



WINNING BIG CUSTOMERS BY STARTUPS. Marketing Strategy for a Self-Service Car Upholstery Cleaning Device with a Special Focus on the Large Customers

A Master's Thesis submitted for the degree of
"Master of Business Administration"

supervised by
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Affidavit

I, **KAROL KOSTKA**, hereby declare

1. that I am the sole author of the present Master's Thesis, "WINNING BIG CUSTOMERS BY STARTUPS. Marketing Strategy for a Self-Service Car Upholstery Cleaning Device with a Special Focus on the Large Customers", 62 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 05.07.2016

Signature

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PREFACE

Writing this thesis had a great meaning to me as the topic I am presenting directly concerns my own company and is based on a real product implementation that was taking place (and still is) during my writing of the thesis. Additionally, it took me great pleasure to write about the topic of approaching big customers by small companies, which is not very popular in the scientific journals and literature but it is something that every entrepreneur, such as myself struggles. Special thanks to my employees who have helped me gather the data from the market and research the topic. Without those information writing this thesis would be like walking through a dark room.

Abstract

The title of the thesis, "Winning Big Customers by Startups" refers to the challenge that small companies face when acquiring large customers. The secondary title refers to a specific situation, where a small company introduces a new product to the market (Self-Service Upholstery Steam Cleaning Device) and faces similar problems when trying to win big customers.

The purpose of this thesis is twofold - first, to gain new insights regarding customer acquisition process (with a special emphasis on the big customers), secondly, to develop a marketing strategy for introduction of Self Service Upholstery Steam Cleaning Device into the market. Furthermore, special emphasis was placed on development of a systematic approach to winning big customers within the gas station and car wash industry.

The thesis consists of two parts, the theoretical part, where the concept of Customer Development Cycle Methodology (developed by Steve Blank) is explored and the Practical part, where marketing analysis was performed in order to check and confirm the feasibility of the concept of providing upholstery cleaning service in self-service mode. After marketing analysis was performed a step-by-step procedure to approach the big customers was developed.

It was concluded that the product has a great chance of success as it provides much better price-to-quality ratio to the end customer than the currently existing cleaning solutions. Moreover, the product provides the customers (gas station / car wash owners) with benefits that are currently not available on the market and besides of a good ROI it can attract more customers to the currently existing services (e.g. end-customers will use this station and not another because of the presence of this device).

I. INTRODUCTION

Startups and small companies usually have limited marketing budget resources. Because of that the process of acquiring customers has to involve certain trade-offs as well as it has to be creative and as efficient as possible. Startups and small companies usually cannot afford marketing campaigns that would be directed towards a very broad audience and have to rely on more specific, very targeted smaller campaigns. Depending on the nature of the contract, negotiating deals with big companies can take far longer and be far more stressful than negotiations with smaller companies (Attard, 2014).

Approaching large customers and trying to sell the product to big companies is much harder than doing the same thing with smaller customers. The main difference is that when dealing with smaller companies usually the owner of the company is the one who is in charge and he is the one who is making the decision about purchasing the product, whereas in larger organizations the decision process is much more complicated. In many cases the purchasing process consists of a public auction where all interested companies have to place their bids. In some instances, even if the product fits the needs of a company the purchasing manager is not willing to place an order or ask for an approval for purchase because he does not want to take a risk. It also happens that many decisions are based on personal connections. In most cases the decision process is not made by one person but it is made by a group of individuals – all of whom have different roles, and all of

whom have veto power (Schmidt & Adamson & Bird, 2015, p. 108).

It is also the case that big customers are becoming more and more demanding and the contracts for high-value transactions are becoming increasingly complex, often including risk-sharing and service-level agreements as customers ask vendors to “put more skin in the game” to ensure that they stay committed to providing real value (Davie & Stephenson & Valdivieso de Uster, 2010).

In many cases, prices have to be cut considerably in order to land big sales. Big companies know how important their business is to their suppliers and contractors. They also know that scale (i.e., purchasing large quantities) should result in cost savings for the vendor. And they want to benefit from those cost savings. So, in general, the bigger the customer and the bigger their planned purchase, the deeper the discount they're likely to expect (Attard, 2014). Also, big companies may expect the product to be customized or redesigned according to their specifications (Attard, 2014).

Everything becomes even harder if the approaching company is much smaller than the one that is being approached. Small companies often do not have as much time or resources that are needed in order to complete the sales process. To sum up, there are much more obstacles to overcome when dealing with large customers.

The thesis consists of two parts, the theoretical part, where the concept of Customer Development Cycle Methodology (developed by Steve Blank) is explored and the Practical part, where marketing analysis was performed in order to check and confirm the feasibility of the concept of providing upholstery

cleaning service in self-service mode. After marketing analysis was performed a step-by-step procedure to approach the big customers was developed.

The objective of the theoretical part is to explore and understand the customer development process as well as to gain new insights about the customer acquisition process with a special emphasis on the big customers.

The objective of the practical part is to create a marketing strategy for introduction of Self Service Upholstery Steam Cleaning Device into the market. Furthermore, special emphasis was placed on development of a systematic approach to winning big customers within the gas station and car wash industry.

II. THEORETICAL PART

1. GENERAL CONSIDERATIONS ABOUT APPROACHING BIG CUSTOMERS BY SMALL COMPANIES

As described in the introductory chapter, the process of acquisition of a large customer differs substantially from the process of winning small customers. The main difference is the sales cycle length, number of decisive people involved in the process and

More to say, a small company encounters several obstacles when trying to win a big customers. Such problems may involve willingness to work with customers of substantial size only (due to the fear of the continuity of service), having too few resources to go through the whole sales cycle or not being able to fulfill formal needs of a large customer even though the product or service fits the client's needs perfectly.

The following section presents a scientific approach to acquiring large customers.

2. EXPLORING A CONCEPT OF THE DEVELOPMENT CYCLE OF A BIG CLIENT

The focus of this chapter is to explore *The Customer Development Model* created by Steve Blank and use it to create a methodology for approaching big customers on the

markets, which we want to target. The developed methodology to approach big customers is presented later in chapter 9. The Customer Development Cycle is presented in Figure 1.

2.1. General Considerations

The customer development process highlights the process that can be used by startups and entrepreneurs in order to improve the chances of product success by gaining better understanding of customers needs (Blank, 2005, p. 6).

The concept is used to balance the relationship between developing a product and understanding the customer (Alvarez, 2010).

2.2. Customer Discovery

The main purpose of the customer discovery is to discover who the customers for our product are, and whether the solution we are proposing really solves their problem. It is also important to find out whether the problem we are trying to solve is relevant to them.

To be more specific, this step involves discovering whether the problem, product and customer hypotheses in your business plan are correct. This step also involves finding out who has the power to influence or to make the purchasing decision that is very important in terms of further actions (Blank, 2005, p. 18).

Once the prospective target accounts have been identified, individual target accounts can be constructed (Crosby, 1996, p. 100). The purpose for such profiles is to provide the sales personnel with a complete set of information about each company, which can be used during the sales process. Such profile should include a brief company description, information about the size of the company, listing of key personnel, etc. (Crosby, 1996, p. 100).

2.3. Customer Validation

Customer Validation is where the rubber meets the road. The goal of this step is to build a repeatable sales road map for the sales and marketing teams that will follow later. The sales road map is the playbook of the proven and repeatable sales process that has been field-tested by successfully selling the product to early customers. Customer validation proves that you have found a set of customers and a market who react positively to the product by relieving those customers of some of their money (Blank, 2005, p. 18).

If, and only if, you find a group of repeatable customers with a repeatable sales process, and then find that those customers equal a profitable business model, do you move to the next step (Blank, 2005, p. 18).

2.4. Customer Creation

After acquiring some initial client and validating that the business model works and is in fact profitable we can proceed with the third phase, which is called the “Customer Creation” phase.

During this phase we create a sales map for the sales and marketing which will allow us to replicate the initial sales. During this phase we should increase the marketing budget as well as active sales activities (Blank, 2005, p. 19).

