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MARKETING MANAGEMENT

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1. Executive Summary

This report discusses about the marketing plan and suggestions that have been chosen to present Thyssenkrupp Elevator In UAE. The primary key proposal for this business is to maintain a balance between business to business (B2B) and business to consumer (B2C) transactions.

This report contains of the introduction of Thyssenkrupp Elevators, which elaborates about the history, the various products and explains how the sustainability is embedded in the whole product life cycle. The report is followed by competitor analysis, here it is described about the market share of the competitor and glimpse their strength and weaknesses.

Besides that, the target markets are clearly stated and also the explanation is given about the decision roles that each type of customers play in the buying process. Different type of market segmentation is briefed and how Thyssenkrupp has done the market segmentation is later explained.

Later SWOT analysis is carried out to showcase the internal factors (Strength and Weaknesses) and the external factors (Opportunities and Threats).

The report is followed by the marketing plan chosen by our company, the BCG matrix, retails strategy, pricing strategy, and the promotional push and pull strategies.

The product concept is to create attractable portfolio to attract the target market. The second strategy which is pricing, which depends upon the type of customers that we are dealing with. The distribution or place strategy is direct channel where Thyssenkrupp directly the products to target customers. The sales and exhibition events can be chosen to introduce new products and promote the brand. The fourth strategy which is promotion can be done via social media such as, Facebook, Instagram or Twitter and distributing fliers.

In a nutshell, the assignment provides insight on the major concepts related to marketing management that every manager/leader must know and understand to run and promote his business, in order upscale the business and hence the profitable outcomes.

2. Brand Overview

The Brand: Thyssenkrupp Elevator



Brand Overview¹:

Established in 1998, Thyssenkrupp Elevator (UAE) installs, maintains and modernizes elevators and escalators in the United Arab Emirates. We have a strong presence in various segments, such as residential, retail and infrastructure. We are committed to working together to make cities the best places to live.

Thyssenkrupp, the parent company, is the result of a merger of two German steel companies: Thyssen AG, founded in 1891, and Krupp, founded in 1811. The two companies combined their expertise and experience in the steel industry in order to offer a wider range of products for the automotive, elevator, escalator, material trading and industrial services industries.

It is one of the largest steel producers over the world and consists of five business areas: Components Technology, Elevator Technology, Industrial Solutions, Materials Services and Steel Europe and Steel Americas. The business areas are divided into business units and operating units in 78 countries. Products are ranging from machines and industrial services, to steel production as well as shipbuilding (Thyssenkrupp, 2016, Corporate Structure), in addition to activities in the sphere of defense.

Engineering that keeps the world moving:

We are moved by what moves people. By what moves the world. In ever-growing cities. We provide better access. And new ways to travel longer distances. With clear solutions for increasingly complex infrastructures. We define service by always putting our knowledge to our customers' advantage. We are always dedicated to doing better. Day by day. This is who we are. This is Thyssenkrupp Elevator. Engineering that keeps the world moving.



¹ <https://www.Thyssenkrupp-elevator.com/ae/company/about-us/>

Products:

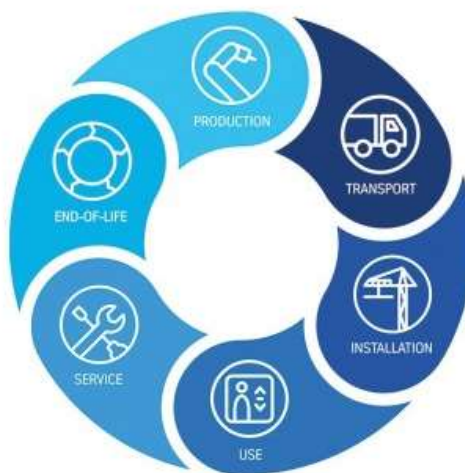
Elevators	Escalators	Moving walks	Digital Solutions	ACCEL	MULTI	Airport Solutions	Stairlifts
synergy100	Tugela	iWalk	AGILE	ACCEL	MULTI	Airport Sol	Stairlifts
synergy 200	Velino	Orinoco	MAX				
synergy 300	Victoria		INSIGHT				
enta100							
meta100							
meta200							
evolution200							
zeta200							
TWIN							
Homelifts							

Embedding sustainability into our product lifecycle²:

We strive to make cities better places to live by making our passenger transportation systems more sustainable throughout their entire lifecycle. We're embedding sustainability into our core business by investing in customer solutions that support green buildings, including certifications like LEED and BREEAM.

We're helping transform the industry with innovative solutions such as MAX, ACCEL, TWIN, MULTI and more. They reduce the energy, space, resources and on-site maintenance required by elevators, making buildings smarter and more efficient.

The elevator lifecycle The enviromental performance of our elevators



² <https://www.Thyssenkrupp-elevator.com/en/company/sustainability/environment/>

Product development:

Our R&D teams take pride in designing greener products and fostering strong partnerships for innovation. These activities are supported by Life Cycle Assessment (LCA) studies based on the ISO 14044 standard. Globally recognized LCAs enable us to measure and improve the environmental performance of our products throughout their lifecycle. Some of our products, such as iwalk and ACCEL, are also certified to ISO 14006, an eco-design standard that ensures we take environmental aspects into consideration throughout the design process.

In 2017 Thyssenkrupp Elevator was the first in the industry obtaining an Environmental Product Declaration (EPD) for its endura Machine Room-Less (MRL) elevator. Other EPDs were published for the synergy, momentum and evolution elevators. With these EPDs we provide our customers transparent, credible and comparable information of the environmental performance of our products.

“We are proud of receiving this important internationally recognized certification which is a true indication of our products that are at the heart of our sustainability commitment,” says Paula Casares Medrano, Head of Sustainability at Thyssenkrupp Elevator. “We at Thyssenkrupp believe that sustainability requirements should be integrated into product designs. We are making continual improvements based on the results of our LCAs to ensure our products' potential environmental impacts are reduced.”

