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MARKETING AND CUSTOMER ORIENTATION

Thematic anthology | 2016 - 2025

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EDITORIAL

MARKETING AND CUSTOMER ORIENTATION

Dear Reader!

Applied Insights is a specialist newsletter that has been published every two months since 2016 and now has several thousand subscribers. Each issue presents a compact overview of a current topic, relevant to all industries and all company sizes. The structure of each improve is standardized, i.e: Presentation of the topic, checklists, and a tool or general example for implementation. The authors are subject matter experts who have both the practical experience and the scientific background in their fields. The thematic anthologies combine the previous individual improve editions with the following focal points (alphabetical order):

- Digitalization and artificial intelligence
- Communication and change
- Management and effectiveness
- Marketing and customer orientation
- Organization and productivity
- Strategy and navigation

The focus of this thematic anthology is marketing and customer orientation. It presents tried and tested approaches, methods and tools for understanding markets and customers and managing the company accordingly. Contents include: Marketing mix, customer experience, brand management, market research, customer journey and multisensory marketing.

We hope that this collection of topics will give you some ideas and suggestions for discussion, decision-making and implementation.

Yours sincerely,

The FH Kufstein Tirol
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SYSTEMATIC BRAND POSITIONING

Prof. Dr. Bert Neumeister

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SYSTEMATIC BRAND POSITIONING

BUILDING COMPETITIVE ADVANTAGES THROUGH BRAND MANAGEMENT

The "Obstgarten" product is hardly any different from the other products on the overcrowded refrigerated shelf. And yet, the brand occupies a unique position. Customers take it for granted that the milk is regional, the flavors are natural, and the taste is incomparable. That was precisely the challenge when Obstgarten was launched on the market. Success only came when brand management recognized the power of positioning and embarked on a journey to a new position. Obstgarten, a dessert like many others, became Obstgarten, the light alternative for lunch breaks.

By Prof. Dr. Bert Neumeister

I. THE IMPORTANCE OF THE BRAND

The real breakthrough and market success of Obstgarten was not due to the product itself, but to something else entirely. The commercials at the time used an exaggerated comparison. Colleague A collapses to the floor after a hearty meal, while colleague B feels ready for the rest of the workday thanks to Obstgarten. Sales increased, not because the product itself had changed, but solely because of what had taken place in the minds of customers.

An important step in developing a marketing strategy is positioning. First, potential markets are identified, as in when the size and potential of market segments are determined and specific target groups are selected. Positioning is the process of managing a brand in such a way that it is perceived by customers as clear, distinctive, and attractive compared to competing solutions.

A brand does not originate in the product or service, but exclusively in the minds of customers.

A brand's position is a combination of perceptions, impressions, and feelings in the minds of customers. People will automatically develop associations with a brand, regardless of whether or not the company tries to influence this. The brand quickly ends up in a mental category and is labeled with various tags that indicate its position[1]. The labels may then include terms such as safe, innovative, or even expensive. But even a

[1] Appelbaum, U., The Brand Positioning Workbook, Minneapolis 2022, p. 10.

high price can be perceived positively with the right positioning. The international beer brand Stella Artois, for example, successfully advertises with the attribute "reassuringly expensive." Obstgarten was bold enough not to differentiate itself solely through new labels, but to elevate the brand to a completely new mental category without direct competitors.

The positioning concept is not only reserved for consumer-oriented offerings or the business-to-business market. Companies also position themselves relative to each other, mainly on the basis of their identity. Due to the high physical and functional similarity of products, the position of the company is often the only means of differentiation – especially in saturated markets. It follows that it is equally important to position companies as brands in the minds of current and potential customers. Henkel, the manufacturer of Persil, is attempting to do this with the slogan "A brand like a friend." If the detergent comes from Henkel, then both brands should also be perceived as good friends and problem solvers in consumers' everyday lives.

2. BRAND POSITIONING

The term "positioning" originally comes from nautical terminology. Just like on a ship, position is determined in relation to other vessels and the location in the geographical environment. How close or far away is a brand from its competitors? In which waters or category is this brand or company currently sailing? Which position would be attractive, for example, with low frequency and favorable weather conditions? Professional positioning defines the image in the market, the customer benefit, the distance from the competition, and clearly states what the company and its services stand for.

A strong brand is the basis of competitive advantage.

In summary, the characteristics of a brand can be summed up as "clarity, consistency, and unique and therefore differentiating associations among consumers"[2]. The effects are credibility, competitive advantages, and real added value for customers and the company. A clear positioning statement can be formulated in five statements (see Fig. 1). The most important elements are summarized here.

[2] Kallweit, B., Holistic Brand Positioning – Successful Brand Management through Correct Positioning in the Marketing Mix, Wiesbaden 2020, p. 5.

Fig. 1: A clear positioning statement		
1.	**For .....**	**>> Target Group**
2.	**is .....**	**>> Brand Name**
3.	**the brand in the .....**	**>> Industry/Branche**
4.	**and offers .....**	**>> Unique Benefits**
5.	**because .....**	**>> Credibility**

IKEA, for example, formulates its positioning statement as follows: For price-conscious and design-savvy people (target group), IKEA (brand name) is the brand in the furniture industry (industry) and offers modern, Scandinavian design at low cost (unique benefit) because IKEA has been successfully furnishing millions of homes worldwide for over 80 years (credibility). According to Fill and Turnbull, there are generally two main ways of positioning a brand[3] - functional and expressive. Functionally positioned brands emphasize features and benefits, while expressive brands highlight the ego, social, and hedonistic needs that a brand can address. In the context of laundry detergents, for example, both approaches make a promise. The functional approach promises clean and bright laundry. The emotional approach refers to well cared for clothing that we wear with confidence for an important occasion.

Brand management is about function and emotion.

Brands are not static, but dynamic. For example, EasyJet's positioning was almost exclusively focused on low prices and thus functional. However, when this was challenged and overtaken by even cheaper providers such as Ryanair, the company's communications began to convey a closer connection to premium airlines, without losing its image as a low-cost provider. The messages changed and now focused on promoting special destinations in Europe and the associated high-quality experiences. This created a new brand perception. "Europe by EasyJet," which enabled the brand to create emotional closeness and shift its position more toward high quality.

3. POSSIBLE POSITIONING STRATEGIES

There are basically several approaches to developing brand positioning. These can be used individually or in hybrid combinations. Of course, it is also possible that the respective strategy may change over time. The more competitors in a market pursue

[3] Fill, C. / Turnbull, S., Marketing Communications – Touchpoints, Sharing and Disruption, Harlow 2019, p. 255ff.

the same strategy, the tougher the competition becomes. Conversely, every company must constantly examine how the brand can be made unique and distinctive.

Positioning through superior quality: This involves product or service features that, from the customer's point of view, offer a clear quality advantage. This is the simplest concept and is most commonly used in consumer goods markets. The brand stands out from the competition through its characteristics, advantages, or problem-solving capabilities. Red Bull not only gives you energy, it also gives you wings, and Persil not only washes clean, it washes pure.

Positioning with a compelling price-performance ratio: This strategy is particularly effective because the price itself can be a strong indicator of quality. In the perception of many people, a high price is a sign of quality, while a low price can have a negative effect on the brand image. The price-performance aspect is illustrated in Aldi's slogan "Take home more, pay less," and in a classic advertisement for household cleaners, the butler smugly said, "We can't afford anything cheaper."

A successful brand does not come about by chance, but must be professionally developed and managed.

Positioning through a clear application context: This approach is about informing customers when and how a product should be used. This can also create a clear positioning in the minds of the target group. After Eight clearly states at what time the chocolate should be enjoyed, and Wash & Go shampoo positions itself as a quick and easy-to-use product for people with a hectic lifestyle.

Positioning with a consistent target group focus: A sensible positioning strategy can also involve formulating it around a clearly defined target group. The focus here is on the clearly identifiable requirements and needs of a segment. For example, some hotels position themselves as destinations for weekend trips for couples, gourmets, or yoga enthusiasts.

Positioning through a superior value proposition: The focus here is on a convincing customer benefit, which can even go so far as to associate a product with a specific application. For example, Aspirin works very quickly against headaches, and Pril is particularly good at washing dishes. The effect of such a strategy is lasting and positive. However, implementation takes a long time, partly because customers often have entrenched attitudes.

4. IMPLEMENTING BRAND POSITIONING

Brand positioning is developed in five steps (see Fig. 2). The first step is to analyze the situation and understand the target group. Above all, it is important to identify the attitudes, perceptions, and characteristics that customers associate with a brand. This

can be done, for example, through focus groups or targeted interviews. Second, the brand core and values are defined. The focus is on clear statements about the identity, vision, and attributes of the brand in comparison to the competition. This is done by developing a unique brand personality in the sense of a Unique Advertising Proposition (UAP).

In the third step, various brand positioning strategies are evaluated as options for action and action plans and resources are defined. Fourth, the brand is developed consistently in terms of message and tone. This also includes the business conclusions for products, services, quality, and price positioning. The fifth step is to start implementation with concrete measures or projects. Ongoing implementation monitoring and continuous observation of the brand's effectiveness on customers, sales, market share, profitability, image, etc. are essential.

Fig. 2: Developing brand positioning in 5 steps	
1. Analysis of the initial situation and target groups	• Analysis of markets, competitors, and trends • Clarity about customer attitudes, perceptions, and characteristics regarding the brand
2. Definition of brand essence and values	• Clear statements about the identity, vision, and attributes of the brand compared to the competition • Development of a unique brand personality in the sense of a Unique Advertising Proposition (UAP)
3. Formulation of a positioning strategy	• Evaluation of various brand positioning strategies as options for action • Determination of action plans and resources
4. Design of brand communication	• Development of a consistent message and tone aligned with the positioning goal • Business conclusions for products, services, quality, and price positioning
5. Implementation and review of the brand	• Start of implementation with concrete measures or projects • Ongoing implementation monitoring and continuous observation of brand effectiveness

5. CONCLUSION

In summary, the position taken is a statement about what the brand is, what it stands for, and what values and beliefs customers associate with a particular brand. A popular children's game involves inserting different shapes into the openings provided. The same applies to positioning - the perfect fit must be found and implemented in the market of possibilities. Trying to fit a square through a round opening is a waste of marketing resources and will not be recognized by the informed target group. However, those who are clear about their current brand position and recognize this as the starting point for a journey to the perfect fit in the minds of customers will be successful and anchor themselves in their memory. This requires not only creative skills, but also the appropriate implementation expertise (see Fig. 3). Brand positioning ultimately focuses on one of the most central business questions: Where are we different and where are we better?

Summary: Application and Benefits

1. Clarity about your own brand position in relation to competitors
2. Combination of rational and emotional elements of the brand
3. Wide range of applications for many marketing tasks
4. Opportunities to identify a profitable market niche

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Fig. 3: Development of brand positioning – tool and example (insurance)

An insurance company reviews and develops its brand positioning in times of increasingly fierce competition. The executive board assumes responsibility for the process and manages all phases. Implementation is then anchored in the target agreements of the first management levels.