2.5. Company Building

Company Building concerns the process of transitioning the company from its informal, learning and discovery-oriented Customer Development team into formal departments with VPs of Sales, Marketing and Business Development. These executives now focus on building mission-oriented departments that can exploit the company's early market success (Blank, 2005, p. 19).

The Customer Development Model

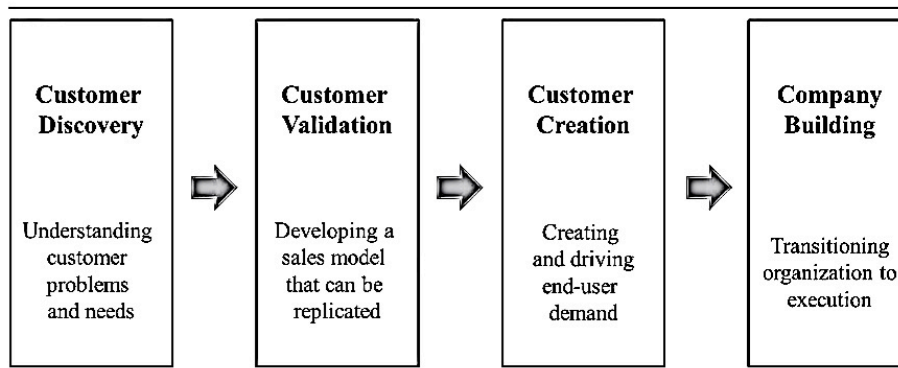


Figure 1 (Source: Other)

2.6. Engagement Strategy

After establishing how the entire process of customer development model it is beneficial to go into more details and

discover how exactly the selling process looks like and to break it into separate parts.

The selling cycle is a structured approach to calling on, qualifying, developing, and closing a potential sale (Crosby, 1996, p. 111).

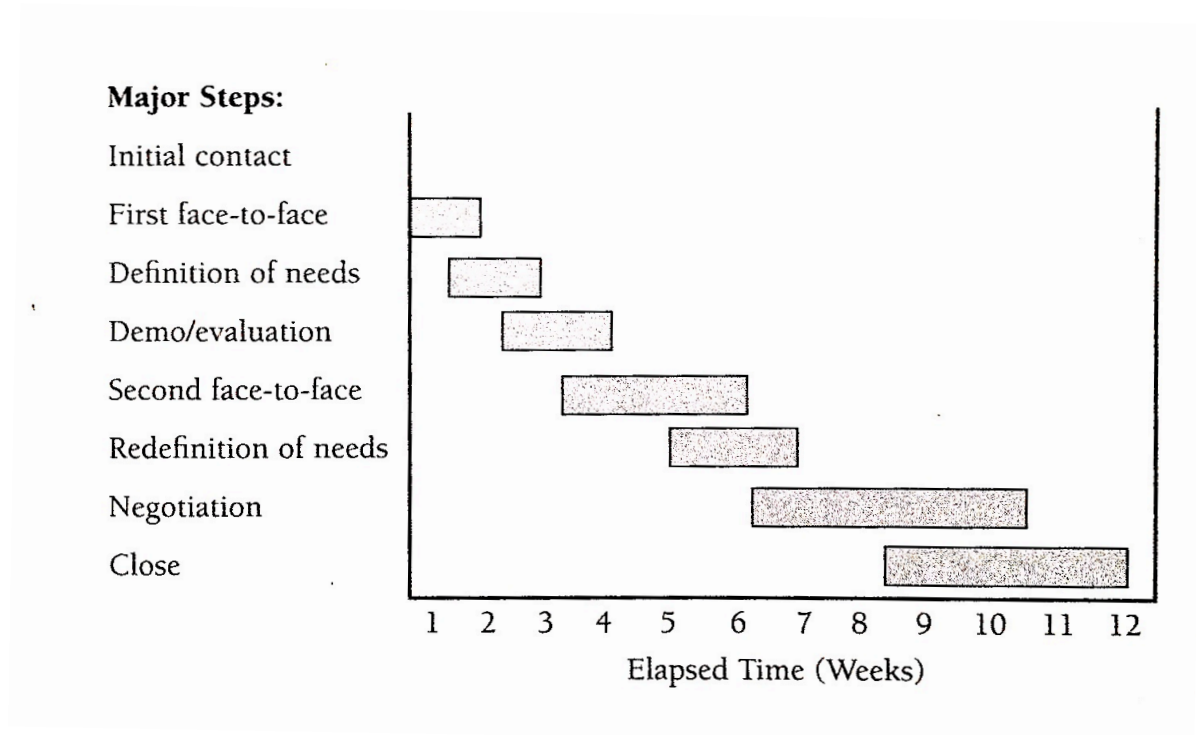


Figure 2 (Crosby, 1996, p. 111)

The sales cycle length differs depending on the type of the industry and the account itself, however it is critical to understand it and set a proper time horizon for each particular product category. Many inexperienced salespeople will try to push the sale too quickly and will therefore put at risk the success of the sale. Expert salespeople, on the other hand, know that there is a preferred sequence and a preferred time between the steps in the selling cycle for each category of products. The task is to discover that preferred cycle for the

company's set of products (Crosby, 1996, p. 111). A sample sales cycle might look like one presented in Figure 2, where it presents the necessarily focus and the rationale for communication with the account (Crosby, 1996, p. 111).

During the first phase of the first process it is crucial to build necessarily relationships with the company that is being approached. Building the multiple relationships required to be successful in a complex sales environment can take considerable amount of time and effort (Crosby, 1996, p. 111), however, the more people a salesperson knows within the organization the easier it will be to get support when the decision time comes.

Having that in mind, it is also worth noting, that the big companies do not buy one to one on a big-deal purchase. They have a team of buyers. They want to spread out the risk and responsibility of buying and be certain that all areas that might be affected by a change of vendor or the purchase of a new product or service have been consulted. Misunderstanding this process is a common mistake that small companies make in trying to sell to big companies (Searcy & Weaver Smith, 2008, p. 112). In order to overcome this obstacle it is important that the consensus between the decision makers is reached (Schmidt & Adamson & Bird, 2015, p. 108). To do that sales representatives should help the stakeholders see their shared interests and find common ground (Schmidt & Adamson & Bird, 2015, p. 108).

One very important aspect about the group decision makers is that the likelihood of making a sale drops as the number of group members increases. Of course, the biggest probability of

closing the sale is when there is just one person involved (as illustrated on Figure 3), however, the average group size of the decision makers is 5.4 (Schmidt & Adamson & Bird, 2015, p. 111).