Abiding by the guiding principles of sustainable building certification programs also helps us minimize our products' environmental impact and improve a building's environmental footprint.

These programs support sustainable buildings by promoting lower energy consumption, creating environments conducive to human health and well-being, and reducing environmental impacts throughout a building's entire lifecycle. They also help us do our part to make a net-zero-energy future a reality.

In 2015, our facility in Middleton, Tennessee, became the world's first elevator manufacturing site to receive LEED Gold certification for “Existing Buildings: Operations and Maintenance.” Continuous improvements in resource efficiency and environmental impact at the 50-year-old plant drove this achievement.

In 2017 the new elevator factory in Zhongshan achieved the LEED Gold certification for “New Buildings: Building Design and Construction” for the office building and LEED Silver for the plant.

Reducing our operational footprint:

We're also making significant strides in driving down our operational footprint. At our sites, this means:

- Fewer CO2 emissions
- Reduced water consumption
- Increased energy efficiency
- Improved waste management

ISO 14001 implementation

The ISO 14001 environmental management system (EMS) standard guides our efforts. This international standard covers all relevant environmental aspects, from the reduction of wastewater, waste and emissions to the environmental impact of products during use through to disposal. As part of Thyssenkrupp AG, our goal to implement ISO 14001 at all environmentally relevant manufacturing plants by fiscal year 2019/2020 has already been achieved. Today more than 90% of tkE manufacturing sites are certified to ISO 14001.

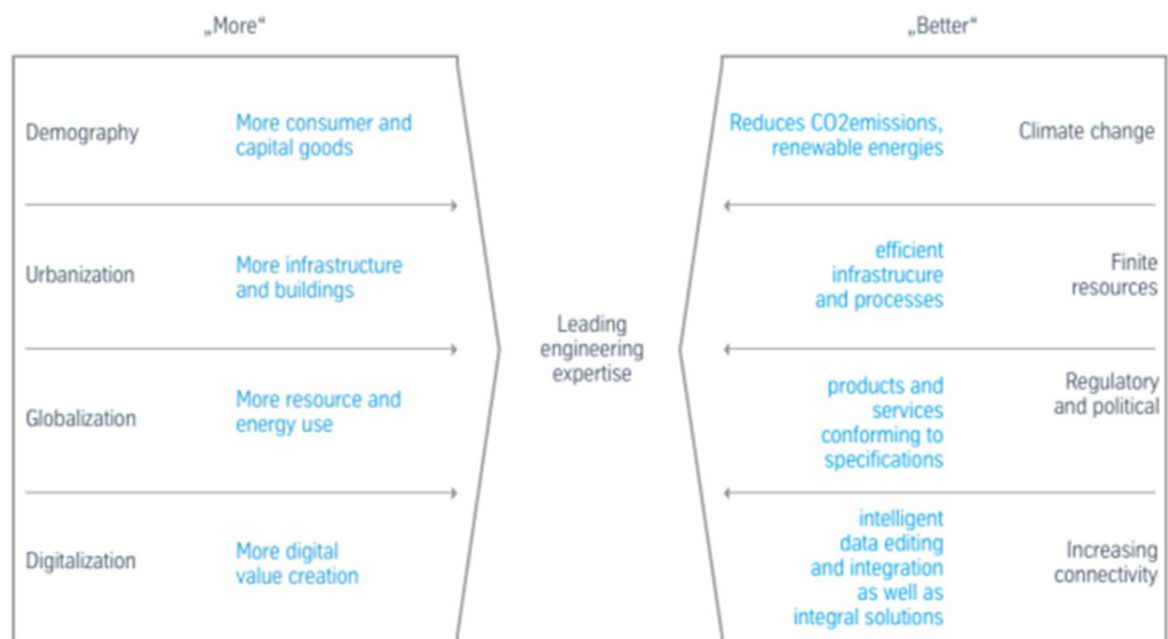
ISO 50001 implementation

We're using the ambitious ISO 50001 energy management standard to drive energy improvements. Our initial target to implement ISO 50001 for all energy relevant activities, that is, stationary activities (excluding our fleet) with an annual energy consumption above 10 GWh, is already achieved. Today over 1/3 of tkE manufacturing sites are certified to ISO 50001.

Systematically managing the energy used in our production and service processes is enabling us to make good progress against our target. Modernizing plant components, installing highly efficient lighting and optimizing our fleet's fuel consumption are key drivers of our energy and resource efficiency.

Groupwide efficiency target:




In fiscal 2013/2014, all Thyssenkrupp AG businesses committed to the GEEP (Groupwide energy Efficiency Program) program and related targets. At Thyssenkrupp Elevator, we set a target of achieving energy efficiency gains over 70 gigawatt hours (GWh) by fiscal 2021/2022. This is equivalent to the average annual energy consumption of 14,000 four-person households. In 2017/2018 Thyssenkrupp Elevator reported energy efficiency gains of 9.5 GWh.



3. Competition Overview

Below table provides the details of the competitors in the UAE market:

Competitor Brand	Logo	Company Name	Company's Introduction
KONE		KONE UAE	A global player in the elevator and escalator industry, KONE provides elevators and escalators, as well as solutions for maintenance and modernization to add value to buildings throughout their life cycle. Through more effective People Flow®, we make people's journeys safe, convenient and reliable, in taller, smarter buildings. In 2017, KONE had annual net sales of EUR 8.9 billion, and at the end of the year over 55,000 employees.
OTIS		OTIS LLC	We move 2 billion people a day and maintain more than 2 million customer units worldwide, the industry's largest. We can be found in many of the world's most recognizable buildings as well as the busiest transportation hubs and retail centers. We are everywhere people are on the move. Otis is 69,000 people strong, including 40,000 field professionals, all committed to meeting the diverse needs of our customers.
Schindler		Schindler Pars International Ltd.	Schindler Middle East is part of the Swiss-headquartered Schindler Group, one of the world's leading providers of elevators, escalators, and moving walks and active in the areas of production, installation, maintenance and modernization. The Middle East team is striving to develop fast and efficient distribution channels across the region.
Mitsubishi		AG-Melco Elevator Co. L.L.C	Mitsubishi Electric lifts are contributing to the development and expansion of high-tech cityscapes around the world, and providing architects and developers with new options for innovative building designs. Unique state-of-the-art technologies are continuously being introduced to improve lift operation and system efficiency, contributing to some of the most energy-saving vertical transport systems commercially available.

