Other, what:__________________________

2. What size companies do you serve?
   a) 1-5 employees
   b) 5-20 employees
   c) 20 or more employees

3. Where your customers located?
   a) Capital region
   b) Other, where?
   ____

4. Can you name the main customers of Atlas Copco construction technique and their location?

5. How often do they buy construction tools and equipment on average?
   a) Yearly
   b) Monthly
   c) Weekly

6. What are the most sold products?
   a) Compaction Equipment
   b) Pokers
   c) External vibrators
   d) Screeds
   e) Trowels
   f) Concrete and asphalt floor saws
   g) Handheld pneumatics
   h) Pneumatic pumps
   i) Handheld hydraulics
   j) Hydraulic pumps
   k) Handheld petrol driven tools
   l) Hydraulic breakers
   m) Demolition tools

7. What do you see as important when selecting a supplier of construction tools? (brand, price, quality, service, etc…) Why?

8. How much do you expect to sell of Atlas Copco construction tools over 12 months?

9. What are the main competing brands/products of Atlas Copco construction technique
   1.
   2.
   3.

10. How do customers get information on the products you sell?

11. How do you experience Atlas Copco's products and services?

12. What do you like the most about Atlas Copco's products?
13. What do you like the most about competing products from other companies?

14. How can Atlas Copco improve its products and services?

15. Would you recommend Atlas Copco's products? Why?

16. Additional Comments

Thank you for your attention!