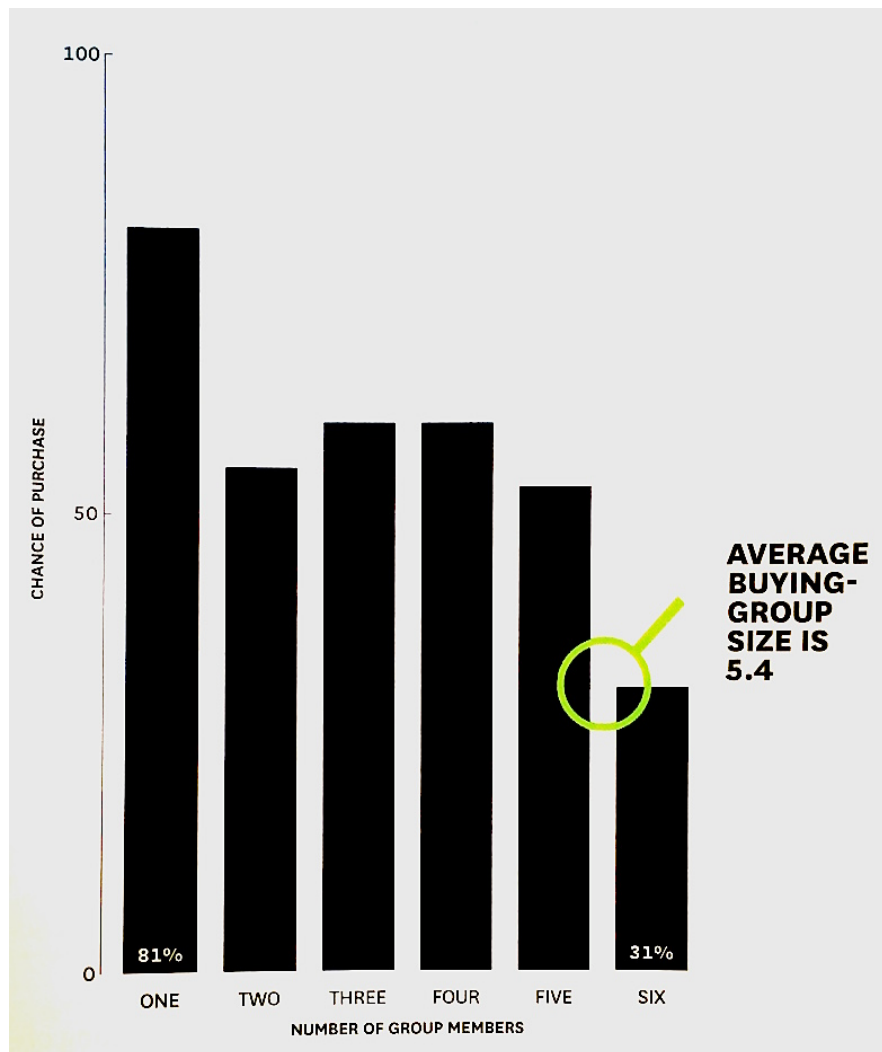


Figure 3 (Schmidt & Adamson & Bird, 2015, p. 111)

Nevertheless, regardless of the fact whether it is a one person decision or a group decision it is absolutely necessarily to identify the decision makers (Konrath, 2006, p.11).

As much as the initial contact with a large organization can be very overwhelming for a small company, it helps a lot to break

the big company into smaller units that are easier to work with (Konrath, 2006, p.11). To be more precise, if an organization has several business units within itself, it is very helpful to think of them as separate companies and not doing business with all of them at once. Going even further, each of the business units might have some functional areas such as marketing, sales, accounting, etc. It is the easiest way to get into a big company through one of its functional areas (Konrath, 2006, p.11).

It is common that small companies who decided to contact a large organization contact the purchasing department only a few times. In today's business environment, it is expected to contact corporate decision makers at least eight to 10 times. If you're trying to reach higher level executives, it is expect to make 12 to 14 contacts before giving up (success.com, 2009).

After conducting the meeting with a company we have to check and verify if our initial assumptions about the customer meet the reality. One of the key points is to evaluate the needs of a company and see if they match our products. Even though it might look like that the product does fit the needs of a company, it might turn out that there exist certain factors that make the sale impossible (e.g. all purchases have been suspended due to a change of executive team).

Most probably, in order to finalize the sale, another meeting (or even more) will have to take place and another round of evaluation of needs of the customer. It is very important to stay patient and continue according to the specified selling cycle (Crosby, 1996, p. 111).

2.7. Pricing and Negotiations

In order to capture the value that the product is providing to the customer it is important to set the price accordingly. If the product is priced too low the customer might not believe in the value of the product. On the other hand, if the reference price is set too high, it will be hard to find customers who will pay the price. In such case, the proper thing to do is to set the reference price high, but offer high discounts or preferential terms to important customers (Marn & Roegner & Zawada, 2003).

Getting a company to agree to purchase offered products might be only half of the job. Once they have been convinced about the product, the details of the deal still have to be negotiated. Those negotiations may be even more difficult than convincing the company in the first place that they need the offered product. Conflicts may arise over price, delivery terms, quantities, or even the length of the contract (Attard, 2014).

It is absolutely necessarily to come to negotiation with a clear idea about the buying company's interests. It has to be remembered that by selling a product to any company we are providing them with a solution to their problems or providing them with an opportunity. The better we communicate it during the negotiation process, the higher the chances of a positive outcome are (Fisher & Ury, 2011).

To conclude the theoretical part of the thesis it has to be said, that the literature about the subject of winning big customers (and winning customers in general) is very broad and the

entries quoted above by no means exhaust the topic. It is also worth saying that the methods used to approach and win a customer vary substantially from one industry to another. Having that in mind, the literature base and the discussion in the theoretical part of the thesis is used later in chapter 9 to derive a specific approach that would be the best fit for petrol/car wash industry.

III. PRCATICAL PART

The objective of the practical part of the thesis is to develop an approach for winning big customers in the context of the Self Service Upholstery Steam Cleaning Device that is being introduced to the market. The detailed step-by step procedure is presented in chapter 9 of the thesis.

3. PRODUCT OWERVIEW

In this chapter some basic features of the product are introduced as well as some example locations are presented (gas stations and existing car washes). It provides a comparison to the closest product that is currently available on the market – a self service vacuum cleaner, which is used to extract the dust from the interior of a car.

Based on its previous knowledge in the field of industrial steam generators the Company decided to launch a product that would combine the benefits of steam cleaners (fast drying time, good cleaning quality) with the benefits of self-service exterior car washes (convenience, low price).

The product looks similar to a self-service vacuum cleaner (which is very popular and available on the market) but in addition, it is equipped with a steam generator (Figure 4), which in attrition to the vacuum function (dust suction only) allows the user to extract dirt, stains and to neutralize bad smell.



Figure 4 (By the Author)

The device operates similarly to a wet injection-extraction vacuum cleaner that is a very popular product on the market (with the exception that it uses steam instead of water, which ensures fast drying time – the absolute essence of the product).



Figure 5 (By the Author)



Figure 6 (By the Author)

Such products are generally located at gas stations, next to existing car wash centers or close to supermarkets. However, we do not exclude the possibility of placing it in other locations that might be convenient to the end user (Figure 5, Figure 6).

4. TECHNOLOGY OVERVIEW

In this chapter the technology behind the product is presented. The technology is compared to other solutions that are present on the market as well as the advantages of the technology are explored.

4.1. Description of Technology

The product operates similarly to a standard injection-extraction vacuum cleaner but it also incorporates the aspects

of a self-service exterior car wash and a self-service vacuum cleaner.

The technology behind this device is simple, as it is available on the market and our company has traded it for several years. The device is equipped with both, a steam boiler, which continuously produces steam to ensure the 6 bar pressure at the end of the nozzle, as well as an industrial grade vacuum cleaner. Both operate independently but are connected at the nozzle in order to ensure the steam injection and vacuum extraction at the same time. In addition, the device is equipped with a separate nozzle that can be used to pre-spray the seat with detergent before cleaning with steam (in order to get rid of stains).

Two aspects of the technology are very important. Firstly, although possible and easy to implement, the steam-vacuum arm and the detergent arm have to be separate, as the detergent needs few seconds to dissolve the dirt before it is extracted. Secondly, the detergent that is pre-sprayed has to be in a form of a thin mist to ensure that the seat does not get wet (which is of the cornerstones for the end user).

From the perspective of the end user the process has the following steps:

- Insert coin and press the start button
- Lift the detergent arm and pre-spray the detergent mist on the seat
- Lift the steam-vacuum arm and start cleaning the seat
- Wait 5 minutes until the seats are dry

4.2. Technology Comparison

There are several ways in which the upholstery can be cleaned. However, today, approximately 99% of upholstery is being cleaned with water/chemical injection-extraction cleaning method (that excludes upholstery made of leather which cannot be cleaned by using injection-extraction method) – either at home or, more typically at man-operated car washes.

Dry steam technology has several advantages over this technology. The first and most important one is that you cannot use water/chemical injection extraction for the self-service purposes as your upholstery is going to be wet for a long time.

Second advantage is that the steam, apart from cleaning also disinfects cleaning surfaces during the process, which is very important when small children are the users of the car (health benefits).

Different cleaning solutions are available on the end user market (e.g. wet cleaning performed by car wash). This type of competition directly affects the share of our solution in the upholstery cleaning market.