Hyundai		ARABIAN ELEVATOR & ENGINEERING CO. LLC.	Hyundai Elevator is committed to providing superb transfer service in such fields as elevators, escalators and moving walks in order for safe, fast and convenient transfer experiences that meet the requirements of the evolving urban architecture. Hyundai Elevator, the number 1 company with exceptional technology and speed in Korea, will raise the value of buildings around the world.
Fujitec		Al Yousuf Elevators and Escalators LLC	Research and development, manufacture, marketing, installation and maintenance of elevators, escalators, moving walks, new transportation systems, etc. Fujitec Co., Ltd is founded in 1948 by late Honorary Chairman, Mr. Shotaro Uchiyama for the purpose of research and development, manufacturing, sales, installation and maintenance of elevators.
Hitachi		Al-Futtaim Engineering L.L.C.	Hitachi Elevator has existed for around 100 years. We have supported vertical transportation in cities that have been growing taller with economic progress.

Market Share:

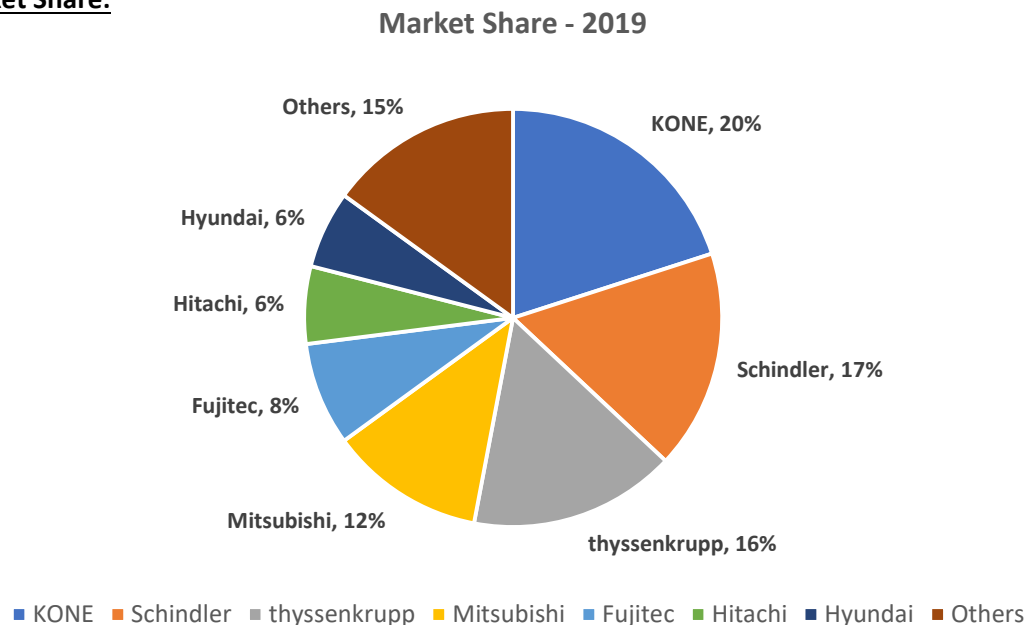


Figure 1: Elevator Market Share - UAE

Thyssenkrupp has maintained its strong presence by always being in the top three major elevator supplier in the region.

Strength and Weaknesses of Competitors:

Listed below are the strength and weaknesses of the major elevator suppliers in the market.

	Strength	Weakness
KONE	<ul style="list-style-type: none">• Very competitive range of products.• Strong spec in activity, quick engineering support.• Short lead times/delivery times.	<ul style="list-style-type: none">• Average market coverage in low to medium segment projects.
OTIS	<ul style="list-style-type: none">• Good brand image in the market• Good experience with high rise projects retail projects, good contact with consultants and architects.• Advantage of their presence in market for long time.	<ul style="list-style-type: none">• Not very competitive in pricing in low end .• Home elevator solution is expensive.
Mitsubishi	<ul style="list-style-type: none">• Good reputation and quality product, good service base• Advantage of long presence in market• Good quality product and brand acceptability in market.	<ul style="list-style-type: none">• Price in mid segment and MRL segment is non very competitive.• Slow response to clients.• Lately, offering other brands also.
Schindler	<ul style="list-style-type: none">• Good reference projects• Competitive pricing in low and mid-rise segments, good aesthetic options.	<ul style="list-style-type: none">• MR product is not very competitive in mid rise segment.• Home elevator solution not available.
Hyundai	<ul style="list-style-type: none">• Good quality product and brand• Competitive in midrise segment	<ul style="list-style-type: none">• Expensive in high rise segment and MRL segment.
Fujitec	<ul style="list-style-type: none">• Good quality product, good service base• Strong technical products	<ul style="list-style-type: none">• Price in mid segment and MRL segment is non very competitive.• Average response time to clients.
Hitachi	<ul style="list-style-type: none">• Good reputation for the Japanese brand.• Complicated but strong technology.	<ul style="list-style-type: none">• Expensive in high rise segment.• No solution for pit-less and low overhead options.

4. Target Market

Elevators are the need for transporting people in the building The target market for elevator business covers the following customer types who are interested parties / stake holders in building a new or renovation construction project:

1. Building Owners³:

Individual or entity in possession of title for land, building, or other item. The owner may be responsible for paying taxes in relation to the property.