Step	Measure	Deadline	Responsible
1. Analysis of the initial situation and target groups	1.1. Update market analyses for the "Life" and "Property & Business Insurances" business areas with corresponding conclusions	Apr. 30	S. Larcher
	1.2. Survey of customer benefit characteristics for all customer segments (including inclusion of the new "affluent" segment)	May 31	A. Oswald
	1.3.		
2. Definition of brand essence and values	2.1. Holding of Top Management Workshop I "Brand Positioning" (goal: initial brand concept)	July 31	T. Wehner
	2.2. Testing of the concept with selected focus groups and review by the Executive Board	Sep. 30	A. Oswald
	2.3.		
3. Formulation of a positioning strategy	3.1. Conducting top management workshop II for final brand definition	Oct. 31	T. Wehner
	3.2. Development of a rough implementation plan, including budgeting	Nov. 30	C. Helmer
	3.3.		
4. Design of brand communication	4.1. Approval of the brand concept, including detailed positioning and implementation plans for all insurance services and digital business models.	…	…
	4.2.		
5. Implementation and review of the brand	5.1.		



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THE EFFECT OF A STRONG BRAND

Prof. (FH) Dr. Mario Situm, MBA and Giuseppe Sorrentino, MA

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THE EFFECT OF A STRONG BRAND

ENSURE A HEAD START WITH THE BRAND SCORECARD

Achieving a monopoly position in the perception of customers is the ultimate goal of brand management. But what is a strong brand and how is it assessed and developed? The brand scorecard can be used to combine three perspectives - brand perception, brand performance, and market potential. This provides management with a tool to systematically manage the brand and ensure a competitive advantage.

By Prof. (FH) Dr. Mario Situm, MBA and Giuseppe Sorrentino, MA

I. DEFINITION OF THE BRAND

A look at the literature reveals a variety of definitions, depending on the perspective. An expert once said, "If three people are asked about the definition of a trademark, you end up with six different answers." In its definition, the Trademark Act focuses on formal-technical aspects of the trademark in order to enable entry in the register from a legal perspective. The focus here is on registrability: signs, symbols, words, and so on that are clearly distinguishable from other trademarks can be protected (see Section 3 (1) MarkenG).

The brand is more than just a logo - it is a promise of performance.

In contrast, the brand should be understood as an unmistakable image of a product or service provider anchored in the customer's mind[4]. Or, as Domizlaff already said in 1939, "The securing of a monopoly position in the consumer's mind". Brands convey values and ideas to us, thereby creating credible identities that build trust and enable lasting customer relationships. In this way, they secure important competitive advantages for a company. They are a promise of performance.

[4] Cf. Meffert, H. / Burmann, C. / Koers, M., Stellenwert und Gegenstand des Markenmanagement, in: Meffert, H. / Burmann, C. / Koers, M (ed.). Brand Management. Wiesbaden 2002, p. 6.

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2. EFFECTS OF A BRAND

The legendary experiment by De Chernatony and McDonald from 2003 clearly shows the effect of a strong brand. In a blind taste test of Pepsi and Coca-Cola, the test subjects preferred the taste of Pepsi (51%). The experiment was then repeated, but with a visual presentation of the respective brand logos. The result: 65% now preferred Coca-Cola and only 23% preferred Pepsi, the rest remained undecided. Thus, the brand has the power to override rational decision-making. In the case of Coca-Cola, this means recalling associations and emotions with the brand, a monopoly position in the psyche. The benefits and value contribution of the brand are present on several levels in the change of perspective (see Fig. 1).[5]

The effect of strong brands has been well researched from a scientific perspective. This ranges from acceptance of higher sales prices, strengthening of customer loyalty, less willingness to change brands through to a risk-reducing effect in the purchasing decision process. This makes the economic effects clear. A strong brand can therefore not just be reduced to a logo, design or slogan. It opens up strategic competitive advantages that enable long-term and sustainable corporate development.

"Trademarks are real capital" (Englisch Patent and Trademark Office)

These aspects can also be confirmed by various models. According to PwC (2019), 89% of the decision-makers surveyed in companies stated that strong brands have a very high influence on the company's success. Their contribution to increasing company value was rated as essential by 51% of respondents.[6] Finance experts estimated that the share of brand value in total company value can be between 31%-40% in the B2C sector (business to customer) and between 11%-30% in the B2B sector (business to business).[7]

[5] Cf. Sorrentino, G. / Situm, M. / Märk, S., State of research on family businesses and the corporate brand: Current findings, future fields of research and approaches to strategic use, in: Kraus, S. / Clauss, T. / Kallmuenzer, A (eds.). Research handbook on entrepreneurship and innovation in family firms. Glos 2023, p. 41.

[6] See PwC brand value study: https://www.pwc.de/de/consulting/markenstudie-2019-pwc.pdf, accessed on 10.01.2023, p. 7.

[7] See Situm, M. / Pernsteiner, H. / Sorrentino, G., Der Markenwert vor und nach einer M&A Transaktion: Eine empirische Analyse im Perspektivenwechsel, in: M&A Review 2019, 30(6), pp. 179-185.

Fig. 1: Perspectives and effects of a strong brand		
Perspective	**Indicators**	**Value contribution**
Customer view	• Greater customer loyalty • Higher purchase probability • Risk reduction of a bad purchase • Trust, identification, orientation & quality assurance function	• Price premium • Trust capital for cross-selling and upselling options • Brand extension into other product categories
View of the trade	• Greater retail loyalty • Better listing • Attracting customers (pull effect)	• Higher trading margin • Higher turnover rate • Risk minimization
View of the competition	• Market entry barrier • Reduced willingness to switch brands	• Top of mind • Shielding competitors
Investors or investors	• Positive effect for shareholders • Positive effect on lenders • Increased willingness to borrow	• Lower equity and debt capital costs • Higher volume of borrowed capital • Monetization of the brand value

3. MEANING AND CALCULATION OF BRAND VALUE

There are recognized procedures for determining the financial value of a brand. Due to their high relevance, auditors (IDW S5), standards institutes (DIN ISO 10668, ÖNORM A 68000), and the Association of Englisch Management Consultants have developed guidelines and standards to translate the brand into a monetary value. The assessment promotes a combination of financial data such as turnover, profit, and market share (brand performance) and brand perception data such as awareness, loyalty, or recommendation rates. This hybrid combination of data is also supplemented with external market data such as market volume and competitive structure, allowing data to be viewed from three perspectives. This also forms the basis of the brand scorecard.

The combination of these perspectives is expedient because high brand perception factors must also be reflected in brand performance. What good is a well-known brand if it does not generate (additional) sales? Competitive structure and market potential are also important, as these affect both brand perception in the benchmark and brand performance. The annual brand value rankings from Interbrand or Brand Finance, which measure and publish the world's most valuable brands in US Dollars, follow exactly this procedure. In the course of digitalization, Danister Development also offers a tool to assess the brand itself, which further demonstrates the relevance of this topic. Without brand measurement, there can be no brand management.

The following also applies to the brand: "If you can't measure it, you can't manage it." (Peter Drucker)

There are many different reasons for brand valuation, which are summarized in Fig. 2. On the one hand, these are financially oriented occasions - with the central question: How can the brand value be capitalized? On the other hand, there are marketing or behaviour-oriented occasions with the central question: How can brand strength be optimized in order to make strategic decisions? During the brand valuation process, relevant brand value drivers are identified which can increase the brand value and form the basis of the brand scorecard. In this way, the brand valuation process shows the "adjusting keys" of the brand value and thus the optimization potential. The marketing view therefore provides valuable insights into brand strength, which are translated into a measurable monetary value by the financial view.

Fig. 2: Reasons for brand valuations

Financial orientation	Marketing/behavioral orientation
• Purchase, sale, mergers • External communication • Accounting • Licensing • Infringements • Investor talks • Loan collateral • Investment decisions	• Strategic management and control • Internal communication • Monitoring performance development • Budget allocation • Use of resources • Product development • Efficiency and effectiveness control • Brand portfolio optimization

4. THE BRAND SCORECARD FOR BRAND MANAGEMENT

The brand scorecard is an effective tool for brand management. At its core, it is based on three pillars (see Fig. 3). The first pillar is brand perception and focuses on brand strength. How strong is my brand compared to other brands? The second is brand performance, i.e. primarily the financial side. How good is my brand performing in the market? Pillar three is market potential in terms of market impact:. How attractive is the market? This hybrid key figure dashboard is also the most common procedure or integrated tool for brand evaluation.

In the application, an assessment can be made for each pillar based on the value drivers. Each dimension can be measured or transferred to a scoring system (from 0 - 100). An average value of the value drivers can then be determined for each pillar and, in the end, an overall value for the brand. Measures can then be defined along the pillars and the individual value drivers in order to further develop the individual factors and thus the brand (see Fig. 4). This is the decisive step from knowledge to effectiveness.

Fig. 3: Three pillars and value drivers of the brand scorecard		
Pillar	**Value drivers**	**Key question**
Brand perception	Awareness	How well known is the brand compared to competitor brands?
	Familiarity	How familiar are customers and non-customers with our brand and with the competition's offering?
	Purchase consideration	Is the customer considering a purchase in the product category?
	Recommendation	How high is the proportion of recommendations?
	Loyalty	How big is the group of repeat buyers?
Brand performance	Sales development	How have sales developed in comparison to competitors over the last five years?
	Profit development	How have profits developed in comparison to competitors over the last five years?
	Market share	How high is the market share compared to the competition?
	Price premium	Does the brand achieve a price premium - are higher prices achievable?
Potential	Growth forecast	Is the market saturated or a growth market?
	Growth momentum	Is the market sluggish, or can new brands establish themselves quickly in a dynamic environment?
	Competitive structure	Is the market occupied by very many or very few competitors?
	Barriers to entry	Are there structural, technical or legal barriers, requirements or hurdles to entry?
	Market volume	Does the brand operate in a high-volume market?

5. CONCLUSION

The brand scorecard does not view a brand in isolation, but links other perspectives with each other, similar to the balanced scorecard. This makes it clear whether, for example, high awareness or recommendations are also reflected in performance. The market side also shows how much potential can still be exploited and where the market is heading (market attractiveness). The scoring of individual variables can be carried out qualitatively, but also quantitatively (e.g. market research, degree programs, etc.).

Brand management is not about the logo, but about market impact.

The important message is that the brand is not just a logo - the "trademark". Nor can the brand be reduced to just one dimension. In order to work meaningfully and systematically with the topic of the brand, it is advised to consider the three perspectives of brand perception, brand performance, and market potential in order to obtain a 360°

view of the brand. This is the prerequisite for a realistic assessment and the targeted further development of the brand.

Summary: Application and benefits

1. Clarity about the current positioning of the brand
2. Development of a common, future target image for the brand
3. Systematic development of measures to strengthen the brand
4. Creation of a basis for marketing, sales, product, and company development



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Fig. 4: Brand scorecard: tool and example (food producer)			
Background: A food manufacturer uses the brand scorecard to check the current positions of the brand. At the same time, key activities are identified in order to strengthen and further develop the brand in a targeted manner.			
Value drivers	**Value ACTUAL**	**Value TARGET**	**Key activity to strengthen the brand**
Brand perception	**85**	**90**	Revision of the brand's web and social media presence
Awareness	80	90	Targeted branding campaigns in the target regions X, Y, Z (AdWords, social media, etc.)
Familiarity	60	75	Emotionalized messages or quality and satisfaction assessment from an average of 80% to over 90%
Purchase consideration	85	...	Increase presence on the shelves, increase listing, increase differentiation from competitor brands. Emphasize USP
Recommendation	...		
Loyalty			
Brand performance	**70**	**80**	
Sales development	70	75	Increase in average sales growth from 3 to 5%
Profit development	50	60	Increase in average return on sales from 7% to 8%
Market share	75	...	
Price premium	...		
potential	**65**	**constant**	
Growth forecast	90	constant	Increase organic products in the XYZ segment
Growth momentum	80	constant	Strengthen vegetarian products in segment XYZ
Competitive structure	60	...	
Barriers to entry	...		
Market volume			



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CUSTOMER EXPERIENCE MANAGEMENT

Prof. (FH) Dr. André Haller

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CUSTOMER EXPERIENCE MANAGEMENT

DESIGNING CUSTOMER EXPERIENCES PROFESSIONALLY

There are many factors that influence a purchase decision. Prices, strongly expressed needs, or social pressure can all persuade people to purchase products and service providers. Customer experience is a key influencing factor. This refers to all experiences and the associated emotions that arise for customers in contact with companies. The task of customer experience management (CEM) is to positively influence customer experience.