Based on research it was assumed that the market of upholstery cleaning services is price sensitive with the price to quality ratio of 60:40, where price is understood as the price that a client has to pay for the cleaning service and the quality is understood as a weighted average of quality features stated below:

- **Quality of cleaning – 30%**
- **Duration of cleaning –15%**
- **Flexibility and availability of service – 25%**
- **Own manpower to clean – 15%**
- **Time to dry – 15%**

Five different ways to clean car upholstery that are available on the market, were taken into account and compared to the service that can be performed using *Self-Service Upholstery Steam Cleaning Device*:

- **Wet cleaning performed at home – A**
- **Wet cleaning performed by car wash – B**
- **Steam cleaning performed by car wash – C**
- **Spray and wipe performed by the driver – D**
- **Mobile cleaning service performed at client's location – E**

The services, together with assigned values to each of the quality categories as well as weights were developed based on a survey performed on 5 industry experts and are presented in the table below:

Competitors on the End User Market

Product	Self-Service Upholstery Cleaning									
Segment	Upholstery Cleaning Services									
Date	15/06/2016									

Quality: Key Purchasing Attributes (product and service related, from customer perspective)		Weigh- ting	Rating of Competitors					
			WE	A	B	C	D	E
1.	Quality of cleaning	30,0%	6	6	9	10	4	9
2.	Durance of cleaning	15,0%	8	2	3	3	4	3
3.	Flexibility and availability of service	25,0%	9	8	5	5	8	4
4.	Own manpower to clean	15,0%	4	2	10	10	2	10
5.	Time to dry	15,0%	7	2	5	8	8	8
Sum		100%						

Purchasing Decision	
Quality	40
Price	60
Total	100

Relative Price	100	50	250	300	50	350
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Name of Competitors	5
A	Wet cleaning performed at home
B	Wet cleaning performed by car wash
C	Steam cleaning performed by car wash
D	Spray and wipe performed by the driver
E	Mobile cleaning service performed at client's location

Figure 7 (By the Author)

Results of the analysis of the competition on the end user market are presented in the table below, where the relative quality and the relative price of each of the available services are plotted against each other:

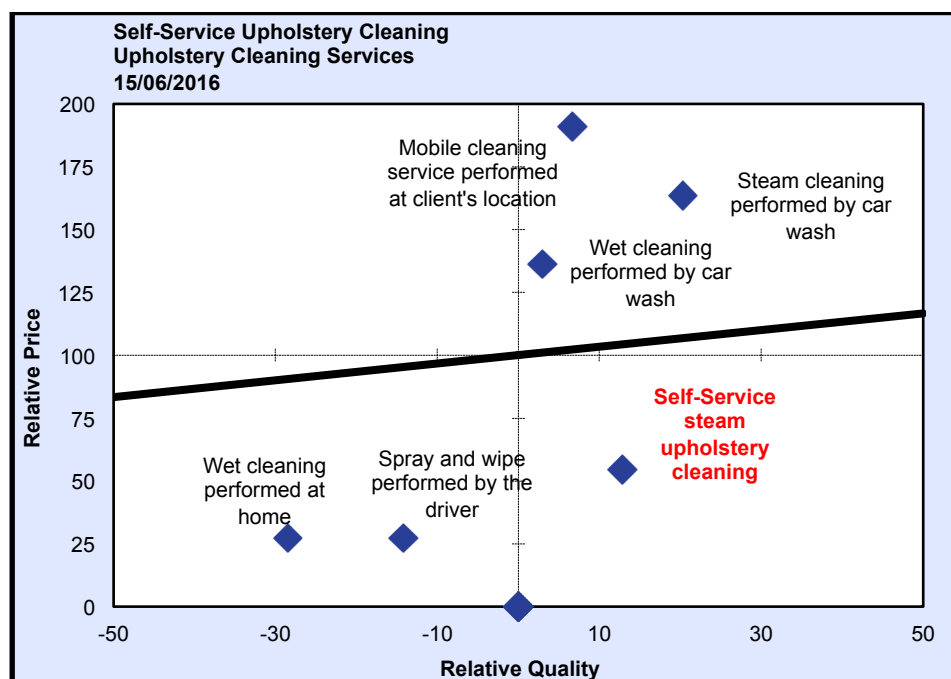


Figure 8 (By the Author)

As we can see from the graph, two sets of services are grouped together (aside of the Self-Service steam upholstery cleaning). Firstly, the home cleaning methods are very cheap (A and D) but have very low relative quality (not acceptable to the most of the customers). On the other side of the plot we have professional services (which include steam cleaning performed by a car wash, wet cleaning performed by car wash and mobile cleaning service performed at client's location). This set of services has high relative quality but it is usually very expensive. The self-service steam upholstery cleaning is a method that offers relatively high quality of services (comparable to the professional services) but at a relatively low price.

The position of this method on the plot implies that it has a very high competitive advantage over existing upholstery cleaning methods.

5. KANO MODEL ANALYSIS

In the following chapter the Kano Model Analysis is performed in order to define which of the attributes are important to the end user and how they affect the way in which the customer perceive the product. Same analysis was performed from the perspective of a direct customer.

5.1. Overview

The Kano model is a theory of product development and customer satisfaction developed in the 1980s by Professor Noriaki Kano, which classifies customer preferences into five categories that are listed below.

5.1.1. Must-be Attribute

These are the requirements that the customers expect to get and are very often taken for granted. We can consider these requirements as obvious expectations our customer will have. When execution is poor, satisfaction is low and when execution is done well, satisfaction is neutral. The interesting thing about the Must-be Attributes is that when we do these well, customers are just neutral, but when done poorly, customers are very dissatisfied. Kano originally called these “Must-be’s” because they are the requirements that must be included and are the price of entry into a market. Typical sources to discover these needs are industry standards, government regulations, customer complaints, corporate and experience. (Verduyn, 2014)

5.1.2. Performance Attribute

These are the requirements the customers are able to articulate and are at the top of their minds when making choices and evaluating options. They are the most visible of the Kano requirements and likely the easiest to acquire because customers freely talk about these type of requirements. Performance Requirements are typically understood through classic research methods like interviews, surveys, and focus groups. The better they are performed, the more satisfaction they bring, conversely, the worse they are

performed, the more dissatisfaction they bring. These are often “more the better” requirements but can also be “less the better” like price, noise, etc. Kano originally called these “One-Dimensional” because they are somewhat linear in nature, the better you execute these, the more satisfaction from the customer you get. (Verduyn, 2014)

5.1.3. Excitement Attribute

As arguably one of the most important of the categories, these are the requirements that are unexpected pleasant surprises or delights. These are the innovations you bring into your offering. Some companies call them USP’s (Unique Selling Propositions). They delight the customer when there, but do not cause any dissatisfaction when missing because the customer never expected them in the first place. Kano originally called these “Attractive or Delighters” because that’s exactly what they are and do. (Verduyn, 2014)

5.1.4. Indifferent Attribute

These are the requirements that most customers simply don’t care about whether they are present or absent, their satisfaction remains neutral under either circumstance. Examples of this type of quality are some of the advanced features on a cell phone that only one in every hundred people would ever use. If the vast majority of customers don’t care about these functions or features and they are expensive to include you may want to consider eliminating them in your offering because they provide so little value. (Verduyn, 2014)

5.1.5. Reverse Quality

The rarest of the five categories, and items we want to consistently exclude from your offering. These are the requirements that cause dissatisfaction when present and satisfaction when absent. They are the features or attributes that cause customers to say “I hate when they do that”. Although these are very rare, they do sometimes find themselves in a product or service typically due to a lack of product testing or customer research. (Verduyn, 2014)

Although the device could have many possible functions, it is absolutely crucial to select the right attributes both, from the enduser point of view and from the point of view of the customer.

5.2. Attributes From End User’s Point of View

In order to determine the key attributes that are important from the end-user point of view, five industry experts were asked about their opinion about different attributes of the device from the perspective of the end-user.

Attribute	How would you feel if this was present?	How would you feel if this was absent?	Priority
Scent application	Don't Care	Don't Care	Indifferent
Detergent application	Like	Dislike	Performance
Dust vacuuming function	Like	Live With	Excitement
Air blower	Don't Care	Don't Care	Indifferent
Good location of the device	Expect It	Dislike	Must-Be
Payment system with change	Expect It	Live With	Indifferent

Payment system with credit card acceptor	Like	Live With	Excitement
Seat protection sheets	Expect It	Dislike	Must-Be

Table 1 (By the Author)

First, the key potential attributes of the device were selected. Second, the importance of each of the attributes was evaluated in case of its presence and in case of its absence. Based on the analysis we categorized the attributes into four categories: Performance, Must-Be, Excitement and Indifferent.