2. Property Developers⁴:

Property developers are the entrepreneurs who carry out real estate development. There is a simple premise behind what a developer does; put quite simply:

A developer adds value to land or property.

By adding value, a developer can extract a profit from development. This is one of the main (but not only) aims in property development. The concept of developing property to its highest and best use value is fundamental to the property development process.

The advantage development offers in comparison to other avenues of preserving and generating wealth in property, such as property investment, is the potential for substantially higher returns.

However, where profit and a return can be made, risk always follows. Property development is no exception.

3. General Contractor⁵:

A general contractor is a manager and possibly also a tradesman that is employed by a client, usually upon the advice of the project's architect or engineer. A general contractor is responsible for the overall coordination of a project. A general contractor must first assess the project-specific documents (referred to as a bid, proposal, or tender documents). In the case of renovations, a site visit is required to get a better understanding of the project. Depending on the project delivery method, the contractor will submit a fixed price proposal or bid, cost-plus price or an estimate. The general contractor considers the cost of home office overhead, general conditions, materials, and equipment, as well as the cost of labor, to provide the owner with a price for the project.

A general contractor is responsible for providing all the material, labor, equipment (such as engineering vehicles and tools) and services necessary for the construction of the project. A general contractor often hires specialized subcontractors to perform all or portions of the construction work.

³ <http://www.businessdictionary.com/definition/property-owner.html>

⁴ <https://medium.com/the-property-developer/what-is-property-development-2c82464efdee>

⁵ https://en.wikipedia.org/wiki/General_contractor

When using subcontractors, the general contractor is responsible for the quality of all work performed by any and all of the hires.

The general contractor's number one priority is safety on the job site. A general contractor's responsibilities may include applying for building permits, advising the person they are hired by, securing the property, providing temporary utilities on site, managing personnel on site, providing site surveying and engineering, disposing or recycling of construction waste, monitoring schedules and cash flows, and maintaining accurate records.

4. MEP Consultants⁶:

MEP consulting services are the key requirements of construction related projects. No matter if you are an architect, an owner of a building project or an engineer; these services will make a difference in the value of the project. As a consulting firm, MEP advisors offer efficient services as compared to individual advisors.

Construction projects are usually handled by engineering firms. They offer quality services if their price demand stays higher. Engineering companies in UAE would be the best example as they do not compromise quality no matter if clients are looking for price co-operation. These companies also offer quality MEP consultancy.

Mechanical, Electrical and Plumbing needs are the fundamental requirements of modern construction projects. Hiring an experienced MEP advisor can make a huge difference to meet the expected value of a project. The services of an MEP advisor must meet the following criteria to help you meet the required quality of a project.

5. Architect⁷:

In defining the term and meaning of what an architect is, the simplest explanation; is a; trained, accredited and registered (this is very important) professional, who is qualified to design, plan, advise and aide in the procurement of both the private and public built environments.

This covers both the aesthetic and technical fields, and is carried out through impartial and creative thinking no matter how small of large the project is.

6. Quantity Surveyor or Cost Consultants⁸:

A quantity surveyor (QS) is a professional person working within the construction industry and, in layman terms, manages and controls costs within construction projects. This may involve the use of a range of management procedures and technical tools to achieve this goal.

⁶ <https://medium.com/@davidbrownbee/role-of-mep-consultants-within-engineering-companies-f29ecbf219ac>

⁷ <https://www.archisoup.com/architect-definition>

⁸ <https://www.linkedin.com/pulse/difference-between-being-consultancy-quantity-surveyor-aishah-abdulla>

Quantity surveyors control construction costs by accurate measurement of the work required, the application of expert knowledge of costs and prices of work, labour, materials and plant required, an understanding of the implications of design decisions at an early stage to ensure that good value is obtained for the money to be expended.

7. Ministry (Government Department)⁹:

A ministry is a department of a government, led by a political minister. Ministries are usually subordinate to the cabinet, and prime minister, president or chancellor. A government will usually have several ministries, each with a specialized field of service.

Although all the ministries are important but the ministries that are generally related to elevator businesses are Ministry of Works and Urban Planning, Ministry of Health, Ministry of Finance and Ministry of Health.

8. Project Management Consultants¹⁰:

Project management consultants bring specialized skills and knowledge to assist companies in making the best possible business decisions. They typically provide oversight and leadership in executing projects from planning to completion. Daily tasks can include managing budgets, resources and relationships to achieve organizational objectives, as well as planning, developing and executing schedules to ensure timely completion of projects.

These PM professionals often define and monitor each project team member's role and function and coordinate all team activities throughout the lifecycle of a project. Identifying and managing project risks and developing solutions are additional duties.

During the execution of a project, a PM consultant analyzes data and identifies trends and inefficiencies to prevent problems from arising. Providing roadmaps and periodic recommendations to senior management are common functions of the role, as is the creation and implementation of mitigation and contingency plans. Other tasks required of a PM consultant can include:

- Facilitating meetings
- Building positive relationships with clients, vendors and management
- Tracking documentation and data collection
- Creating presentations
- Conducting follow-up studies on projects

⁹ [https://simple.wikipedia.org/wiki/Ministry_\(government_department\)](https://simple.wikipedia.org/wiki/Ministry_(government_department))

¹⁰ <https://www.floridatechonline.com/blog/business/project-management-consultant-career-and-salary-profile/>

9. Real Estate Investors¹¹:

An real estate investor evaluates the real estate market and purchases property with the intention of building wealth. Real estate investors can purchase residential or commercial property, or a combination of both, based on their specific investment objectives.

10. Property Management Company¹²:

Property management is the overseeing of residential, commercial and/or industrial real estate, including apartments, detached houses, condominium units, and shopping centers. It typically involves the managing of property that is owned by another party or entity. The property manager acts on behalf of the owner to preserve the value of the property while generating income.