By Prof. (FH) Dr. André Haller

I. THE EXPERIENCE DIMENSIONS OF THE CUSTOMER EXPERIENCE

Customer experiences can take place offline and online. This means that CEM must not only cover traditional face-to-face situations, but also digital shopping spaces. In both settings, a distinction is made between formal and content-related experience. Formal experience includes the flawless functionality of products, service providers, or points of sale. A smartphone, which is at the highest level of development, can only be successful if it also functions technically flawlessly. The content experience, on the other hand, stands for positive experiences that people have when using it. Using the example of the smartphone, this would mean that it is not just the functioning of the device that influences the customer experience. Users should be addressed emotionally so that they feel unique experiences.

The translation of customer experience is: understanding customers.

Customer experience is not only created during the use of products or at points of sale, but also takes place in interactions between customers or service providers and in customer reactions to the brand or its presentations. For CEM, this means understanding customer experiences holistically. That is, taking the entire customer journey into account. Customer experience should be understood as a multi-dimensional concept (see Fig. 1). It places the cognitive, lifestyle-related, emotional, sensory, social, and behavioral reactions of customers at the center of management.[8]

[8] Lemon, Katherine / Verhoef, Peter C., Understanding Customer Experience Throughout the Customer Journey, in: Journal of Marketing 6/2016, pp. 69-96.

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Fig. 1: Experience dimensions and examples of the customer experience		
Experience dimension	**Function**	**Example**
Cognitive	Stimulation of cognitive procedures	Aiming at people's ability to think • Example: Slogan "What's the best thing you've done so far?" to encourage potential stem cell donors to think about it
Sensory	Appeal to the senses (sight, hearing, touch, smell, taste)	Management of primary elements (vision, hearing...) • Example: In-store music influences willingness to buy
Social	Strengthen customer loyalty and social integration	Social context of a brand is emphasized • Example: "Star Wars Celebration" event with a community character
Emotional	Addressing customers' feelings	Attractive design of sales locations and advertising materials (offline/online) • Example: Glossy brochure with prepared food from a direct marketer triggers curiosity
Behavioral	Experiencing physical procedures	Range of physical experiences / opportunities for interaction • Example: Bonus programs with interactive elements (e.g. Lufthansa Lounges)
Lifestyle-related	Experiencing people's values and attitudes	Addressing people's values and opinions • Example: Presentation of the "Nespresso" brand as high-quality and classy should appeal to the target group's lifestyle

These experience dimensions should be addressed by companies in such a way that there is a clear differentiation from competitors and they are experienced as positive by people. Practical examples illustrate the importance of different experience dimensions. For example, the US fashion chain "Abercrombie & Fitch" spreads an in-house fragrance in its stores, which is associated with the brand by the young target group. Appropriate (background) music can improve sales. For example
the use of French music in stores promotes the sale of French wines. When using music, particular attention should be paid to the speed, key, and pitch.
It is not always possible to appeal to all the senses, so in the online sector the focus must be on the primary sense - sight. Eye-tracking studies show that call-to-action instruments are clicked on more often when they are placed near photos in which people are looking at the user.

2. STRATEGIES AND INSTRUMENTS FOR MEASURING THE CUSTOMER EXPERIENCE

Before optimizing the customer experience, it is essential to first analyze and present the current state of past customer interactions. There are three steps to measuring the customer experience:

Fig. 2: Contact points and measurement methods for customer satisfaction		
Phase	**Typical contact points**	**Measuring instruments**
Pre-purchase phase	• Advertising material • Blogs/online communities • Media reports • Recommendations • Online assessments	• Observations • Customer surveys • Focus group discussions • Online monitoring
Purchase phase	• Counseling sessions • Hotline • E-mail supervisor • Trade fairs and events	• Observations • Focus group discussions • Blueprint • Critical Incident Technique
Post-purchase phase	• Recommendations (offline/online) • Social media platforms • Customer service	• Blueprint • Customer surveys • Focus group discussions • Online monitoring

Categorization: At the beginning, all existing contact points are identified and categorized by the +means of which people come into contact with the company. These can be advertising media, staff, online channels or product reviews. After identification, the contact points are divided into the pre-purchase phase, the purchase phase, and the post-purchase phase.

Measurement: The customer experience is then measured in the individual phases using suitable empirical methods. It is advisable to use both quantitative and qualitative measurement tools. Focus group discussions and questionnaires or guided interviews are usually used to measure customer satisfaction. Fig. 2 shows examples of customer contact points and typical measurement methods in the individual three purchasing phases.[9]

Implementation: In the third phase, improvements are implemented. It is essential to measure the customer experience again after the optimizations have been introduced in order to check the success of the changes.

The so-called Critical Incidence Technique can be used in this context. This is a semi-standardized method in which the person being interviewed is asked about critical incidents during the purchasing phase. This is specifically about negative events or concerns before the purchase. It is advisable to use such qualitative methods in order to dive deep into the customer's experiences. In parallel, quantitative surveys of individuals can provide reliable results on the extent of a positive or negative customer experience.

[9] Bruhn, Manfred / Hadwich, Jarsten, Customer Experience - An introduction to the theoretical and practical problems, in: Bruhn, M. / Hadwich, K. (eds.), Customer Experience. Forum Service Management, Wiesbaden 2012, p. 25.

3. MULTISENSORY MARKETING EXPANDS UNDERSTANDING AND ACCESS TO CUSTOMERS

Scientific expertise and focused work on measurements and analyses are key prerequisites for reliable CEM. A comprehensive analysis of the customer experience is therefore very resource-intensive and is therefore usually carried out by external service providers or higher education institutions. If there are no financial resources for the use of service providers, there are creative alternative solutions for use within the company to gain at least a small insight into the customer experience in the customer journey. For example, if the question is whether the customer journey is satisfactory for potential buyers, an analysis of the individual contact points with the company is a good option. This can take place in an internal company workshop, for example, ideally with an external moderator[10]. It is necessary for all departments of a company to be represented in such a workshop so that all possible contacts with customers can be recorded (see Fig. 3).

The customer experience can be perceived and shaped.

The first step is to create personas that symbolize the core customer groups. The participants then work in teams to identify the key contact points for each target group. This can be done by labeling moderation cards, which are laid out in the ideal sequence of the customer journey, for example on a rope lying on the floor. The team members then "walk" the customer journeys, ask themselves critically what expectations customers have at the respective contact points, and analyze whether the touchpoints are qualitatively good or where there is potential for optimization. Following this, all workshop participants should go through the journeys and contribute further analyses. It is important to include both the formal dimension (e.g. functionality of a touchpoint) and the content dimension (e.g. the design or added value of a touchpoint). The identified deficits are then documented on moderation cards and assigned to the corresponding touchpoints. This results in an initial analysis of the perceived customer experience for different customer groups. It is then necessary to carry out empirical measurements in order to compare the internal analysis with external data so that no misinterpretation occurs in the workshop. At the end, the findings should be summarized and an implementation plan developed to optimize the customer experience.

CEM leads to differentiation from the competition.

The customer experience has a decisive influence on customers' purchasing decisions and loyalty. Customer experience management always has a specific purpose. It is necessary in order to set yourself apart from the competition through unique customer experiences and to achieve a competitive advantage. Customer experience

[10] Tiffert, Alexander, Customer Experience Management in Practice. Basics - Contexts - Implementation, Wiesbaden 2019.

measurements must therefore be carefully planned and implemented and integrated into the marketing strategy in the long term.

Summary: Application and benefits
1. Clarity about the customer experience as an important factor in the purchasing decision 2. Knowledge of the different dimensions of the customer experience (cognitive, sensory, social, emotional, behavioral, lifestyle-related) 3. Identification of relevant customer contact points, systematic measurement and design of the customer experience



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Fig. 3: Customer experience workshop - tool and example (retail)		
Background: A retail company is planning a customer experience workshop to improve its market position and clearly identify how both its brick-and-mortar and online business should be positioned.		
Phase	**Tasks**	**Responsible persons**
Planning the workshop	• Invitation of all relevant departments that have customer contact • Organization or rental of rooms (one large room for rope presentations, several smaller rooms for working groups on personas/target groups)	• Marketing department • Customer service • Event service provider
Creation of personas	• Teams each develop a persona from the core target group • Instruments: Existing analyses (e.g. customer data, web analytics)	• Departments involved in teams
Identification of contact points	• Teams identify relevant points of contact with the company • Labeling of moderation cards (one card per contact point) • Lay out the moderation card along a rope to visualize the customer journey • Instruments: Existing analyses (e.g. customer data, web analytics, observations)	• Departments involved in teams
Analysis of the contact points	• Individual teams identify weak points and strengths of the respective touchpoints • All teams walk through the customer journeys of the target groups together and discuss further strengths and weaknesses • Recording the analyses and formulating clear goals for optimization	• Departments involved in teams • All participants
Planning of further investigations	• Working group formulates questions for in-depth analysis of the customer experience • Contacting external service providers (agencies, higher education institutions) to carry out analysis	• Working group consisting of department heads
Implementation plan	• Development of an implementation plan to optimize the customer experience along the contact points • Differentiation according to online and stationary business	• Marketing department • Management



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Applied Insights from the FH Kufstein Tirol

MULTISENSORY MARKETING

Prof. (FH) Dr. André Haller and Prof. (FH) Dr. Markus Holzweber

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MULITSENSORY MARKETING

TARGETED USE OF FINDINGS FROM HUMAN BEHAVIOR RESEARCH

Human perception plays a central role in the success of advertising campaigns and other marketing, communication, and sales measures. Only what is perceived has a chance of being remembered. Human behavior research examines how people perceive stimuli and which design tools are successful.

By Prof. (FH) Dr. André Haller and Prof. (FH) Dr. Markus Holzweber

People are exposed to a huge overload of stimuli every day. This is true both in everyday life and online. Human behavior research is investigating how human attention can be focused on specific messages and stimuli. Such analyses can also help to optimize store and website design and achieve other goals. For example, there are a lot of findings on how the sense of sight can be addressed. People usually perceive messages visually, which means that visible means of communication are often the first points of contact. The question of how messages, emotions, and customer contact points in general need to be designed is one that occupies scientists and practitioners alike.

SENSES CONTROL PERCEPTION, INTERPRETATION, AND PURCHASING BEHAVIOR

Visual perception in the field of marketing is the process of taking in market and product-relevant information through the sensory organs and the immediate subsequent processing of information or stimuli. This happens, for example, when walking past a shop window or looking at a website. In a narrower sense, visual perception means a simplification of the information offered in order to achieve a quicker assessment of possibilities for satisfying individual needs. In a broader sense, the term "perception" also includes the transformation of these stimuli into mental processes and the individual interpretation up to a purchase decision. The exciting question from a business perspective is to what extent such processes can be influenced.