It is absolutely crucial to pay attention to the end user group (even though the customers are the ones who are paying) because it is not possible to achieve any market success without the approval of the users. Customers will simply not pay for any device that will not be used by the end users.

5.3. Selection of Attributes From Customer's Point of View

On the other hand, the needs of the actual buyer (the owner) of the device are very different from the end user ones. Having that in mind, a separate analysis was performed in order to capture the customer's point of view. Five industry experts were asked about their opinion about different attributes of the device from the perspective of the customer

Attribute	How would you feel if this was present?	How would you feel if this was absent?	Priority
------------------	--	---	-----------------

Separate vacuum cleaner (dust vacuuming function)	Like	Don't Care	Excitement
Maintenance less frequent than once a week	Like	Dislike	Performance
Online data reading	Like	Don't Care	Excitement
Return on investment	Like	Dislike	Performance
Attraction of additional customers	Like	Live With	Excitement

Table 2 (By the Author)

5.4. Conclusions

We have concluded, that the machine has to be updated with the seat protection sheets, which would allow the driver for the instant usage of the vehicle (without waiting 15 minutes for the seat to dry). We have also concluded that the machine should be equipped with the dust vacuuming function, which is an excitement attribute from the perspective of both, the end user and the customer. We concluded that the improvements on the end user side do not interfere with the improvements on the customer's side, as they have no effect on the other group (that is why no common attribute is placed in both of the tables).

6. DEFINING THE USP

In this chapter the description of the unique selling proposition is presented.

The device has many features that can be potentially beneficial to the customer. First one and the most obvious one is that it

is a good investment, however, aside from the ROI, the device has also the ability to attract new customers to the gas station/car wash center which will most likely spend money on other services as well.

Current trend in the petrol industry is that the gas stations are becoming centers, where customers can take care of multiple needs at once, e.g. do laundry, drink coffee, clean cars, send and receive packages, etc.

Having that in mind, we can define our USP as a good investment that will, in addition, attract new customers to the location (whether it is a gas station or a car wash center).

By formulating the USP in such words we can redirect the attention of the customer from looking at the ROI only convince him that it will bring other indirect benefits to his company. The parameter of attracting new customers was also defined as an Excitement Attribute in the Kano Model analysis (presented in table 2.), which clarifies that it is in fact a good choice for USP.

7. MARKET ANALYSIS

In the following chapter the market analysis is preformed. Firstly both the market and the market segments were defined. Next, market position analysis as well as market size analysis was performed. The chapter concludes with the competitor analysis.

7.1. Market definition

The primary focus of the market definition process is to provide sufficient knowledge of the environment that can affect marketing strategy and decision making process (Hisrich, 2013, p. 211). In the description below, market is divided into two parts, the end-user market and the customer market. Both of them have to be satisfied in order to achieve satisfactory sales results.

The *Self-Service Upholstery Steam Cleaning Device* competes with all peripheral machines used for car interior cleaning, which can be installed at gas stations or car wash centers. In order to ensure the competitive advantage the device has to be more attractive in terms of investment than other similar products.

At the end user market, the service performed by the *Self-Service Upholstery Steam Cleaning Device* competes with other services that are intended to clean the upholstery inside the car. In order to ensure the competitive advantage on the end user market the service that is performed by the device has to have the best price to quality ratio (or to put it into simple words: “almost the same cleaning quality for much less”).

7.2. Market segmentation

The process of defining and selecting the right market niche – market segmentation – is extremely important for the success of a product launch. Once the targeted markets have been correctly defined, it is much easier to develop a marketing strategy and the appropriate combination of product, distribution, and price to reach that market effectively (Hisrich, 2004, p. 120).

Firstly, having in mind that the device is going to be used if, and only if it is located in a location where other types of car cleaning services are usually performed, we segmented the market applying the geographical criterion. Since the cleans are usually performed at gas stations (with an access to a car wash) and existing car wash establishments we decided that access to one of those places is the main criterion for the potential buyer.

Having that in mind we defined our market segment as **gas stations** (always with an access to the car wash) and **car washes** (self-service car washes). We do not want to segment gas stations and car washes in separate categories as both usually have the same ownership structure as well as they serve the same purpose (car cleaning). One thing important about the gas stations is that it has an access to a car wash. When it comes to car washes we are always looking for self-service car washes as

If we look closely at the car wash and petrol station industry we will see that those establishments fall into two categories. Firstly group is a group of individual owners. Second group is a group owned by a large company. Some of the stations are somewhere between the categories as they might be grouped in a soft franchise where the owner is allowed to make some individual decisions. Having that in mind, ownership structure is our main criterion for market segmentation.

7.2.1. Individual ownership

a) Gas Stations

There are many types of gas stations, which serve completely different purpose for the user. If we look at a gas station located at a highway in between the cities, we can be absolutely sure that no one will ever want to clean his upholstery over there. Those gas stations are used to refuel the car, drink coffee or eat.

On the other hand, gas stations that are located within the big cities serve completely different purpose. They are becoming service centers where users can clean their cars, do laundry, send mail, etc. Those stations are in a range of our interests, however, unfortunately big companies such as BP or Shell own most of such locations. However, such stations, owned by individuals exist in smaller cities.

b) Self-service car washes

The car washes of this type are spread evenly over the entire area of Poland with a higher concentration within the big cities. Self-service car washes occur in different sizes depending on the traffic they are intended to serve. From our observations only about 5%-10% users of the self-service car wash use *Self Service Upholstery Steam Cleaning Device* after cleaning the exterior of the car. Having that in mind, in order to ensure the proper ROI for the buyer we want to approach car washes with 4 or more cleaning lots.



Figure 9 (By the Author)

7.2.2. Owned by a big company

When owned by a big company we do not want to distinguish between a car wash or a gas station as they are usually the same thing – a car wash owned by a big company which offer car wash services. However, same criterions do apply, as in gas stations owned by an individual person i.e. we are not looking for gas stations located at highways or between the cities. Such a gas station always has to have a car wash right next to it.

7.2.3. Market segmentation summary and conclusions

First of all we segment the market based in the ownership criterion, which is of the greatest importance.

Within the individually owned locations we are looking for self-service car washes with 4 or more cleaning lots (the bigger the car wash, the bigger chance of success) or gas stations located within the cities that already offer different car wash services.

Within the gas stations owned by the big companies we actually do not have to look for anything, as the negotiations will never be held by single gas stations, however, our intention is to place the devices in big service centers within the cities.

Concluding, at the beginning of the market entrance it also makes sense to add a geographical criterion, as the sales resources of our company are limited. Considering the fact that the most attractive car washes (with four or more cleaning stations) are distributed evenly across the entire area of Poland, it would be wise to start with the southern region, where the company is located.

7.3. Market Position Analysis

Market position analysis is a very important part of the marketing plan. It shows how does the product fit into the market from the customer's perspective. It is important to keep that perspective, as every new venture has to be market-focused and market-driven, otherwise it is just creating an opportunity for the competition (Drucker, 2001, p. 146). Having that in mind an analysis was performed from the

customer's point of view in order to determine how does the product currently fit into the market.

On the defined markets the device would be competing with similar machines that are being bought as an investment by the owners of gas stations and existent self-service car washes. Since it is an investment, it is assumed that the potential buyers would be focusing more on financial analysis rather than on the quality of service the device can provide to the end customer.

The analysis of the position on the market of car cleaning devices reveals how attractive such a device would be to an owner of a gas station/self-service exterior car wash if treated as an investment.

