

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on analysis and discussion PT D Company has formulated its vision, mission and objectives and clearly follows through on the vision and mission and objectives throughout the organization. The organization however wasn't able to mention the Vision, Mission and Objectives by heart, but had to look it up.

PT D Company clearly formulated its target segment being the construction project customers and the retailer end-user. They are in regular contact with them for future product improvements and improvements on PT D Company's service level. PT D Company is market leader in the five cities researched for pipes and fittings and is already number two in the market for glue after entering this market only a few years ago.

PT D Company uses skimming price strategy. Despite setting a higher price, the retailers still consider PT D's pricing reasonable. For fittings the price is considered a bit expensive.

PT D Company's product range catered for the construction retail customers for pipes and fittings type AW1, D3 and D4 and stocked by the hardware store, do not sell well or even do not sell at

all via the hardware store retail. The agent might sell these products well but the retail does not. Also the glue in the 400g Tin package isn't selling well through the retail. The level of complains is extremely low (around 3%) on all three products (pipes, fittings and glue).

PT D Company's media advertising recently seen, was high at 94% for TV. The hardware store retailers were also quite positive about the trade promotions provided by the PT D Company. They also mentioned an additional discount as their preferred trade promotion. PT D Company provides both above the line as well below the line support for its retailers. Exception on the satisfaction level regarding the trade promotions were registered in Tuban. PT D Company emphasizes pull advertising as they want to build the brand image of quality. It simultaneously helps to maintain awareness for the brand. PT D Company's objective for promotion is to generate both push and pull. Or in other words; stimulate demand. Resources are optimized between the different brands by of PT D Company by applying different Products with different Target Segments with different Advertising or Promotional Tactics, however with a price that reflects the medium to high quality of the Products carried.

PT D Company's distribution service in terms of frequency of shop visit can be considered satisfactory. Exception noted for Tuban where the store visit frequency is simply too low. Order

delivery and fulfillment can be considered as satisfactory but there is room for improvement. Tuban scores worst.

5.2. Recommendations

5.2.1 Academic

To analyze in further detail the marketing mix tools used in B2B business world. Selling medical equipment to hospitals is different from building material for example. In future, research can be built upon the results of this thesis on the B2B construction material business.

5.2.2 Practitioner

Since PT D Company has seen such a big growth over the past 5-7 years, it might be wise to revisit its vision, mission, and marketing objectives. Additionally, it is recommended that the organization knows these statements by heart and that it is part of the companies thinking and way of working and culture.

PT D Company might want to revisit its target segments. Based on the monthly turnover and type most sold per retail store it seems that the bigger customers that buy for construction projects like those in the hospitality and construction business do not go through the hardware store retailer go directly to the agents. As most

of its customers/retailers are already established for 10-20 years and few are recently acquired, PT D Company might end up with its old customers. Replenishment also in the number of newly enlisted retailers seems to be a necessity for maintaining its market leadership.

For the product itself, since few retailers stock and/or sell the professional (construction project) range AW1, D3 and D4 it is recommended to have a closer look at this range and decide whether to prune this range. With the pruning, efficiencies can be achieved that compensate for a possible loss of profit. Direct the professional buyers (construction projects) to the agent and set up or appoint an account manager or team to handle these customers with a range of products they need and with a total package of information. We do talk in this context about a holistic approach. PT D Company should not sell just products but a total concept of products, education/information, installation, maintenance and more. Advice can be on the pure technical front but also how it best fit within the interior construction and/or design of the hospital or hotel or building. This way added value is created for the company PT D Company.

Pricing for Fittings seems to be on the high side and it might be worthwhile to have another look at its pricing level. Most retailers report to get 18% discount for glue and fittings. For pipes the discount hovers between 16% and 18%. It is recommended to have closer look into the discount given for Pipes and whether the level is on the low side or not.

For promotion the retailers are happy with both the above the line as well as the below the line activities as provided for by PT D Company. Exception here is Tuban. As mentioned also under the other mix elements, it is strongly recommended to look into the organization in Tuban to find out why this city gives such a low score on many questions asked ranging from promotions to service to price and more. Though PT D Company provides a web site with information and an application forum it is still recommended to appoint a content manager who specifically is responsible for the contents on the website and contents of the digital marketing material. It might also be considered to set up a team only for digital marketing. There is one other point we recommend to revisit again, which is that different brands require different advertising concepts. It might be good to study ways to harmonize the advertising concepts under a unifying brand name or umbrella approach. This will result in cost benefits and it might strengthen the various products/ brands. At least the opportunities to see will increase.

As with regard to distribution it is clear that the present hardware store retailers hardly sell to the bigger construction customers like construction companies and hospitals, it might be considered to enlarge or set-up/appoint within the present sales team one or more account managers visiting and developing and nurturing existing or new business in the field of construction companies and in the hospitality business and other potential

segments. It is also recommended to look into the Tuban city agent's organization as many retailers expressed being unhappy about the service delivered. But also scoring low on order fulfillment and order delivery time.

It is also recommended to have another look at the process for in time order delivery. The percentage of retailers claiming a delivery of more than three days is simply a bit on the high side. The order fulfillment process would also need to be revisited. A fulfillment of more than 50% or even 50/50 is not acceptable.

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