In marketing and advertising, visual impressions have a major influence on perception processes alongside the sense of smell and touch. A simple example with the product category "detergent". A person has perceived a very pleasant scent in another person. In conversation, this person learns that the scent is caused by a certain detergent product. This increases the level of attention for this product and the desire arises to buy this product. The purchase decision has been made mentally, but the actual purchase still has to be made. Through perception processes, the purchase is increasingly consolidated and a purchase is made at the first opportunity. Subsequent

use of the detergent product further consolidates the individual preference with regard to the brand and product characteristics. After a purchase, experiences with a product therefore play an essential and determining role, as they can significantly shape the attitude towards this product.

People are neither rational nor emotional.
They are sensory.

Human behavior research deals with these phenomena of perception, interpretation, and behavior. It is precisely here that the link to business becomes clear. It is relevant for salespeople to look at how people perceive products or advertising messages, think about them, plan purchases, and make decisions that are ultimately translated into (purchasing) actions. What these thinking models have in common is that they mediate between an external stimulus and the behavior of people. In summary, it can be said that processes of information intake, information processing, and experience with similar or exactly the same circumstances form the basis for controlling actions. On the other hand, well-calculated actions in purchasing decisions, such as. short-term, situational problem-solving and decision-making processes, are also based on these processes. One of the central questions from the point of view of marketing, communication and sales is whether perception is based on partial information about a product or whether products are processed as unanalyzed whole entities. This is precisely where research into the direction of perception offers explanatory approaches through the analysis of customers. It analyzes how and where customers look, or the short time from discovering and looking at products to studying them in detail and considering. The motive here is to target advertising and offers.

EYE TRACKING MEASURES THE MOST EFFECTIVE IMPULSE FOR PURCHASING DECISIONS

One of the most interesting topics in human behavior and marketing research is eye tracking. It deals with consumer preferences, advertising effectiveness, and visual perception and aims to gain a better understanding of the conscious and unconscious actions of customers. Eye-tracking studies show that visual stimuli lead directly to desired or undesired behavior and trigger certain activating procedures in the customer's memory even before they are precisely perceived. Put simply, these perceptual processes can evoke feelings, trigger associations, or prompt decisions to want and then buy a particular product from the shop window or website.
Basically, a customer either actively searches for information or simply accepts the information without intention and then makes a purchase decision based on this. It is only through the processing of visual and non-visual information that perception processes and an assessment of products, service providers, stores, web portals, etc. occur. This visual assessment enables a faster purchase decision.

The power of the visual is (still) largely unknown and unexplored.

Last but not least, digitalization and the ever-increasing importance of the web have led scientists to focus on the power of the visual. For example, stationary eye tracking in the Human Behavior Laboratory at the FH Kufstein Tirol proves how intensively texts and images are viewed and how long they are followed. In particular, analyzing the duration and number of fixations can clarify whether users are concentrating on the content, that is, reading a text carefully, studying advertising content or products attentively or just skimming a screen page. Eye movements allow conclusions to be drawn about the attention processes of the test participants. The visual search behavior of users becomes visible and can thus provide valuable feedback for web page designers. As a result, information on websites can be provided more quickly and more relevantly. For online stores, a more efficient customer approach means that more customers actually complete their purchases.

Mobile eye-tracking in the form of data glasses and a receiver system can be used in many different situations. In addition to out-of-home advertising, this eye-tracking system can also be used indoors in hotels, supermarkets, department stores, train stations, and airports to analyze the gaze direction of test persons. Hotels can, for example, test the reception situation or the reception area and analyze the data collected in this way for optimization possibilities. In the area of cleaning and housekeeping, the use of mobile eye tracking can be used in training and in individual training sessions.

Colors are at least as important as text or content.

In retail, customer activities can be observed and analyzed when customers are confronted with offers or promotional activities directly in the supermarket. In this context, colors play a major role as signaling devices for activating attention and perception. Eye tracking can document and analyze specific perception processes. Eye-tracking studies can lead to very clear images or videos of gaze movements and thus help to gain an better understanding of customers in certain situations and use their attention in a targeted manner[11]. Colors, in particular, as visual design elements, have specific effects on viewers. Although color effects are fundamentally subjective and often conditioned by cultural circumstances, there are nevertheless findings on the effects and areas of application of different colors. Figure 1 shows colors, meanings and industries in which these colors are frequently used.[12]

Of course, colors do not exist in this ideal-typical pattern in every industry. Color schemes, for example in logos, are often the result of company tradition. Nevertheless, it is worth looking at competitors for inspiration and to discover industry standards. It

[11] Schellmann, B. / Baumann, A. / Gläser, M. / Kegel, T., Handbuch Medien - Medien verstehen, gestalten, produzieren, Haan-Gruiten 2017.

[12] Hahn, M., Color effect. Effect and meaning of colors, https://www. https://www.webdesign-journal.de/farbwirkung 2017

is crucial that visual communication materials are designed uniformly, from the letterhead to the online advertisement.

Fig. 1: Effects and areas of application of colors		
Color	**Meaning**	**Industries**
Yellow	• Positive: strength, brightness, sun, energy, intelligence • Negative: Intrusiveness, poison, danger, warning	• Agencies, media and communication, e-commerce, entertainment, children's products, energy
Blue	• Positive: intelligence, responsibility, professionalism • Negative: Cold, impersonal, distance	• Medicine, education, energy, high-tech, banking/financial services
Red	• Positive: exciting, energy, life, power, love • Negative: fire, danger, dominance, loud	• Food, fashion, sport, entertainment, healthcare, media and communication, dating
Green	• Positive: relaxation, life, nature, fertility • Negative: Immature, sour	• Government agencies, ecology, nutrition, energy, human resources

MULTISENSORY MARKETING EXPANDS UNDERSTANDING AND ACCESS TO CUSTOMERS

The optimal integration of impressive visual stimuli is the most important, but only a first step, in the development of "sensory marketing". In addition to the visual, people use four other sensory modalities: Auditory, tactile, olfactory (sense of smell), and gustatory (sense of taste). If more senses are involved, this is referred to as multisensory marketing. There are three steps in the conception of multisensory marketing[13] (see Fig. 2): 1. developing and establishing visual brand elements, 2. appealing to other senses, 3. strategically addressing all five senses. This methodology can also be used to develop an implementation plan for multisensory marketing (see Fig. 3).

[13] Kilian, K., Effective design of multisensory in brand communication, in: Langner, T. / Esch, F. / Bruhn, M., Handbuch Techniken der Kommunikation. Basics - Innovative approaches - Practical implementations, Wiesbaden 2015

Fig. 2: Concept of multisensory marketing		
Step	**Action**	**Instruments & Resources**
1. Development of the establishment of visual brand elements	• Creation of an independent corporate design line (CD) • CD contains among other things: Logo, font	• Use of external experts (e.g. design agencies, freelancers or higher education institutions) • Testing using test subjects (focus group discussion for initial qualitative assessment)
2. Appealing to other senses	• Integration of one or two other senses in addition to sight • Second most important senses: hearing and smell	• Use of external experts (e.g. design agencies, freelancers or higher education institutions) • Investments in technical infrastructure (e.g. room acoustics) if necessary • Testing using test subjects (focus group discussion and survey)
3. Strategically addressing all five senses	• Extending brand communication to all five senses • Strategic planning of coherent and unobtrusive measures to appeal to the senses	• Use of external experts (e.g. design agencies, freelancers or higher education institutions) • Investments in technical infrastructure (e.g. fragrance atomizers) if necessary • Testing using test subjects (focus group discussion and surveys)

Addressing several senses is not an end in itself and should not be seen as a decorative accessory to your own marketing measures. Rather, the aim is to achieve long-lasting and positive associations with a brand. It is advisable to involve external expertise in the development of multi-sensory marketing strategies and, for example, to have measurements carried out by human behavior laboratories in order to design your own means of communication in such a way that they are effective but also not too intrusive. The design of advertisements can be optimized with the help of eye tracking. Examples include the design of a subject, the colors used, the positioning of the product in the image, the effect of an environment on customers, the prompts to users on the web, and so forth.

Human behavior research helps,
understanding customers and purchasing decisions.

Multisensory marketing has an impact on customers, but also on the company itself. Eye tracking doesn't just let you to look "over the customer's shoulder". The company also gains an insight into what customers really see and consciously perceive. This improves the customer approach, the effectiveness of advertising measures is increased, and marketing activities can be created in a more targeted manner. In the long term, the marketing budget is reduced because advertising measures are focused and scatter loss in addressing target customers is minimized. Last but not least, this also has an influence on the design of products and service providers, because the company gains more and more clarity about the real customer benefits. Applied human

behaviour research is a useful tool for focusing on the most important thing, especially in times of digitalization and sensory overload.

Summary: Application and benefits
1. Comprehensive understanding of customers via the senses at all customer contact points 2. Clarity about the influence of sensory perception on customers' decision-making structures 3. Wide range of applications in: Advertising, communication, product or service development, corporate design, design of real or online points of sale.



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Fig. 3: Multisensory marketing - tool and example (retail)

Background: A regional fashion retail chain combines the further development of the brand with findings from human behavior research to create a holistic concept. The findings of multisensory marketing are used in the process.

Step	Approach	Measure	Date	Responsible
1. Brand and multisensory marketing	• Further development of the corporate brand	• Review of the brand or mission statement	31.03.	A. Stölzle
	• Combination of brand concepts and insights from multisensory marketing	• Multisensory: test series with focus groups	30.06.	M. Bayer
2. Implementation of the new visual design	• Redesign of the color scheme for the company	• Development and testing of the new color concept	31.07.	M. Bayer
	• Consistent implementation in: Logo, shop window, furnishing elements...	• ...	...	...
3. Redesign of the webshop	• Redesign of the website according to the new color scheme	• Redesign of website and web store (parallel to 1 and 2)	...	...
	• ...			



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MARKET RESEARCH

Prof. (FH) Dr. Uwe Heil

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MARKET RESEARCH

ALIGNING MARKETING AND SALES PROFESSIONALLY

Marketing and sales are not strictly analytical disciplines, but have a lot to do with (gut) feeling and experience. Many marketing and sales managers usually have empathy and can put themselves in their customers' shoes. However, in times of big data, growing complexity, and increasing competitive pressure, it is becoming even more important to systematically build up knowledge about markets, customers, competitors, products and service providers. This is precisely the subject of market research and leads to a better basis for decision-making and greater effectiveness.

By Prof. (FH) Dr. Uwe Heil

Despite all the advances in digitalization, psychology, and artificial intelligence (AI), we cannot (yet) read other people's minds. But we would sometimes like to know what is going on in their heads. In marketing and sales in particular, it is essential to have the best possible knowledge of customers' wishes, needs, and decision-making structures. This is the only way for companies to offer products and service providers that customers will actually buy. Only those with the best knowledge of how to deliver real benefits will be able to stand out from the competition and maintain their position on the market in the long term. This is precisely the subject of market research, which has long since evolved beyond the phase of surveying passers-by on the street with pencil and clipboard.