The below matrix will help us to understand better the buying decision process and the role¹³ each of the above customers play in the decision process:

	Users	Influencers	Deciders	Buyers	Gatekeepers
	<i>The users will be the ones to use the product, initiate the purchase process, generate purchase specs, and evaluate product performance after the purchase.</i>	<i>The influencers are the tech personnel who help develop specs and evaluate alternate products. They are important when products involve new and advanced technology.</i>	<i>Deciders choose the products.</i>	<i>Buyers select suppliers and negotiate the terms of purchase.</i>	<i>Gatekeepers are typically secretaries and tech personnel. They control the flow of information to and among others within the buying center.</i>
Building Owners	X		X		
Property Developers			X	X	
General Contractor			X	X	
MEP Consultants		X		X	X
Architect		X		X	X
Quantity Surveyor or Cost Consultants		X		X	
Ministry (Government Department)	X		X		
Project Management Consultants		X		X	
Real Estate Investors		X	X		
Property Management Company	X	X			

¹¹ <http://www.businessdictionary.com/definition/real-estate-investor.html>

¹² <https://www.investopedia.com/terms/p/property-management.asp>

¹³ <https://courses.lumenlearning.com/boundless-marketing/chapter/the-business-buying-decision-process/>

5. Segmentation – Demographic, Behavior, Psychographic

Types of Market Segmentation¹⁴

With segmentation and targeting, you want to understand how your market will respond in a given situation, like purchasing your products. In many cases, a predictive model may be incorporated into the study so that individuals can be grouped within identified segments based on specific answers to survey questions.

1. Geographic Segmentation:

While typically a subset of demographics, geographic segmentation is typically the easiest. Geographic segmentation creates different target customer groups based on geographical boundaries. Because potential customers have needs, preferences, and interests that differ according to their geographies, understanding the climates and geographic regions of customer groups can help determine where to sell and advertise, as well as where to expand your business.

2. Demographic Segmentation:

Demographic segmentation sorts a market by demographic elements such as age, education, income, family size, race, gender, occupation, nationality, and more. Demographic segmentation is one of the simplest and most commonly used forms of segmentation because the products and services we buy, how we use those products, and how much we are willing to spend on them is most often based on demographic factors.

3. Firmographic Segmentation:

Firmographic segmentation is similar to demographic segmentation. The difference is that demographics look at individuals while firmographics look at organizations. Firmographic segmentation would take into consideration things like company size, number of employees and would illustrate how addressing a small business would differ from addressing an enterprise corporation.

4. Behavioral Segmentation:

Behavioral segmentation divides markets by behaviors and decision-making patterns such as purchase, consumption, lifestyle, and usage. For instance, younger buyers may tend to purchase body wash, while older consumer groups may lean towards soap bars. Segmenting markets based off purchase behaviors enables marketers to develop a more targeted approach.

5. Psychographic Segmentation:

Psychographic segmentation takes into account the psychological aspects of consumer behavior by dividing markets according to lifestyle, personality traits, values, opinions, and interests of consumers. Large markets like the fitness market use psychographic segmentation when they sort their customers into categories of people who care about healthy living and exercise.

¹⁴ <https://www.qualtrics.com/experience-management/brand/what-is-market-segmentation/>

Thyssenkrupp Elevators has done the market segmentation as shown below:

MARKET CLUSTER	MARKET SEGMENT	BUILDING TYPE
COMMERCIAL	Hospital / Healthcare	Public Hospital
		Private Hospital - Premium
		Private Hospital - Functional
		Medical Centers / Offices / Clinic
		Retirement / Nursing Home
		Rehabilitation Center
	Office	Business Office – High / Premium
		Business Office – Medium / Comfort
		Business Office – Low / Functional
		Government / Public Office
	Hotel / Restaurant	4+ Stars Hotel
		Mid-range Hotel
		Budget Hotel / Motel / Hostel
		Restaurant / Bar / Club
	Retail	Premium Shopping Mall
		Functional Shopping Mall
		Supermarket / Hypermarket
		Premium Department Store
		Functional Department Store
	Education / Religion	Public School
		Private School
		Public University / College
		Private University / College
		Public Library
		Religious Center
	Entertainment / Leisure	Cinema Complex
		Casino
		Cultural Center
		Museum
		Theme Park
		Convention / Exhibition Center
		Sports Complex
	Mixed-Use Buildings	Mixed Use – Premium
		Mixed Use – Functional
RESIDENTIAL	Private Residential – Premium	Owned / Rented Apartments
		Single Family Homes
	Private Residential – Comfort	Owned / Rented Apartments
		Single Family Homes
	Private Residential – Functional	Owned / Rented Apartments
		Single Family Homes
	Public / Semi-Public Residential	Governmental / Social Housing
		Governmental Facility

INFRASTRUCTURE / TRANSPORT	Metro / Subway	Metro / Subway
	Railway / Bus Station	Railway / Bus Station
	Urban Mobility	Urban Mobility
	Airport	Airport
	Ferry Terminal	Ferry Terminal
	Parking Garage	Parking Garage

SPECIAL	Industrial	Industrial Park / Factory / Plant
		Warehouse
		Science Park / Lab's
		Power Station
		Oil / Gas Facility
		Mining Facility
		Dam
		Wind Mill / Wind Park
	Marine	Port
		Cargo Ship
		Supply Ship
		War Ship
		Cruise Liner
		Ferry
		Oil Platform

6. SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> • Strong brand/market leader - Its strong brand and leading market positions place the company in a stronger position and goes some lengths to guaranteeing future sales. • Strong technical support from SSC and ITS teams. • Leader in Innovative products like TWIN, MULTI, ACCEL, MAX etc. • Strong reference projects in UAE, namely Dubai International Airport, Dubai Frame, Dubai Opera House, etc. • Leader in third party maintenance of elevators. • Strong Service team and reference service projects like Dubai Metro. • Wide range of products. • Flexibility in contract management. • Strong Sales and Project management team. • Following high safety standards in all the sites. 	<ul style="list-style-type: none"> • Fluctuating exchange rates can increase the prices drastically. • Maintaining spare parts for variety of elevators. • Uncompetitive pricing for high rise segment. • Frequent changes in products. • No catalogues in Arabic Languages. • Response time to all the queries from customers. • Factory support/response. • Production time generally high than the other competitors. • Lack of continuous marketing of the brand. • Lack of promotions for the home solution products.
Opportunities	Threats
<ul style="list-style-type: none"> • Pre-Sales activities can bring more lead and orders. • Home elevator solutions • Listed in ministry for major tenders. • Participation in events and exhibitions like EXPO 2020. • Utilizing existing customers recommendations for new contacts. • Frequent Sales Demo to consultants and architects. 	<ul style="list-style-type: none"> • Declining UAE Markets – the market for elevators and escalators is declining over last 3 to 4 years in UAE due to slowdown in construction projects, affecting Thyssenkrupp's business. • Strong competition - Many of THYSSENKRUPP's competitors are equal in size or bigger with as much or more resources and experience. Whilst barriers to entry are relatively hard the threat from existing companies is still a danger to Thyssenkrupp. • Local companies with cheap prices. • Collections of the payment outstanding due to lack of cash flow in the market. • Aggressive pricing from major players like KONE and Schindler. • Small customers resistance to pay VAT. • Fast delivery schedules from the major competitors, as compared to Thyssenkrupp.

7. Market Research

- **Product – BCG matrix.**
- **Place – Choice of retail strategy**
- **Price – penetrative or skimming or competitive**
- **Promotion – pull or push strategy including choice of medium – digital or traditional**

BCG Matrix¹⁵:

The BCG Matrix (also known as the Boston Consulting Group analysis, the Growth-Share matrix, the Boston Box or Product Portfolio matrix) is a tool used in corporate strategy to analyze business units or product lines based on two variables: relative market share and the market growth rate. By combining these two variables into a matrix, a corporation can plot their business units accordingly and determine where to allocate extra (financial) resources, where to cash out and where to divest. The main purpose of the BCG Matrix is therefore to make investment decisions on a corporate level. Depending on how well the unit and the industry is doing, four different category labels can be attributed to each unit: Dogs, Question Marks, Cash Cows and Stars.



Figure 2: BCG Matrix

Relative Market Share

The creator of the BCG Matrix used this variable to actually measure a company's competitiveness. The exact measure for Relative Market Share is the focal company's share relative to its largest competitor. So if Samsung has a 20 percent market share in the mobile phone industry and Apple (its largest competitor) has 60 percent so to speak, the ratio would be 1:3 (0.33) implying that Samsung has a relatively weak position. If Apple only had a share of 10 percent, the ratio would be 2:1 (2.0), implying that Samsung is in a relatively strong position, which might be reflected in above average profits and cash flows. The cut-off point here is 1.0, meaning that the focal company should at least have a similar market share as its largest

¹⁵ <https://www.business-to-you.com/bcg-matrix/>

competitor in order to have a high relative market share. The assumption in this framework is that an increase in relative market share will result in an increase in the generation of cash, since the focal company benefits from economies of scales and thus gains a cost advantage relative to its competitors.

Market Growth Rate

The second variable is the Market Growth Rate, which is used to measure the market attractiveness. Rapidly growing markets are what organizations usually strive for, since they are promising for interesting returns on investments in the long term. The drawback however is that companies in growing markets are likely to be in need for investments in order to make growth possible. The investments are for example needed to fund marketing campaigns or to increase capacity. High or low growth rates can vary from industry to industry, but the cut-off point in general is usually chosen around 10 percent per annum. This means that if Samsung would be operating in an industry where the market is growing 12 percent a year on average, the market growth rate would be considered high.

Question Marks

Ventures or start-ups usually start off as Question Marks. Question Marks (or Problem Children) are businesses operating with a low market share in a high growth market. They have the potential to gain market share and become Stars (market leaders) eventually. If managed well, Question Marks will grow rapidly and thus consume a large amount of cash investments. If Question Marks do not succeed in becoming a market leader, they might degenerate into Dogs when market growth declines after years of cash consumption. Question marks must therefore be analyzed carefully in order to determine whether they are worth the investment required to grow market share.

Stars

Stars are business units with a high market share (potentially market leaders) in a fast-growing industry. Stars generate large amounts of cash due to their high relative market share but also require large investments to fight competitors and maintain their growth rate. Successfully diversified companies should always have some Stars in their portfolio in order to ensure future cash flows in the long term. Apart from the assurance that Stars give for the future, they are also very good to have for your corporate's image.

Cash Cows

Eventually after years of operating in the industry, market growth might decline and revenues stagnate. At this stage, your Stars are likely to transform into Cash Cows. Because they still have a large relative market share in a stagnating (mature) market, profits and cash flows are expected to be high. Because of the lower growth rate, investments needed should also be low. Cash cows therefore typically generate cash in excess of the amount of cash needed to maintain the business. This 'excess cash' is supposed to be 'milked' from the Cash Cow for investments in other

business units (Stars and Question Marks). Cash Cows ultimately bring balance and stability to a portfolio.

Dogs

Business units in a slow-growth or declining market with a small relative market share are considered Dogs. These units typically break even (they neither create nor consume a large amount of cash) and generate barely enough cash to maintain the business's market share. These businesses are therefore not so interesting for investors. Since there is still money involved in these business units that could be used in units with more potential, Dogs are likely to be divested or liquidated.