Based on experience it was assumed that the market is very quality sensitive with the price to quality ratio of 20:80, where price is understood as an investment amount and the quality is understood as an investment quality (mainly affected by the ROI). The summarized aspects of the relative quality with their respective weights were:

- **Potential ROI** – Return on the investment in the device/installation - **50%**
- **Ability to Attract Customers** – Ability to attract customers in case it was the only device in the cleaning complex - **25%**
- **Manpower Intensity** – Degree of involvement of own workforce in handling of the device/installation - **12%**
- **Quality and Durability** – Time span between subsequent service intervention - **8%**

- **Setup time** – Time needed to install the device from the moment of the decision – **5%**

Three products, which are usually considered in such location, were taken into account and compared to the product that is being considered for market entry:

- **Vacuum Cleaner – A** – a self-service vacuum cleaner that is commonly installed at gas station and car wash centers
- **Exterior Car Wash – C** – installation of an additional slot for self-service car exterior cleaning
- **Compressor – D** – air blower for fixing tires that is usually installed at gas stations

The products, together with assigned values to each of the quality categories as well as weights were developed based on a survey performed on 5 industry experts and are presented in the table below:

Analysis of Market Position					
Product	Upholstery Cleaner				
Segment	Car Cleaning Devices/Installations				
Date	15.06.2016				

Quality: Key Purchasing Attributes (product and service related, from customer perspective)		Weigh- ting	Rating of Competitors			
			WE	A	B	C
1.	Potential ROI	50,0%	7	4	2	2
2.	Ability to Attract Customers	25,0%	6	3	2	3
3.	Manpower Intensity	12,0%	6	9	10	10
4.	Quality and Durability	8,0%	7	9	9	9
5.	Setup Time	5,0%	8	6	2	9
Sum		100%				

Purchasing Decision	Relative Price Compared to Us				
Quality	80	100	40	200	20
Price	20				
Total	100				

Name of Competitors	3		
A	Vacuum Cleaner		
B	Exterior Car Wash (additional slot)		
C	Compressor		

Figure 10 (By the Author)

Results of the analysis are presented in the table below, where the relative quality and the relative price of each of the products are plotted against each other:

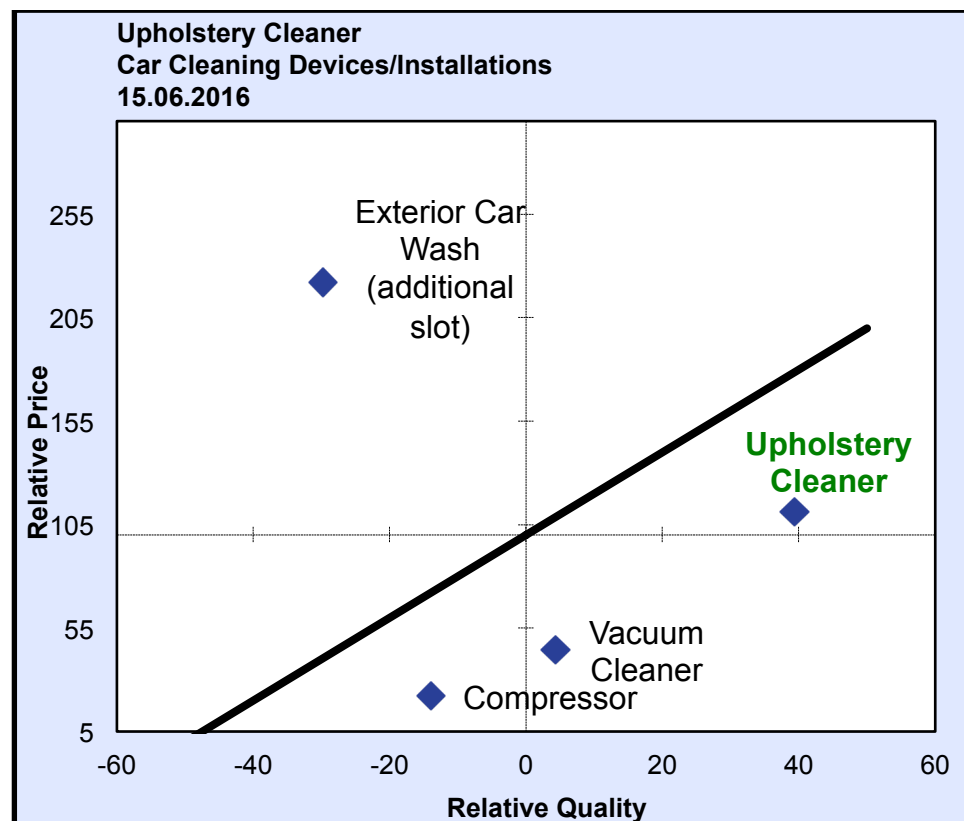


Figure 11 (By the Author)

Several conclusions were drawn from the market position analysis:

- Comparing our product to the direct competition we can conclude that our product is much more competitive. Since the product is below the line (as opposed to the competitor's product) it provides the customer with enough (or more) qualities for a given price. On the other hand, the competitor's product is overpriced (mainly because its

inability to generate satisfactory ROI, which is in turn affected by the high price).

- Because of its ability to generate ROI, and the ability to attract the customers (most commonly used service) the Exterior Car Wash is a natural first choice for the investor.
- Vacuum Cleaner, on the other hand, is a must-be attribute of every car wash center – if it was not there it would really bother the customers. Thus, the Vacuum cleaner is a natural second choice for the investor.
- Because of its newness, ability to attract new customers and a potential for high ROI Upholstery Cleaner should be considered as an addition to the whole installation and to serve as a excitement attribute to the user.
- If equipped with a dust vacuum cleaner, the upholstery cleaner would become a natural second choice for investors.

7.4. Market Size Analysis

More than 18 million vehicles large, the Polish passenger car fleet has seen an impressive growth. Supported by the strong economic growth rates, it has almost tripled over the past two decades. This data is a an optimistic input for the calculation of first, the market size of upholstery cleaning services and second, the market potential for selling the *Self-Service Upholstery Steam Cleaning Device*.

7.4.1. Upholstery cleaning market size calculation

In order to calculate the market size for upholstery cleaning service using self-service steam Upholstery Cleaning Device we assumed the following data regarding the size of Polish car fleet:

- 18 Millions registered passenger cars
- 10% of all cars are equipped with upholstery (leather cannot be cleaned using this method)
- 10% of all registered cars are not in use

After excluding cars equipped with leather upholstery and the cars that are not in use we can conclude that circa 14 580 000 cars are eligible for upholstery cleaning.

Based on customer research we assume the following conditions for using the upholstery cleaning services:

- 50% of all “eligible” cars use interior cleaning services
- Out of people who clean cars, the service is performed twice a year on average

After considering the conditions stated above and performing quick calculation we can conclude that there are 14 580 000 upholstery cleans performed annually.

Based on performed tests we can conclude that the average time needed to clean car upholstery is 10 minutes. The usual price for similar services is 0,5 EUR per minute.

- Average time spent cleaning upholstery using self service device is 10 minutes
- Average price per minute of use is equal to 0,5 EUR

Having in mind the assumptions stated above we can conclude that the average cost per clean is equal to 5 EUR.

If we consider 14 580 000 cleans annually at a price of 5 EUR we can conclude that the potential market size for upholstery cleaning is worth 72,9M EUR.

7.4.2. Market size calculation for selling the

equipment

In order to calculate the potential market size for selling the car upholstery cleaning device first we need to calculate the number of days during which the cleans are performed.

- Number of days below 0 deg. C – 30 days (days where cleaning is usually not performed)

Having in mind the assumptions stated above we can conclude that we have 335 days per year where the cleans are performed. Next, we need to assume the average occupancy of the device and calculate the number of cleans that are performed per day.

- The max. capacity of the device is 50 cars per day, however, we assume that the average occupancy will be at the level of 15 cars per day.
- Previously we calculated that there are 14 580 000 cleans performed annually, which leaves us with 43 522 cleans per day (nationwide).

Having that in mind we can calculate the demand for the machines that will satisfy the daily demand for cleans at the occupancy level of 15 cars/day. After performing this calculation we can conclude that 2 901 device are needed nationwide in order to satisfy this demand.

The price of the device on the Polish market will be set at 15 000 EUR. Having that in mind we can calculate the potential size of the market for selling the device which will be about 43,5M EUR.

7.4.3. Conclusions

We conclude that the potential market size for selling the *Self-Service Upholstery Steam Cleaning Device* is 43,5M EUR on the Polish market.