ORIGIN OF MARKET AND OPINION RESEARCH

The desire to know what other people think about a certain topic is part of the nature of social humanity and can be traced back a long time. Perhaps one of the first image analyses could be the question that Jesus asked his disciples in the Gospel of Matthew (chapter 16, verses 13-16): "When Jesus came to the region of Caesarea Philippi, he asked his disciples, 'Who do people say that the Son of Man is? They answered: Some for John the Baptist, others for Elijah, still others for Jeremiah or some other of the prophets. He asks them: 'But who do you say that I am? Simon Peter replied: "You are the Messiah, the Son of the living God!" After all, Jesus based his decision to declare Peter the rock on which he wanted to build his church on the results of this "questioning".
Modern market and opinion research[14] was essentially founded by the American social researcher George Gallup. In the run-up to the American presidential elections in 1936,

[14] Cf. McCarthy, J., Basic Marketing, New York, 1960, p. 35ff.

there was a survey of 2.3 million eligible voters in which the majority saw the Republican candidate, Alfred M. Landon, in the lead. George Gallup, on the other hand, had drawn a much smaller sample and, as it later turned out, correctly predicted the victory of Democrat Franklin D. Roosevelt. The market research institute he founded, "The Gallup Organization", still exists today. Gallup was one of the first to realize how important the right samples and, above all, the right questions, are. For example, he not only asked "Who will you vote for?", but also "Who will your neighbors vote for?" With the first question, many behaved tactically. With the second, most were open and objective.

Much more important than taking on board opinions is the correct interpretation.

Another well-known example of market research and the handling of findings is Henry Ford. He had customer surveys carried out on an ongoing basis and thus recorded the "voice of the customer". However, he did not implement everything 1:1, but did something much more important, namely, he interpreted. This means not necessarily taking statements literally, but drawing the right conclusions. Henry Ford said: "When I ask my customers what they want, they say, "more horses"." The customers weren't lying, but the crucial point was that they were thinking in the "here and now". And that was the horse as a means of transportation. But Henry Ford went beyond that and drew a business conclusion: People don't want "more horses", they want a cheap means of transportation that everyone can afford. This was the beginning of Ford's legendary Model T, the first car that everyone could afford.

The market volume for market and opinion research is currently estimated at around 50 billion US Dollars - and rising. One of the largest providers based in German-speaking countries is the GfK Group, which currently generates sales of EUR 1.4 billion. The overall Austrian market for market and opinion research, for example, had a volume of EUR 92 million in 2018[15]. As a subfield of economic and social research, market research is constantly evolving by making new procedures ready for application. Big data, artificial intelligence, and digitalization are important drivers for the further development of modern market research.

[15] Cf. https://de.statista.com/themen/2110/mediennutzung-in-oesterreich/.

BASICS OF MARKET RESEARCH

The basis for interpretation, conclusions, and correct business decisions is a solid quantitative foundation. Market research is largely applied statistics, which in turn is a branch of mathematics. Here, a distinction is essentially made between descriptive and inductive statistics. The former describes facts that have been observed, like what percentage of customers of product A also buy product B. The latter attempts to establish relationships between facts. The other attempts to recognize correlations between facts or to draw conclusions about the entire target group from random samples. It is clear that these cannot always be 100% correct. But market research helps itself here with so-called confidence intervals, or statements about what percentage of a conclusion can be trusted. These statistically sound statements form the basis for the recommendations.

Market research gives no guarantee that reality will be accurately reflected. If 10% of respondents answer that they would buy the new product X, this does not mean that they will actually do so later. But despite all the uncertainties involved in market research, it is still a valuable tool for coming to grips with the views and opinions of customers. Experience and a "gut feeling" are important, but they need a factual basis. This is the only way to make sound and comprehensive decisions.

Experience and "gut feeling" work best,
if they are supported by data.

The data used in market research is divided into secondary data and primary data. Secondary data is data that has already been collected by third parties and can be found, for example, in statistical databases (statista.com, federal and state statistical offices) or on association websites. These are available quickly and inexpensively, but have the disadvantage that they do not entirely fit the company's question or fail to be up-to-date. Nevertheless, they are often a good way of gaining an initial overview of the topic.

The second is primary data collected by the company itself or by market research service providers. This can take the form of surveys (online surveys, mailed questionnaires or interviews), observations (analysis of dwell times on a web store page or purchasing behavior analyses), experiments or so-called group discussions or focus groups. In any case, the data collected in this way forms the basis for a statistical analysis through market research with final recommendations for action for marketing and sales.

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APPLICATION AND FORMS OF MARKET RESEARCH

Market research is a common term, but there are very different forms that vary greatly in size and content. The form of market research that is best known to the public is comprehensive studies conducted by institutes such as GfK or Infratest. However, market research also involves SMEs writing to their customers and asking them what they think is good about their products and service providers and where there is room for improvement. This entrepreneurial form is the most common form of market research. One area that is becoming increasingly important is the topic of big data. The aim here is to make data about consumers and customers that is already available in the company usable for marketing and sales topics. Algorithms analyze order rhythms, for example, and marketing then tries to exploit these findings. In principle, big data is therefore nothing more than a more modern term for the usage of market data, or a customer database. This is exactly what is meant by the term Customer Relationship Management (CRM) - the systematic establishment and maintenance of a customer relationship. Market research ensures that this customer relationship is constantly updated and new opportunities are recognized.

In principle, the market research procedures are not complicated (see Fig. 1). Market research objectives are determined on the basis of the problem definition. The methodology for collecting the data makes it possible to evaluate and interpret this data and then leads to a recommendation.

Fig. 1: Market research procedures	
1. Problem definition	• Presentation of the initial situation • Problems from a marketing or sales perspective
2. Definition of market research objectives	• Objectives of market research • Concrete task definition including definition of information requirements and decision alternatives depending on the market research results
3. Methodology for collecting the data	• Description of the market research design including work steps and timing • Determining the target group to be surveyed • Selection of data sources • Collecting the data
4. Evaluation and interpretation of the data	• Review of the collected data • Analysis of the data according to the defined methodology • Interpretation of the data in relation to the problem and target definition
5. Recommendation and final report	• Summary of the most important statements • Listing of conclusions and concrete proposals for marketing and sales • Creating a decision template for management to implement these recommendations

The possible applications of market research are extremely broad (see Fig. 2). It can be used in all areas of marketing and sales[16]. In addition to traditional product

[16] See Scharf, A./Schubert, B./Hehn, P., Marketing, Stuttgart, 2015, p. 245ff.

marketing, market research is also used in personnel marketing, for example, when the aim of employer branding is to present the company as attractively as possible to potential and current employees. However, market research is also a necessary tool for retailers who actively engage in retail marketing, such as to analyze customer purchasing behavior.

Fig. 2: Possible uses of research	
1. Market and competition	• Competitive analysis • Competitor monitoring • Analysis of the market position • Market segmentation • Market developments • Test market simulation
2. Customer Insight	• Customer satisfaction • Customer loyalty • Customer behavior • Customer needs • Customer motivation • HomeUse test
3. Optimization of the marketing mix	• Product development • Product acceptance • Product positioning • Price sales functions • Distribution analyses • Efficiency of communication and advertising media • Advertising effectiveness research

MARKET RESEARCH IN SATURATED AND SHRINKING MARKETS

With the beginning of industrialization, products were manufactured by machine in larger quantities and product markets were formed on which manufacturers offered their goods to consumers. In times of fast growth and increasing demand, the quantity produced was also sold without any problems. This is why there was no marketing or market research back then. Problems always arose when demand weakened and the market became saturated. This is where professional marketing came into play to make products and service providers more attractive again and stimulate demand.

It is precisely in this situation of saturated and sometimes shrinking markets that market research is an accelerator for the development of the company. Innovative and targeted offers can be created from the analysis of existing or potential new customers. Without market research findings about the target group, it is difficult to launch new products on the market. Ultimately, the sales department suffers because it is trying to sell something that nobody really wants. If they don't succeed, the company's turnover falls while costs remain almost unchanged. Produced goods are not sold, stocks fill up and sales can only be made at reduced prices. This is again at the expense of the profit

margin. All in all, the company finds itself in a downward spiral that was actually only triggered by one thing: a lack of or incorrect understanding of markets and customer needs. Conversely, this means that only those companies that are close to the market and regularly expand their competitiveness will be successful in the long term. Both large and small companies face these challenges. The conclusion is that market research is indispensable for companies of all sizes and for all industries if they want to continue to be successful in the market.

Market research is a prerequisite for the adjustment of Marketing and sales.

The economic forecasts are not positive overall. Growth is weakening, while uncertainty in the globalized markets is increasing (corona, customs and trade conflicts, Brexit...). There is a threat of an end to several decades of growth, i.e. a recession. In shrinking markets, it will be important to stand out from the competition in the future, with better products and service providers that optimally meet customer needs. Professional marketing and effective sales are becoming increasingly important in order to secure a company's position for success. Market research is an essential prerequisite for this. Entrepreneurial intuition and gut decisions alone will no longer guarantee continued competitiveness in the future.

OUTLOOK

Every company has to try every day to develop perfect products and service providers for its customers and market them in the best possible way. In doing so, it is in competition with a large number of other providers who want exactly the same thing. Companies need market research for this task, regardless of whether they are a two-person company or a global market leader with billions in sales. Companies that have managed without market research in recent years should also conduct it so that their success story can continue. Market research is not expensive. It is more expensive not to conduct market research and to launch products in markets where they are not needed. Professional market research provides the company with valuable impulses for understanding markets and customer behavior.

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Summary: Application & benefits
1. Systematic engagement with the market 2. Clarity about the customer's needs, decision-making patterns and behavior 3. Basic prerequisite for proper marketing and effective sales - especially in the digital world (online business, social media...) 4. Necessary component of innovation and development topics



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Market research report: Retail landscape in Lower Bavaria			
Background: A retail company uses market research to further develop target regions. The company still has far too little presence in Lower Bavaria and would like to significantly expand its market position.			
1. Problem definition	• Poor market position in Lower Bavaria with approx. 3-5% market share • Average image - due to the lack of presence in the area • Low profile on the labor market		
2. Definition of market research objectives	• Clarity about the most important 5-7 target regions in Lower Bavaria with development potential • Clarity about (local) customer needs in the target regions • Impulses for the awareness and image campaigns		
3. Methodology for collecting the data	• Focus group survey according to: Regionality, social structure • Evaluation of existing analyses by the retail associations • Targeted competitor analyses for competitors A, B, C		
4. Evaluation and interpretation of the data	• Identification of a maximum of 5 target regions with potential (start with 3 target regions in the next 2 years) • Necessity to switch product ranges more strongly to regional products in some cases • Review of the existing format forms and adaptation of the 3000m² areas		
5. Recommendation and final report	**Measure**	**Date**	**Responsible**
	1. Development of target regions X, Y, Z with at least 12 stores	31.12.2022	F. Miller
	2. Reorganization of category management in the product ranges: MoPro, fruit/vegetables	30.06.2020	M. Atzl
	3. Implementation of the image campaign for the target regions	31.03.2021	A. Berger
	4. ...	...	...



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Applied Insights from the FH Kufstein Tirol

MARKETING-MIX

Prof. (FH) Dr. Uwe Heil

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MARKETING-MIX

USING THE TOOL FOR COMPETITIVE MARKETING

The term "marketing mix" is one of the best known in economics, and many people are familiar with it in connection with topics relating to the promotion of products and service providers. This is hardly surprising, as the concept has been around for almost 60 years and has lost none of its appeal and relevance. Its easy comprehensibility and systematic applicability make it a valuable tool for the analysis, planning, implementation, and control of marketing activities, even in times of digitalization.

By Prof. (FH) Dr. Uwe Heil

Why are some products more successful on the market than others? Why does one service provider succeed in the market and why does a similar one fail? The reasons for failure can be different. Either the product or service promises customers too little benefit or the price may be too high or too low. The choice of sales channels can make just as much of a difference to success as the design of the ideal communication. In all these cases, the concept of the marketing mix helps to understand the causes and - even better - to plan everything in advance in the best possible way to ensure successful implementation.