BCG Matrix In Sum

Taken all of these factors together, you can draw the ideal path to follow in the BCG Matrix, from start-up to market leader. Question Marks and Stars are supposed to be funded with investments generated by Cash Cows. And Dogs need to be divested or liquidated to free up cash with little potential and use it elsewhere. In the end, you will need a balanced portfolio of Question Marks, Stars and Cash Cows to assure positive cash flows in the future.

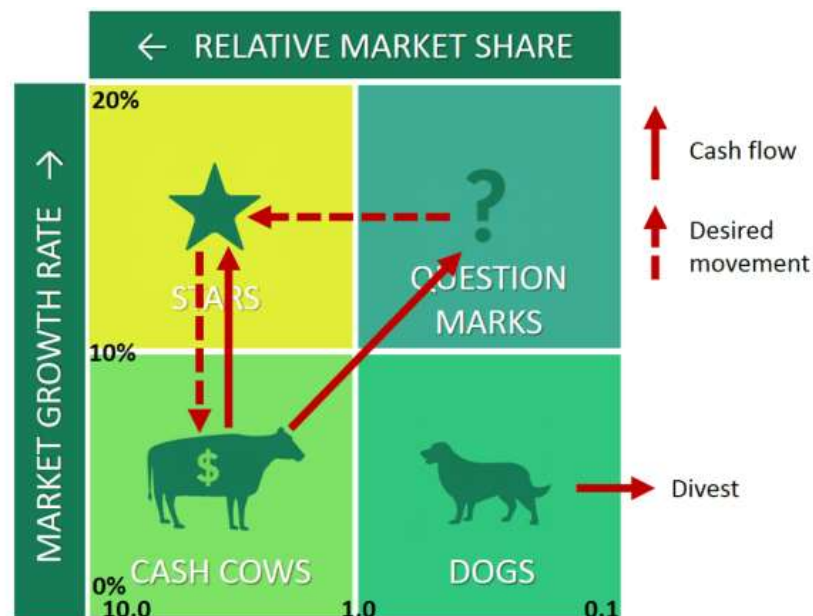


Figure 3: Cash Flows and Desired Movement in BCG Matrix

Thyssenkrupp BCG Matrix:

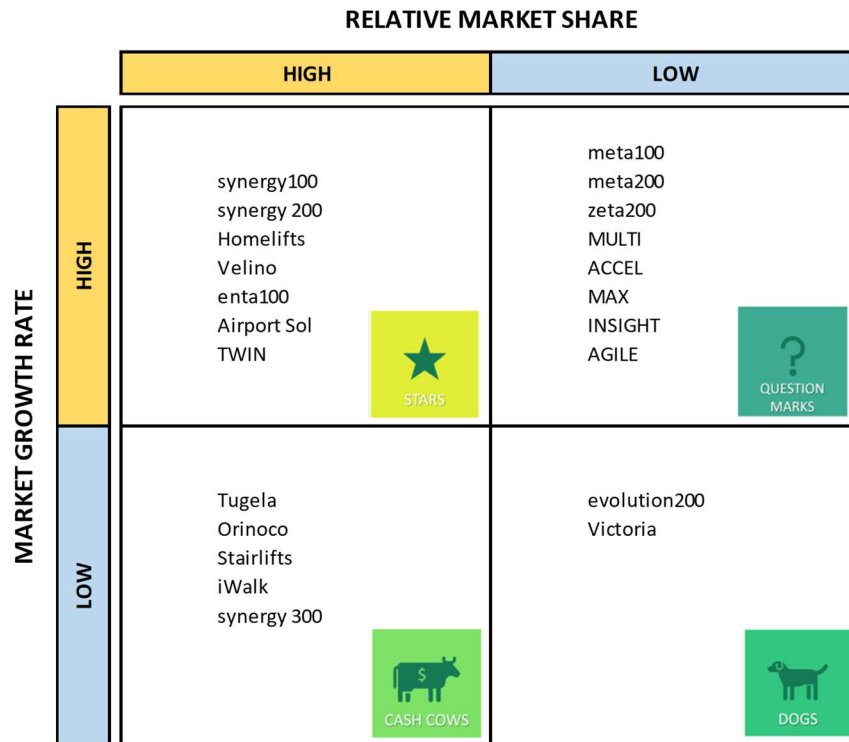


Figure 4: Thyssenkrupp BCG Matrix

Figure 4 above shows the BCG matrix for Thyssenkrupp. What we expect is that our QUESTION MARKS products (meta 100/200, zeta 200, MULTI, ACCEL, MAX, INSIGHT & AGILE) should turn into our STARS. The STARS products (Synergy 100, Synergy 200, Homelifts, Velino, enta 100, Airport Sol & TWINS) shall move to become our CASH COWS products.

The cash generated from our current CASH COWS products (Tugela, Orinoco, Stairlifts, iWalk & synergy 300) shall be utilized to develop our STARS and QUESTION MARK products.

The DOGS products (Victoria and evolution 200) shall be slowly phased out so that we stop losing and investing in them.

Retail Strategy¹⁶:

Retail Strategy is a complete marketing plan for a service or a product to reach and influence consumers. This strategy is included in all those things which will make retail channels available for any product or service, to deliver price or sales incentives and how the product should be displayed on the shelf.

The retail strategy is about reaching consumers effectively. It involves everything such as pricing according to consumer lifestyle, how to sell, how to lure the consumers, better things at cheap rates, keeping in mind the choice of the Consumer, keeping in mind the availability of goods. There are a lot of things we will learn in the retail strategy.

¹⁶ <https://www.indiaevent.com/retail-strategy/>

Retail strategy is developed for the product, which is distributed through retail outlets. When a product is sold through a retail outlet, many factors affect product sales. There are some factors mentioned earlier:

- Product pricing/discount
- Incentive or commission structure followed
- Promotional schemes
- Placing the product
- Performance attraction
- The incentive structure for retailers

The retail strategy also needs to focus on the following:

Store Location

First of all, the Store location is very important; the frequency of your sale depends on the store location, especially when your business focuses on offline sales.