7.5. Analysis of Competitors

As of today five devices of such type have been installed by our company. One Polish competitor started manufacturing and selling a similar device. The direct competitor has to be taken into account as this type of competition directly affects the share in the market for selling the equipment.

Table below compares the main features of the Self-Service Upholstery Steam Cleaning Device with the direct competitor.

Feature	Self-Service Upholstery Steam Cleaning Device	Direct Competitor
Separate chemical injection	Yes	No
LCD screen	No	Yes
Price	15 000 EUR	25 000 EUR
Steam-Vaccum function	Yes	Yes
Max. Capacity	50 cars/day	50 cars/day
Drying time	15 min.	30 min.

Table 3 (By the Author)

As we can see from the table, as well as from the chart presented in section 7.3. (Analysis of the Targeted Markets) the competition product offers less relative quality at a higher price, which results in less attractive ROI for the buyer.

8. MARKETNG MIX ANALYSIS

In the following chapter the 4P analysis was performed in order to determine the best price, product strategy, distribution and marketing strategy. Description of the strategy is presented in the following sub-chapters.

8.1. Pricing

When creating the pricing strategy we have to take into account that this is a completely new product without established market and we have no similar product to compare with (except the newly established direct competitor who set the price drastically high).

We know that since it is an innovation we can charge premium for this product, however there are certain price boundaries that we cannot cross. To establish a price ceiling, a clear understanding of a product's benefits for its customers is essential. The value of some benefits, such as ROI can be easily measured, however, other benefits such as attraction of new customers to the gas station who will spend additional money on other services is much harder to capture (Marn & Roegner & Zawada, 2003).

Having said that, the final price should reflect both, the potential ROI on the device as well as customer attraction factor. If the device is too expensive, no matter how many end customers will use the device it will not be profitable. If we plug a reasonable number of end customer into the equation the device should turn profit after 12-18 months, which is

more or less a standard in the industry. Having both factors in mind, we can set the price to the 18-month ROI period, which is the higher boundary of the industry.

One additional factor that we have to take into the consideration when setting the price is that the customers in this industry usually ask for a 10% discount and it is really hard to sell anything without dropping the price.

Customer's Break Even Calculation

If we assume that every car will spend approximately 10 minutes at the device, being charged 0,5 EUR per every minute of use we can assume that the average customer will leave 5 EUR inside the machine.

Next, if we assume 8 cars/day on average we will end up with 1200 EUR revenue per month. After excluding maintenance costs and the utilities the owner will be left with approximately 1000 EUR profit per month.

If we multiply this amount by 18 months, we will end up with the final price for the customer at the level of 18 000 EUR.

Having in mind that the cost of the machine is 7000 EUR, after subtracting the discount we will end up with 57% margin, which is satisfactory in terms of running the project and providing the expected after-sales support.

A reference price on such level (which at first impression is high) also ensures that the intended value is translated to the

price. Especially At the beginning of the product launch it is better to keep the reference price high and provide high discounts rather than dropping the reference price (Marn & Roegner & Zawada, 2003).

When setting the price it is also worth noticing that price is not everything that matters and the selling process itself is very important as well (or even more important). Customers need information on exactly how a product or service will make a difference to their businesses. And while they may say price is one of their biggest concerns, a satisfying sales experience is ultimately more important (Boaz & Murnane & Nuffer, 2010).

8.2. Distribution

Based on our research we concluded that the average margin for the distributors on this market is about 30%.

Since it is not a product of the first need and it can be shipped to any place within Poland within one working day, we decided that the distribution would be conducted directly from the warehouse located in the southern part of Poland. To ensure the highest possible ROI we decided to skip the middleman and decided to engage our own sales force in the process. At the beginning one solid salesperson with the ability to conduct meetings over the area of the entire country will be sufficient to gain traction with the customers.

However, since there is a lot of companies that sell similar equipment to car washes and gas stations we will keep our eyes open and adjust the strategy to include the dealers if it proves to be necessary.

8.3. Promotion

The promotion will be conducted in two parallel channels in order to reach two targeted groups – gas station and car wash owners as well as the large companies.

The individual owners will be reached through direct contacts, recommendations as well as standard internet channels like website, sponsored articles in the industry press, etc.

An additional campaign will be launched through a research of active construction permits, which will allow us to reach to potential customers who are in the process of setting-up a car wash or a gas station. That particular group of customers is of special interest to us, as they might be more willing to invest in such a device

Large customers will be approached by participation in fairs. After acquiring the initial contact we will proceed with the steps developed in chapter 9.

8.4. Product or Service

We plan to provide a complete range of services that would complement the machine. Such additional service is important in case of both targeted customer groups – large customers require branding, immediate technical service, long warranty and high quality of the product. On the other hand, smaller customers require support when it comes to financing, marketing, installation.

After sales service support is also important when designing the business model. Whilst a lot of the companies perceive after-sales service as a necessarily evil, if properly managed it can offer a series of benefits to the company (Cohen & Agrawal, N & Agrawal, V, 2006).

Companies can benefit in several strategic ways by focusing on after-sales services. Providing support generates a low-risk revenue stream over a long period of time (Cohen & Agrawal, N & Agrawal, V, 2006).

In case of the *Self Service Upholstery Steam Cleaning Device* the additional revenue stream can be achieved by selling a certain unique chemical that supports the warranty. This way the customer will be bound to buying such chemical for as long as the warranty period takes. Afterwards we expect him to get used to the chemical.

9. PLAN FOR APPROACHING BIG CUSTOMERS

The following chapter presents a detailed step-by step approach to winning big customers in the context of petrol/car wash industry and the introduction of the *Self Service Upholstery Steam Cleaning Device*. The following steps were developed based on the internal knowledge of the company, industry experts testimonies as well as the literature base explored and described in the theoretical part of the thesis.

9.1. Introduction

As mentioned in the first chapter, approaching large customers and trying to sell the product to big companies is much harder than winning smaller customers.

Having that in mind, a separate strategy has to be developed in order to sell to big companies. This strategy has to take into account not only the needs of large companies but also the decision processes, which in some cases might be even more important.

9.2. Steps to win a big customer

In order to systematize the approach towards winning big customers several crucial steps were developed. The following points are based on the knowledge of experts from the car wash and petrol industry as well as the internal knowledge and the experience of the company and the literature base explored and described in the theoretical part. Large part of the knowledge also comes from the Customer Development Cycle Methodology, which was described in detail in chapter 2.

9.2.1. Phase 1: Acquiring contacts

In order to sell to any company, whether it is a small or a large organization, first we need to get to know the clients we would like to approach. This simple step will allow us to select the key customers we think might be suitable for becoming our future clients. After this simple step we should have a list of companies we would like to approach.

9.2.2. Phase 2: Making initial contact

It is very unlikely to attract a big customer through cold calling. In order to get in touch with a purchasing managers of the companies it is much better to get to know them

personally and to make them know who you are. It is very good to acquire such contacts through industry fairs. There are few events of such type taking place each year in Poland (e.g. Petrol Station Fairs, Car Wash Fairs, etc.), which are a perfect place to meet the purchasing managers, exchange business cards and establish the initial contact. During the first contact it is also good to acquire some general knowledge about the needs of these companies and present the product initially. By doing so we will have a hook that will allow us to refer to during the next step.

9.2.3. Phase 3: Meeting/Product presentation

After meeting with purchasing managers during fairs we need to contact them and present them with our offer. This step is very hard as it might require several attempts or a very extended period of time. Ideally this step (whether it is after a month or a year) should end with a meeting or a product presentation.

9.2.4. Phase 4: Proof of concept

In the best-case scenario (which is extremely unlikely) after presenting the product we can make an offer and close the sale. However, since *Self-Service Upholstery Steam Cleaning Device* is new to the market, big companies are not likely to purchase it before knowing how it works and what are the risks.

Proof of concept based on other users

After installation of some units, if the device proves to generate sufficient revenue and attract new customers to gas stations / car washes, they can be used as a proof of

concept. In such case it is very important to collect data about the actual use of the machines that have been sold. Having the real data at our disposal will be very beneficial and shorten the path to closing the sale.