HISTORY OF THE "MARKETING MIX"

Neil H. Borden, who taught at Harvard Business School, first developed and used the marketing mix concept in the 1940s. However, he worked with 12 factors, which were also defined in a very cumbersome way, so that they were not able to establish themselves in practice in this form. It was not until Professor Jerome McCarthy developed the basic idea further and condensed it into the familiar four factors. He published this in 1960[17] and in doing so created one of the world's best-known marketing concepts, which has been valued and used by academics and practitioners alike ever since.

The marketing mix is one of the best-known concepts in the business world.

McCarthy assumed that the work of a marketing manager does not take place in a vacuum or a model situation. The focus is always on the customers or the target group

[17] Cf. McCarthy, J., Basic Marketing, New York 1960, p. 35ff.

to whom the product or service provider is offered. To maximize sales success, the four marketing mix factors are aligned and optimally coordinated with each other, even and especially when taking into account political, social and economic environment variables that cannot be directly influenced. These four marketing mix factors, also known as "policies", are originally called Product, Price, Place, and Promotion (hence "4P") and are translated into English as Product, Price, Distribution and Communication.

THE INSTRUMENTS OF THE "MARKETING MIX"

The marketing mix is therefore the link between the customers and the marketing strategy. The marketing strategy is a defined path with which the defined marketing goals are to be achieved and the marketing mix represents the concrete measures with which the marketing is implemented for customers. The aim of the individual instruments of the marketing mix (see Fig. 1) is to offer customers a benefit, build up competitive advantages, and in this way overcome so-called "sales obstacles". An example can illustrate this. Assume that customers have no need to buy a new television because they are satisfied with the old one. In this case, marketing can try to use product innovations to create an incentive to buy by offering customers added value. In the past, for example, TV set manufacturers have integrated new technologies such as 3D, curved TV, HD, UHD, or 5k in order to sell more televisions.

Fig. 1: Instruments of the marketing mix	
Product - Product policy	• Product quality and innovation • Assortment • Customer service • ...
Price - pricing policy	• Selling price • Discount • Terms of payment • ...
Place distribution policy	• Sales channels • Sales organization • Physical distribution • ...
Promotion - Communication policy	• Advertising • Sales promotion • Public relations • ...

The first P: product policy

Only a product or service (both are referred to as a product in the following) that fulfills the customer's wishes and meets their needs will actually be purchased. The focus is clearly on the customers or the target group. There are various ways to recognize the

motives of customers. These are summarized under the term market research, for example the analysis of customer data ("big data") or the implementation of customer surveys (interviews or online questionnaires).

Real customer benefit only arises through substance and quality.

Product policy[18] therefore includes all market-oriented activities aimed at the development, design, realization, and optimization of products. It must be made clear that a good product is indispensable for good marketing, the starting point, so to speak, for all further activities. A bad product does not become better by being particularly cheap or receiving particularly good advertising. Real customer benefit is only created through substance and quality.

But even a good product is no guarantee of good sales in the long term, because it can be copied or imitated by the competition. A company is always dependent on regularly updating and modernizing its product range in order to secure or expand its leading position in the market and against competitors. This can almost be seen as a "duty to innovate".

The second P: the pricing policy

The price of a product is the amount that customers are willing to pay in order to acquire a benefit. However, the price also fulfills other functions. It is an indicator of scarcity, that is, products with high demand and low supply will be more expensive than products with low demand and high supply. In addition, price is also an indicator of the quality of the product as perceived by customers. Designer jeans do not necessarily have to be made of higher quality material, even if they cost twice as much as "basic" jeans. However, customers assume that they are getting better quality for the higher price. Price is also an indicator of value. Others automatically attribute prestige and a special status to the wearer of a luxury wristwatch costing several thousand euros. The benefit is not in the better material or the precision of the movement, but in the image.

The great danger with price is when it is the only selling point to get rid of a product with low demand. What may still be acceptable as a short-term marketing activity ("special offer of the week") becomes dangerous when prices are regularly reduced. Customers get used to the low price, avoid buying at the regular price, and wait for the next price reduction. All this is of course associated with an image of poor quality. In addition, once prices have been lowered, it is difficult to increase them.

Pure price competition is bad for Image, turnover and profit.

[18] Cf. here and in the following: Scharf, A./Schubert, B./Hehn, P., Marketing, Stuttgart 2015, p. 245 ff.

The price that customers pay for a product has a significant influence on the economic success of a company, as turnover is calculated by multiplying the sales price by the number of units sold. The higher the price, the higher the turnover, and the greater the chance of making an adequate profit. A professional and well thought-out procedure is therefore always worthwhile when setting the sales price. Market research can also provide valuable assistance here.

The third P: the distribution policy

In distribution policy, a distinction is made between physical distribution (e.g. logistics or shipping) and acquisition-based distribution. The latter is the focus here and refers to the distribution channels through which customers are offered the product. In many industries, retailers and sales partners play an important role because they act as sales intermediaries between manufacturers and customers. They determine which products are included in their own product range. This is why retailers and sales partners are often referred to as "gatekeepers". The task of a manufacturer is to convince all sales intermediaries of the benefits of their own product. On the one hand, this is about the advantage for the retailers or sales partners themselves, such as good conditions for the purchase price. On the other hand, the benefits or advantages that the end customers gain from purchasing the product must also be made clear to them.

In addition to sales via sales intermediaries, direct sales have become increasingly important in recent years, albeit only at a relatively low level compared to traditional retail. Some manufacturers also act as retailers, either in flagship stores in larger cities or as a regular sales channel. In general, the distribution structure today is being changed by online business. Of course, the internet is also a distribution channel like any other, but it is massively changing the business model because physical stores can become unnecessary. In this respect, every digitalization strategy must be measured against whether it also offers an advantage in distribution.

Selling something is the basis for - almost - everything.

Interestingly, the academic world in particular does not like to talk about sales or "selling". For many, this sounds somewhat trivial. In business reality, however, contact with customers and successfully closing deals is one of the most important issues of all. Market share, profitability, or liquidity can only be achieved if distribution works and satisfied customers are created in the end.

The fourth P: communication policy

Communication policy is probably the most prominent aspect of marketing from the customer's point of view, as it is directly aimed at attracting attention with a strong

product presentation and persuading them to buy the product. Companies use advertising, sales promotion, and public relations to achieve this. The range of options for reaching individual target groups has increased considerably in recent years. While advertising on TV and radio and advertisements in print media (newspapers, journals, magazines) were dominant until the 1990s, these traditional media are now on the decline. In 2016, for example, the internet was the most important medium in Austria with around 57%, far ahead of television with 19% [19]

Traditional communication media are undergoing massive change.

The major changes in media behavior and customer perception present companies with major challenges when it comes to addressing their most important target groups. If the wrong channel, an irrelevant message, or an ineffective form of communication is chosen, any communication will be ineffective. Social media and streaming services have completely replaced traditional advertising, especially among younger people, and represent a real "new world" in communication. Almost nothing is received via print media anymore, but via mobile devices and displays.

However, social media is no longer just a communication channel, but also increasingly an information generator for companies. The resulting large amounts of data are used intensively and enable advertising companies to focus their communication precisely on almost every individual customer. Conversely, the product range is just as precisely targeted thanks to these findings.

APPLICATION OF THE MARKETING MIX IN PRACTICE

It is precisely the ease of use of the marketing mix described above that makes the concept so valuable in practice (see Fig. 2). It can be used to analyze the current situation, for example to diagnose strengths and weaknesses based on the individual marketing mix factors (4 P's). This analysis can be used to plan and implement marketing activities. The 4 P's serve as a structuring tool for defining measures. On this basis, implementation controlling can then take place afterwards to determine whether the initiatives introduced have been effective. Overall, this also shows whether a market-oriented corporate culture exists.

[19] Cf. https://de.statista.com/themen/2110/mediennutzung-in-oesterreich/

Summary: Application & Application
1. Analysis of the current situation with regard to product, price, distribution, and communication 2. Instrument for planning and implementing marketing activities 3. Use for implementation controlling with regard to market effectiveness 4. Examination of a market-oriented corporate culture



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Fig.2: Marketing mix - tool and example (industry)			
Background: a company in the food industry analyzes its marketing mix and plans a program of activities on this basis.			
A. As-is analysis of the marketing mix			
"4P's"	**Marketing mix instrument**		
Product policy	Product quality and innovation: • Further reduction in the returns rate for the top 10 products • Successful development of variant C	Assortment: • Market has accepted the reduction of 15 products • Necessary expansion of the product range to include variant C	Customer service: • Poor availability of the service by telephone • Response time to complaints too long
Pricing policy	Selling price: • Significant cost and therefore price advantages with competitors X • Increasing price pressure from internet portals	Discount: • Anniversary campaign with 10% discount: Success in terms of sales, but no impact on margins • Merger of retailers and demand for higher purchase discounts	Terms of payment: • ...
Distribution policy	Sales channels: • Successful listing of variant D at two top discounters • Test market commitment for product A from retailer B	Sales organization: • ...	Physical distribution: • ...
Communication policy	Advertising: • ...	Sales promotion: • ...	Public relations: • ...

B. Planning the marketing mix activities			
"4P's"	**Marketing mix activities**		
Product policy	Product quality and innovation: • Reduce returns rate for the top 10 products to below 5% (2nd quarter) • Product A ready for the market and tested in Western Europe (2nd quarter)	Assortment: • Perform ABC analysis also under DB aspects (1st quarter) • Carry out product range analysis with sales and production department (2nd quarter)	Customer service: • Ensure 24/7 availability at service level 1 (2nd quarter) • Significantly improve response time to complaints (2nd quarter)
Pricing policy	Selling price: • Improve price perception among customers and thus create greater willingness to pay (1st quarter)	Discount: • Seek talks with retailers and discuss alternatives to purchase price discounts (1st quarter)	Terms of payment: • ...
Distribution policy	Sales channels: • Conduct early listing discussions with retailers for variant D (1st quarter)	Sales organization: • ...	Physical distribution: • ...
Communication policy	Advertising: • ...	Sales promotion: • ...	Public relations: • ...



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Applied Insights from the FH Kufstein Tirol

CUSTOMER JOURNEY

Prof. (FH) Dr. Roman Stöger

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CUSTOMER JOURNEY

PUTTING THE CUSTOMER AT THE CENTER

Customer orientation and customer strategies have been written about for over five decades. The mass of publications contrasts with a surprisingly small number of tools that work in practice, and in such a way that they can be used anytime and anywhere. The concept of the "customer journey" is one of the tool. In general, caution is always advised when zeitgeisty buzzwords appear. They usually conceal impractical approaches or old content in new packaging. "Customer Journey" is an exception here: it is about putting yourself in the customer's shoes and taking a "journey" through the most important processes. The goal is clear: improving customer benefit and expanding competitive advantages.

By Prof. (FH) Dr. Roman Stöger

I. THE CONCEPT OF THE CUSTOMER JOURNEY

The "customer journey" approach[20] has two sources. One goes back to traditional marketing and the 1980s. At that time, many companies were looking to get closer to their customers again in the face of increasing market saturation. During this time, the "moments of truth" tool was developed, for the purpose of optimizing all relevant points of contact with customers. The CEO of SAS Scandinavian Airlines, Jan Carlzon, became legendary when he said in 1982 that his company had tens of thousands of such contact points every day. He demanded that his company build up corresponding competitive advantages in these "touchpoints" and place one thing at the center - Customer benefit.

Customer Journey is the connection of Marketing and process management.