Your store location also increases the connectivity and network if your store is in the primary place, you can convert sales through reference and other sources as well.

Merchandising

If you are selling a product then you have to have all the options for your customer. A customer can come for anything you can help them for their needs of the products.

These ways you can easily manipulate the market. Merchandising strategy should match the sales strategy.

Many times, the business strategy is more based on long-term salesperson relationships or competitive delivery issues than thinking about an organization's good strategy, which is written and communicated throughout the organization.

Pricing

Pricing is one of the important factors in retail. It depends more on your advertising, promotion, communication, sales and anything else. The retailer has to provide the right price to the customers.

Marketing

There is also a big factor in the marketing retail strategy. The market in which the retail organization chooses to compete is determined.

In the end, the result should be evaluated to measure and evaluate that the strategy is working and any necessary changes should be effective.

The retail strategy is to determine the retailer's performance as per the consumer requirement. If we understand the concept of retail strategy, then we can establish a business strategy in a small shop.

Thyssenkrupp Retail Strategy:

Thyssenkrupp aims to sell the products themselves to the end customers with the involvement of any agents in between. Thyssenkrupp is currently working on the VR (Virtual Reality) showroom where the customer can come and experience/visualize the working model of the elevator and select the finishes he desires for his elevator.

Thyssenkrupp has to involve more in the marketing event and promotion of the product and services.

Pricing Strategy¹⁷:

Pricing a product is one of the most important aspects of your marketing strategy. Generally, pricing strategies include the following five strategies.

- *Cost-plus pricing*—simply calculating your costs and adding a mark-up
- *Competitive pricing*—setting a price based on what the competition charges
- *Value-based pricing*—setting a price based on how much the customer believes what you're selling is worth
- *Price skimming*—setting a high price and lowering it as the market evolves
- *Penetration pricing*—setting a low price to enter a competitive market and raising it later

Thyssenkrupp Pricing Strategy:

Thyssenkrupp used to work before on cost-plus basis. But now we are working in a combination of Competitive, Value-Based and Price skimming strategies.

Generally, when the required elevator is of high end we use Value-Based pricing. Competitive pricing strategy is used for commodity products and Price skimming is used for volume-based projects.

Although, we haven't used the penetration pricing strategy till yet but I believe as we move towards market saturation we need to opt for penetration strategy to gain edge over competition.

Push and Pull Strategies¹⁸:

Simply put, a push strategy is to push a product at a customer, while a pull strategy pulls a customer towards a product. Push strategy is a quick way to move a customer from awareness to purchase, while pull strategy is about creating an ongoing relationship with the brand. Both serve a purpose in moving the customer along the journey from awareness to purchase, however pull strategies tend to be more successful at building brand ambassadors.

While some companies decide to adopt one or the other it is important to find a complementary balance between the two. Choosing your marketing strategy and tactics should be done carefully and with a

¹⁷ <https://www.bdc.ca/en/articles-tools/marketing-sales-export/marketing/pages/pricing-5-common-strategies.aspx>

¹⁸ <https://www.williamjoseph.com/understanding-push-pull-strategies/>

thorough understanding of your business, current brand awareness, and target audience. For example, launching a new unknown product would require more push than an established brand.

Push and pull tactics within the larger strategy should work together seamlessly to move the customer through their journey. For example, the impact of a flyer in the mail is lost without a website for the customer to visit to learn more. Modern consumers are savvy and require several interactions with a company and product before engaging.

Thyssenkrupp Push and Pull Strategies:

Thyssenkrupp is working proactively in the Pre-Sales phase i.e. providing design info to the architects and consultants about vertical transportation during the design phase in the construction/infrastructure projects.

Products like TWIN, MULTI, ACCEL cannot be installed if the requirements are not incorporated during the design phase of the building. Hence Thyssenkrupp uses Push strategy to make the architects and designers aware about the product and hence has high chances to secure the contract during the tender phase.

Commodity products like Homelifts, Enta, Meta & Zeta series are marketed using the Pull strategies. These products cover the majority of the market and we focus more on our brand image and the advantages/value addition these products bring to customer. Such products are also showcased in Events and Exhibitions where we can reach to many customers and make them connect to our product and brand.

Thyssenkrupp has made available websites for individual countries and can tailor the news feed and promotions based on the country initiatives. Also other digital platforms like Instagram, Facebook, LinkedIn, etc. can be also be used to make customer aware of new products and attract their interests.

8. Conclusions and Recommendations.

This assignment has introduced some of the basics of marketing management. We now understand the concepts of marketing management that explain the nature and significance of key marketing practices in organizations. Also, we have understood better, the role of marketing strategies and how to develop the necessary marketing plan to achieve the goals.

We have now understood that marketing is the most exciting of all business sports. It is the heartbeat of every successful business. It is continually changing in response to the explosion of information, the expansion of technology, and the aggressiveness of competition, at all levels and everywhere.

All business strategies are linked to its marketing strategy. Your ability to think clearly and well about the very best marketing strategies, and to continually change and upgrade your activities, is the key to the future of your business.

Fortunately, like all business skills, marketing can be learned by practice, experimentation, and continually making mistakes. The key is to test, test, test. And whatever marketing strategy is working for you today, may not be applicable for tomorrow. Hence it needs constant thinking changes based on the market developments.

However for getting the strategy in right direction and successful eventually Thyssenkrupp must understand their customers, know the competition around, be aware of the market, review their offering on a regular basis and get their business known and trusted by new and potential customers in their target market.

Thyssenkrupp does not have to incur heavy costs on their marketing strategy as the company already possess established brand name for years and have been successful in having strong customer relations and loyalty. However, product design, development and execution will involve some cost. Again, advertising will involve considerable cost to let people know of their new product and services and its distinct feature that helps Thyssenkrupp stand ahead of its competitors.

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