Proof of concept based on trial period

Large organizations, however, might require that the proof of concept is “extracted” directly from one of their locations (e.g. when dealing with a large gas station chain). In such case a trial period might be an only option to make the proof of concept.

Proof of concept based on other users from the same network

It is often the case that the gas stations are grouped in a network based on a soft franchise concept. In such cases the owners of each of the gas station can make their own independent decisions regardless of the network. However, it is very hard to introduce such equipment to an individual location without network’s recommendation.

In such case the best tactics should be to approach a single location without the knowledge of the network and try to sell the device directly to the owner. In order to do that we can offer him special benefits even at a cost of taking a loss on this particular sale. Selling the device with a small loss causes actually much less problems than the trial period and this should be the preferred path. After closing the sale, the individual user can be used as the proof of concept when negotiating with the network. This scheme will not work, however, if an organization actually owns the stations or the stations

are grouped in a hard franchise. In such case the trial period should be preferred.

9.2.5. Phase 5: Enhancing the trial period and making sure the decisive people know about it

If the trial period is taking place we have to make sure that it will actually turn to be a success. In order to do, in our own interest we have to help to attract the customers to the location.

Enhancing the trial period through attracting customers

In order to attract customers to the location where the trial period is taking place, marketing campaign directed to the end user should be launched. First, and by far most important thing to do is to ensure that the machine is properly branded and a proper banner/advertisement is located somewhere in the area in a visible place (e.g. on the fence at the entrance to the gas station / car wash). Next thing to do is to distribute flyers in the neighboring areas where we can find the usual customers of this station.

There are many more sophisticated ways of advertising this new service, however, at this stage the traditional ways of communication with the client are sufficient. They are also cost efficient.

Making sure that the decisive people know about the trial period

During the trial period we have to make sure that the right people within the organization know about it. It is not enough to attract the attention of a purchasing

manager who might easily turn his attention to other projects after completing the trial period. It is absolutely crucial to involve as many high ranked employees as possible. Since it is an innovative project it would be smart to notify the director of innovation, regional director, etc. This way the purchasing manager will not be able to make the negative decision without any explanation.

In the perfect scenario, after the end of the trial period the device should stay at the location where it was tested proving that it is feasible for this location as well as being a proof of concept for the entire network.

9.2.6. Phase 6: Finalizing the sale

After we have our proof of concept we can actually begin the negotiations. As mentioned in the previous paragraph, in the ideal scenario, the device should stay in a place where it was tested after finishing the trial period. In that case we have our first sale and we can start negotiating a larger contract with the network and preferably close it as soon as possible.

However, if we have competitors on the market, it might turn out that the company will want to hold an open auction to get the equipment that best suits this solution. In such case it is important that we highlight the features that are unique to our device as being crucial for achieving expected benefits. Those features might include certain conceptual, technical aspects or even visual aspects. The only thing that is important is that those aspects have to be unique to ensure that no competitor can offer such a solution.

9.3. Conclusions

At the end of this section we conclude that the most important step in the big customer development cycle is delivering the proof of concept. If possible the best way to do so is to approach one member of the network and sell the device directly to him. If this option is not possible a trial period with a solid marketing campaign directed to the end user might be a viable option.

10. ADOPTION OF THE PRODUCT AND MARKET PENETRATION

The following chapter presents the concept of adaptation of the product, which segments the market to “innovators”, “early adopters”, “early majority”, “late majority” and “laggards”. The chapter also presents the considerations about the possible market penetration.

10.1. Adoption of The Product

During introduction of the product to the market it is important to know which customers might fall into which category on the product adoption curve (Figure 10). The idea behind the adoption curve is that the customers are divided into five categories depending on the timing of their purchase.

Naturally the phases come one after the other as the process of product adoption occurs. It is not possible (or the attempts usually fail) to attract the customers from one category before attracting ones from the previous category (e.g. people who usually fall into late majority category will not buy the product right after its premiere).

In our particular case, it is very unlikely that the big gas

station chains are going to be the “innovators”. Most likely big companies are going to fall either into “early majority” or even “late majority” category. However, we might try approaching them during the early adopters phase.

It was mentioned several times in the previous chapters that in order to succeed with the big companies we would need a proof of concept. In order to have the proof of concept we will have to sell to the smaller companies who will fall into the “innovators” or “early adopters” category.

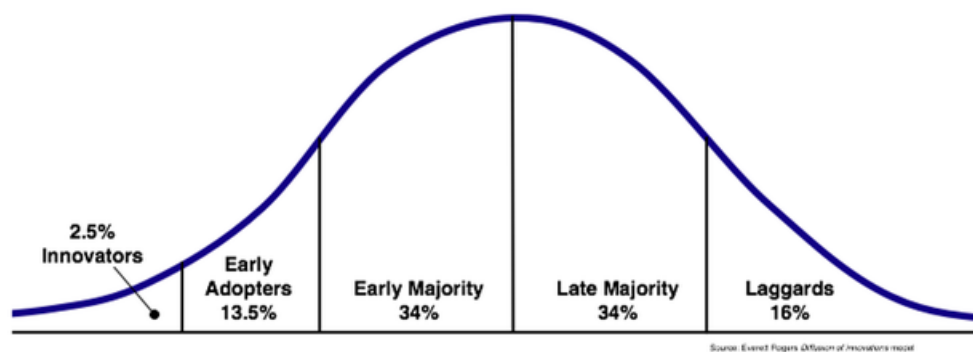


Figure 12 (Source: Other)

Having said that, we concluded that the companies with which we have a chance at the stage of innovation are individual carwashes located in very good areas. Those carwashes usually have to compete very hard for a client and they will take every opportunity to get ahead of the competition.

If we assume the total possible market penetration at the level of 20% (having in mind that the total market size is about 2 900 units), the end of the innovation phase will finish after about 14 units. Those 14 users will serve as the proof of concept for early adopters as well as the early and the late

majority.

10.2. Market Penetration

It is absolutely obvious that even with a greatest product it is not possible to capture the entire market. We believe that the product we want to introduce to the market provides the end customer with the best cost-to-quality ratio, however many customers are not as price sensitive as others (ones who do not care how much they spend on this service) and some of them are even more price sensitive (ones who would never pay for upholstery cleaning).

Having that in mind, we estimate that 20% of the users will still use either high-end or low-end professional car wash service performed by a skilled worker. We also estimate that 20% will use home methods to clean their upholstery.

We also assume that it will not be possible to reach 30% of the customers due to uneven distribution of population.

At the end we estimate that out of remaining 30% of the market we can capture 20% and the remaining 10% will be captured by the competition.

Summarizing, we think that the proper estimation for the market penetration over the next 5 years is about 20%.

11. CONCLUSIONS

11.1. Product

We believe that the product we are introducing to the market

has a great potential especially because it provides the end customer with extra benefits in terms of money, time and quality in compare to the current solutions. One important aspect is that it is not creating any new service for the customer but is rather a substitution for the solutions that currently exist on the market.

However, as much as the analysis turn out to support the product launch, it has to be remembered, that this product defines a new category on the market and requires a substantial customer education. If the customers do not learn how to use this product quickly it might turn out to be a failure (Schneider & Hall, 2011).

On the other hand, the product is not completely new to the customer. Vast majority of people know how to use injection-extraction vacuum cleaners to clean upholstery and carpets, they have just never use it in a self-service mode. In that case the product can be defined as “optimally distinct”, as opposed to being “different”, which greatly improves its chances of success (Berger, 2016).

11.2. Market Analysis

After performing market analysis we conclude that the total market size for selling this device is ca. 2900 units, which, after reaching our assumptions of 20% market penetration within 5 years translate to 8,7M EUR potential revenue.

Market position analysis concluded that the device offers whole range of benefits to the potential buyers, however, most importantly, it is the best alternative in terms of price-quality ratio.

11.3. Market Strategy

Strategy consists of two main steps. Firstly we plan to approach individual owners of gas stations / car washes in order to get the proof of concept, learn about customer needs and verify our product. Secondly, after selling 10-20 devices we plan to approach big customers through procedure detailed in chapter 9.

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