A second origin of the customer journey lies in the Japanese consumer goods industry. The first quality circles were created on the basis of customer-relevant key processes, from which the guiding idea developed - to consistently align all processes and contact points with customers, where the core of every business lies. The focus is on what can have a direct or indirect impact on the customer. In all phases, the focus is on customer benefit. That is, all factors that ultimately lead to a purchase decision .[21]

These two approaches are combined in what is known as the customer journey. The idea is as simple as it is compelling. The company puts itself in the customer's shoes

[20] Keller, B. / Ott, C., Touchpoint Management. Acting successfully along the customer journey, Freiberg 2017, p. 213 ff.
[21] Stöger, R., Process Management, Stuttgart 2017, p. 53.

and "travels" with them through the most important processes in which the person making the purchase has points of contact with the company. The aim is, on the one hand, to gain a better understanding of customer requirements and, on the other, to expand customer benefits and competitive advantages. The customer journey closes the cycle from the outside (customer defines requirement) to the inside (performance through processes) and back to the outside (customer pays for the benefit).

At its core, customer orientation means, understand the customer journey.

The customer journey procedure consists of mapping the most important processes from the customer's perspective and identifying customer requirements at each step. The focus is on the quality and price dimension. Quality is understood to mean all factors that create benefits and lead to a purchase decision by the customer. Price should always be seen relative to the competition. The company's own strengths and possible bottlenecks or weaknesses are then identified. This is the basis for the development of improvement measures. A company can only be successful if it understands the customer's "journey" (see Fig. 1).

In practice, it is advisable not to define too many process steps and not to let quality requirements, possible disruptions, or measures get out of hand. The tool must remain manageable so that an overview and impact can be achieved. In almost all cases, a rough assessment and the most important two to five measures per process are sufficient. The procedure quickly brings the focus to the essential points - the customer benefits and the processes from the customer's perspective with their own strengths. The tool works best when it is developed in so-called "cross-functional" teams, which include employees from different functions (sales, purchasing, product management, IT...). This not only brings in different perspectives, but also the necessary understanding and willingness for implementation.

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Background: A hospital with day therapy facilities applies the "customer journey" methodology for the most important service providers. One case is mobile rehabilitation.

Fig. 1: Customer journey . Tool and example (hospital)				
Customer journey process	**1. Bringing the patient from home to therapy**	**2. Carry out therapy**	**3. Bringing the patient home from therapy**	
1. Requirements from the customer's perspective (quality and price)	• Individual, stress-free transportation / help with preparation • Exclusivity in the supervisor • Punctuality • all-inclusive	• Complete therapy information • Professional implementation • Feel-good atmosphere • "all inclusive" approach	• Punctual, trouble-free transportation • Clear therapy documentation and billing • Price reduction for absences	
2. Own strengths	• Constant persons • Guidance system for patients	• Constant therapists • Equipment	• like process 1 • Clear documentation and billing	
3. Possible bottlenecks / own weaknesses	• Patient not ready for collection • too little exclusivity	• Inadequate therapy planning • Waiting times	• Misinformation about transportation time • Documentation too late	
4. Measures for improvement	• Development of a customer app • Standardized scheduling plan: shared access via intranet • Building exclusivity ("transportation as the first business card")	• Marketing offensive for all services • Extension of therapy to all services • Standardized patient feedback	• like process 1 • Monthly quality report (based on patient feedback and disposition plan) • ...	
Customer journey process	**Measure**		**Date**	**Responsible**
1. Bringing the patient from home to therapy	Development of a customer app: Dispo times, status, schedule, ReHa...		31.03.	F. Miller
	Implementation of a standardized scheduling plan		30.04.	A. Berger
	...			
2. Carry out therapy	...			

2. USE OF THE CUSTOMER JOURNEY

The "Customer Journey" tool offers several advantages in its application (see Fig. 2). It can be used to optimize existing business. This applies to a wide range of topics, including market analyses, competitor studies, positioning, process checks, quality audits, acquisition, customer loyalty, communication arguments, and others. But, it also makes sense to think consistently from the market perspective when it comes to

innovations. Start-ups can use this tool to align their success-critical processes. This avoids detached, "top-heavy" visions for which no customer is prepared to pay for. Customer Journey is suitable for both external and internal customers, for both for-profit and non-profit organizations. It serves as a strategy tool for process management, reorganization and quality management. The effect is also objectification in the sense that the customer is made the criterion for all activities. The tool is also suitable for reducing costs or generally increasing productivity. It shows where savings can be made and where the cost gap must not be closed under any circumstances.

"Customer Journey" is a broadly applicable Management tool.

However, certain points must be observed when using it so that no disadvantages arise from its use. Customer Journey does not replace a strategy and does not directly make any statements regarding the markets, customer groups, or services to be selected. However, the discussion can certainly provide an impetus for a strategy review. Another limitation is that the tool can tempt you to think only in terms of the solutions available now and to optimize them. This obscures the view towards the future. There is also a danger that practically all customer wishes will be accepted and implemented without reflection. The consequences are a lack of prioritization and complete fragmentation. Here in particular, care must always be taken to only work out where real benefits arise and for which the customer pays the bill. As with all management tools, the management must always ensure that the tool is not developed purely internally, but that the customer is included in the discussion wherever possible.

Fig. 2: Customer journey - use in practice

The instrument is suitable for:

1. as an analysis tool for strengths and weaknesses of market services, functions, processes, regions, locations, etc.
2. identifying the market logic: "What makes the business tick?", "What makes the customers tick?"
3. checking to what extent the customer's concerns are changing and to what extent substitution may be imminent
4. examining competitive analysis, to what extent the competitors have real advantages
5. competitive positioning, communication and marketing
6. use as a tool for quality management or CIP (continuous improvement process) for existing market services
7. use as a tool for innovation, i.e. the consistent orientation of the new towards customer benefit
8. use as a methodology for the structured development of measures
9. reviewing and align process services in terms of performance for customers

The concept of the customer journey has proven itself in countless applications in all industries and for all company sizes. It can be used "stand-alone", that is, as an independent instrument. It can also be combined in many ways, for example with a SWOT, market analyses, customer surveys, and so forth. The customer journey is recommended as part of large projects and development topics, such as strategy development, innovation processes, process management, or productivity

enhancement. As a general rule, major topics and projects always require feedback from the market. How broadly and how deeply this is done depends on the scope of the topic and the industry. For example, individual interviews can be conducted with key customers. In another case, extensive customer surveys, focus groups, or buying centers can be used. The tool itself and the questions do not change in each case. Customer journeys are still one of the best methods for bringing the market into the company and placing it at the center - Customer benefits and competitive advantages.[22]

Summary: Application and benefits

1. Clarity about the customer benefit
2. Connection of market (customers) and company (processes)
3. Wide range of applications for many management topics
4. Easy handling and rapid effectiveness



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[22] Menthe, T. / Sieg, M., Kundennutzen - Schlüssel zum Verkaufserfolg, Wiesbaden 2018, p. 151 ff.



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Applied Insights from the FH Kufstein Tirol

THE POWER OF EMOTIONS

Prof. (FH) Dr. Uwe Heil

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THE POWER OF EMOTIONS

USING THE BASIS FOR PURCHASING DECISIONS

Aren't we all rational beings who make purely rational decisions, such as what to buy or what passions we want to get into? Well, many people want to see themselves that way, but the truth is different. What brain research has discovered about our decision-making processes and what this means for a company, for marketing, and sales is presented in this "improve".

By Prof. (FH) Dr. Uwe Heil

A mechanical engineering company develops a new turbine for industrial applications - without the hoped-for additional sales. An insurance company designs a new complete package for private business - without any significant customer gains. A start-up launches an app for time management - with a very subdued response from the market. What could be the reason for this, especially when the markets are growing and there seems to be demand?

DO YOU KNOW WHY YOUR CUSTOMERS BUY - AND WHY YOUR NON-CUSTOMERS BUY ELSEWHERE?

Customer behavior is in itself a simple construct. Customers only buy if they derive a benefit from the purchase. This applies equally to physical products and service providers. For this benefit, however, a "pain" must be accepted, because after the purchase, customers have less money than before and at the same time have decided against other alternatives. If the expected pleasure of what they have received exceeds the price, customers perceive a benefit for themselves and buy[23]. From time to time, every company must critically assess the customer benefits of its most important market services (products, service providers) (see Fig. 1).

The problem with utility is that it is assessed differently by each individual. Even if it seems clichéd, a woman will typically rate the benefit of a nice pair of shoes more highly than a man. The opposite is true for cars. Another difficulty is that even this one individual can assess the benefits of nice shoes differently. In one situation, they will pay any price, in another they will not buy.

[23] Belz, C., Value Selling, Stuttgart 2016, p. 57 ff.

Fig. 1: Key questions on purchasing decisions and customer benefits
1. What is the customer actually paying for? What specific benefit is expected? **2.** Where are we better and where are we worse compared to the competition, in terms of core performance, accompanying service providers and image? **3.** Do we argue with customer benefits or do we focus exclusively on price arguments? **4.** What is the best way to reach customers and what does this mean for sales channels, marketing, or product development? **5.** Do we have and live a market- and customer-oriented corporate culture?

A common mistake in market research, marketing, and sales is to assume and bring rationality into play too quickly and too early. Every purchase decision has emotional and rational components, both of which are blurred and differ from industry to industry. In the classic consumer goods business, particularly in the case of branded goods, the emotional component is significantly greater via image than in the industrial goods business, for example in the case of specialty chemicals. Every purchase decision has to do firstly with the actual core service, secondly with accompanying service providers and thirdly with image. All three levels are emotionally and rationally influenced.

The entrepreneurial challenge is to find out what makes customers "tick", how purchasing decisions are made and how customers can be retained. In many cases, this has to do with assumptions and hypotheses, not to mention the fact that customers often don't know themselves. Market studies alone are not the universal solution. So the whole thing cannot be understood by reason. And it doesn't have to be, because every purchase decision and customer relationship is emotional, at least at the beginning.

HOW CAN THE LATEST FINDINGS FROM BRAIN RESEARCH BE USED?

At the beginning of this millennium, a medical diagnostic procedure was increasingly used in the field of market research, namely MRI (magnetic resonance imaging). In this procedure, a person is placed in a tube where an exact, three-dimensional image of their body parts is calculated. Brain research has used the device to analyze which processes take place in which parts of the human brain.

An experiment has become known in marketing circles in which test subjects were presented with a Pepsi-Cola and a Coca-Cola. MRI scans showed clear differences in the activated regions of the brain[24], although the two products are almost identical in terms of their core performance. To exaggerate, fizzy drinks and carbonated drinks may be rationally identical, but the decisive difference lies in the emotion.

Over time, the findings have become increasingly precise, so that we now know that there are various motivational and emotional systems in the brain that assign a meaning

[24] Cf. McClure et al, Neural Correlates of Behavioral Preference of Culturally Familiar Drinks, in: Neuron, Vol. 44/2004, pp. 379-387.

or value to the product or service provider[25] . There are three main systems that play a role in the human brain when making purchasing decisions (see Fig. 2).

Fig. 2: Relevant systems for purchasing decisions	
1. Balance system	Safety, reliability, peace, security, trust
2. Stimulant system	Innovation, individuality, uniqueness, "kick", adventure
3. Dominance system	Power, prestige, status, superiority, difference

I.) THE BALANCE SYSTEM:

Behind this lies the customer's desire for security. They try to avoid uncertainty, danger, fear, and anxiety and strive for reliability, peace of mind, security, and trust. Insurance products, guarantees, but also trust in a family business or in long-term customer relationships are some examples of market services that appeal to a customer's balance system. This is exactly what good and experienced sales staff are good at. They convey trust and security before the "deal" is made. The legendary saying "only a Mercedes is a Mercedes" has successfully addressed this system for a long time.

2.) THE STIMULANT SYSTEM

Customers are constantly on the lookout for something new, for individuality and for something special that takes them out of their everyday routine. If customers are offered these opportunities, they experience this as an exciting and stimulating feeling, whereas not experiencing it as boredom. The brain perceives the kick that the market service triggers as a reward, as active confirmation and as a feeling of "belonging" and being "ahead". Examples of this are amusement parks, events, new technologies and custom store concepts, that is, the individualization of the product to just one person in the universe: me.

3.) THE DOMINANCE SYSTEM

This is based on the fact that customers are looking for power, prestige, and status. If their wishes are fulfilled, they experience a feeling of superiority. If not, disappointment and inner turmoil set in. Classic examples of this are exclusive branded goods such as watches, cars, fashion, and any products that give customers expertise and the opportunity to differentiate themselves.

Of course, it becomes clear that these systems sometimes work against each other. For example, the search for something new (stimulation) leads to something that is safely familiar (balance) having to be given up. This is why there are no rigid boundaries

[25] Cf. here and in the following: Häusel, Brainview. Why customers buy, Munich 2009, p. 28 ff.

between the systems; there are mixed forms and, of course, contradictions. The central message is, the company must position its market services clearly, because this is the only way to attract the attention of customers and to ensure a purchase decision. Customers will buy if the product on offer appeals to their motivational and emotional system. And if they don't, then they won't buy.

WHAT DO YOUR MARKET SERVICES INCLUDE?

Boredom
These are products with little emotional significance. This does not make them objectively less interesting or less important. It simply denotes the fact that our motivational and emotional systems are weakly stimulated by them. These products are interchangeable and are therefore often sold on price. Examples are pencils, flour, or fuel.

Activator
These are at the next level. They are more important to customers. However, customers can also live without them - at least for a while. Examples include sweets and conventional household appliances.

Brain Seducer
The stimulation of the body's sensory system is triggered by several systems at the same time, and chemical messengers are also emitted to create positive feelings. Examples include wine and high-tech devices.

Brain-Fessler
These manage to stimulate the motivational and emotional systems so strongly that there is a strong desire to get this product at all costs. For decades, Apple has been able to turn everyday products from brain activators into brain captivators. This is why (almost) any price is paid for Apple products.

Brain research has shown that the systems described work automatically, without us being able to control them. The rational component of the purchase decision already mentioned does not involve weighing up the pros and cons. Rather, it means that the brain tries to get as many positive emotions as possible without spending a lot of money or effort.

HOW CAN YOU BECOME ACTIVE AND STIMULATE PURCHASING DECISIONS AND CUSTOMER BENEFITS?

Products and service providers sell on emotions. If you are clear about how customers perceive your product emotionally, you have the following options for optimization:

1. First try to look at your products or service providers through the emotional eyes of your customers. Or, ask customers directly what they honestly associate with it. Which system is mainly activated in them and is it what you want to know?

2. Think about how strongly you want to emotionalize your customers with which system. How would you like to be positioned in the market?

3. Develop concrete measures with which you can emotionally charge your products and services. This can be the planned development of a brand, different packaging, innovative distribution that is unique in the market. You may be able to captivate your customers in this way.

The "purchasing decision portfolio" tool can be used for implementation (see Fig. 3). Here, the most important questions are discussed and solutions developed. This makes it clear how purchasing decisions and customer benefits work and how a company can position itself and its market services better.

Summary: Application and benefits

1. Clarity about the customer benefits of the most important market services (products, service providers)
2. Questioning and optimizing customers' purchasing decisions, especially with regard to emotions
3. Actively examining your own strengths and weaknesses in order to position yourself better
4. Creation of foundations for the optimization of marketing, sales, product development

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Fig. 3: Purchase decision portfolio: *Tool and example (software company)*

Background: A software company generates approx. 85% of its turnover with five products. In order to increase the acceptance of the most important software products on the market, the current "brain positions" are analyzed with the purchase decision portfolio. The measures for repositioning are based on various motivational and emotional systems.

Product offered	Current brain positions	Desired brain positions	Measures
1. TMS 3.0" time management system	Bores	Activator	• Integration of a "to-do function" with resubmission and reminder alarm (dominance system) • Possibility to customize the user interface according to your own wishes (stimulus system) • ...
2. **PurchasePro"** purchasing software	Activator	Seducer	• Integration of a push tracing function that automatically sends a message when the shipping status of the ordered goods changes (balance system) • Automatic evaluation of all Amazon offers for an item to be ordered in order to get the best possible price • ...
3. Document management system "DMS Advanced 4.0"	Activator	Activator (i.e. no change in positioning)	• Sponsoring an event at a trade fair with an invitation to top customers (dominance system) • ...
4. ...	...	...	...



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Applied Insights from the FH Kufstein Tirol

USAGE OF THE CUSTOMER GLASSES

Prof. (FH) Dr. Uwe Heil

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USAGE OF THE CUSTOMER GLASSES

FOCUSING ON CUSTOMER SATISFACTION INSTEAD OF PRICE REDUCTIONS

What sounds so commonplace is often not self-evident in everyday life. In day-to-day business, we sometimes lose sight of our customers and their wishes. And sometimes the customers themselves get lost in the process. In this newsletter, we would like to explain why investing in market research makes more sense than price wars.

By Prof. (FH) Dr. Uwe Heil

When an idea has become a company, it is because it offers something that people want. The product or service provider satisfies a need and provides customers with a benefit.

COMPANY GROWTH OFTEN ALSO MEANS A GROWING DISTANCE TO CUSTOMERS

As the number of products sold increases, so does the number of people buying them. The company grows, develops departmental structures, and distributes responsibilities to individual employees and/or departments. There is a danger that direct contact with the customer is lost and the feeling for their wishes diminishes. The major task of the prospering company is then more management of growth and not so much the understanding of customer wishes.

At the same time, the following is happening in the market: Competitors observe the growth closely, register the market success, and want to participate in it. They develop a similar product and offer it at a lower price or with added benefits for customers at the same price. Competitors often decide to further develop the successful product. They analyze the needs of their customers, which may even have changed over time, and try to satisfy them better.

So while one company's attention is captured by strong growth, the competition focuses on improvements for the benefit of the user. In the worst-case scenario, one company misses out on key developments in the market and is overtaken by its competitor. This is fatal if it happens at a time when production capacities have been massively expanded in anticipation of further growth. The desire to utilize the excess capacity built up in this way can then end in discount battles because the fixed costs have to be covered.

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MARKET RESEARCH IS THE BASIS FOR COMPETITIVE ADVANTAGE

What can be done to avoid this? Market research is the answer! The term "market" refers to the collection of all customers. In this context, market research therefore means finding out more about the clientele.

One possibility is so-called secondary market research, which evaluates existing data and statistics regarding customers. This can be carried out by the sales department, for example, which found out from a database query that 14% of all customers who placed more than ten orders last year have not ordered anything at all since the beginning of the year.

Primary market research, on the other hand, means collecting data specifically for a customer-related question and can be carried out in various ways. Asking customers in a restaurant is therefore just as much part of market research as the telephone interviews that car manufacturers conduct with workshop customers. In addition to these customer satisfaction studies, customers can be asked what they find positive about products and service providers and what could be improved. In so-called group discussions, the opinions of five or six members of the target group on certain topics, products and service providers are collected.

CLARITY ABOUT CUSTOMER SATISFACTION AND COMPETITORS AS "SPECIFICATIONS" IN EVERY COMPANY

Let's come back to the example described at the beginning. So, what can a fast-growing company do in order not to lose contact with its customers, with whom it has grown up? (The following advice should be adapted to the size of the company and customer structure).

1. **Regular exchange with the customer:**
   Sales or marketing staff should speak to at least two customers every week, either in person or on the phone.

2. **Clarity about customer satisfaction:**
   After completing a transaction or a delivery, each buyer is asked how satisfied they are overall (school grades have proven their worth here), all results are collected and regularly evaluated.

3. **Clarity about fluctuations in customer satisfaction:**
   Fluctuations can be identified based on the development of scores over time. The next step would be to analyze the reasons for upward or downward outliers. Similar

statistics on turnover (in terms of value) and sales (in terms of volume) should be standard for every company.

4. Knowledge of competitors:

A "competitor factbook" should be created in which all information about the competitor is collected. This can be done to excellent effect via so-called company wikis, in which all employees enter the relevant information about the competitor and make it accessible to all (authorized) people. A regular presentation in which a competitor and its product range are always introduced is somewhat simpler. This can be done by employees as part of a department meeting that is taking place anyway.

5. Customer satisfaction with innovations:

New products that are to be launched on the market must be tested for consumer acceptance in advance by asking customers about the innovation.

6. "Virtual customers" as a fixed point at all meetings:

At every meeting, it should be established that a "virtual customer" sits at the table as a participant who is always "asked" for their opinion.

ENSURING IMPLEMENTATION WITH THE CUSTOMER SATISFACTION AUDIT

Companies in growth phases often focus on managing growth rather than on customers. This can be highly dangerous because the customer perspective is lost. It is therefore important to always keep an eye on customers and to understand buying motives, purchasing decisions and customer satisfaction. This also includes constantly checking turnover and sales statistics and systematically looking at the competition. It can certainly help to buy an eye-catching spectacle frame and present it for all to see: These are the customer glasses that matter.

With these simple tools, companies can keep an eye on their customers, the acceptance of their products on the market and the competition and can take countermeasures in good time with minimal resources if they notice that they are no longer "on track". New products/service providers are analyzed in advance to determine whether they have a chance of success. The "customer satisfaction audit" tool is a simple way of ensuring, with little effort, that the clientele and their wishes are not lost sight of and that the company can maintain and expand its solid demand base. Professional market research and marketing are the best means of ensuring customer satisfaction and avoiding pointless price wars.

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Summary: Application & benefits
1. Systematic understanding of purchasing motives and purchasing decisions 2. Impulses for improving products and service providers and customer satisfaction 3. Connection with competitive analyses and benchmarks



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Customer satisfaction monitoring: example (industrial company)

Background: An industrial company (mechanical engineering) introduces permanent customer satisfaction monitoring. This involves self-critical assessment and measures for improvement to ensure that the focus remains on the customer.

Topic	Measure	Date	Responsibility
1. Process analysis "Customer touch points"	Collect and list all customer touchpoints with the company in the course of a typical order process in order to be able to qualitatively assess the respective degree of customer orientation	31.05.	Huber
2. Measurement of customer satisfaction	Continuous recording of customer satisfaction on the basis of a weekly profile presentation in the customer-relevant departments (sales, marketing, application technology)	weekly	Division management
	Analysis of the fluctuations	10.06.	Division management
	Internal communication of the customer satisfaction analysis	15.06.	Huber
	Discussion of the results, introduction of countermeasures	30.06.	Division management
3. Knowledge of competitors	Development of competitor cockpits for the regular assessment of their strengths and weaknesses in market-relevant areas	31.05.	Berger
	Collection of all competitor information in databases	permanent	All employees
4. Customer feedback for R&D	Mandatory customer satisfaction survey in the specifications for development projects	31.01.	Bottom
5. "Virtual customers" as a fixed point at all meetings	Introduction of virtual customer feedback at the end of all sales, marketing and development meetings	31.01.	Division management