

# **Service Companies and Sales- Analysis of critical events in the customer interface**

Competitive paper proposal

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## **Abstract**

Entrepreneurially driven small companies in traditional services such as sanitary, heating, window, roofing and painting businesses, even car service stations, tend to be very reluctant to organise their sales and marketing professionally. Marketing communication and sales activities, as well as after-sales, activities are often poorly managed and create a competitive disadvantage in comparison to larger service providers, which apply modern marketing methods.

Service sales and marketing aspects form the framework for the study theoretically. The analysis of 30 episodes and the respective critical events are used as the method.

The purpose of this paper is to understand how SME- “the customer interface” really organise the sales process and what kind of tools they use in their customer relationship and service sales management process. Theoretically the study is limited to a B2C customer relationship. The theoretical framework is constructed on the service and consumer marketing theory and the interactive network approach with focus on customer relationship. The research concentrates on building and renovation businesses in the German market. The research material is collected 2006-2009.

The findings of the study illustrate devastating problems in marketing communication, service management and network integration. The last link of the industrial suppliers is not adequately trained and supported, which accumulates further as a deficit in the respective networks.

**Keywords:** Service process, episodes, critical events, marketing communication, service companies

## INTRODUCTION

There still are indications for a “Servicewüste” in many service businesses. Due to the frustration of customers new actors such as internet platforms [www.myhammer.de](http://www.myhammer.de) have been established to overcome these problems of finding a suitable service company. The distribution and sales structure of construction industry products is organised in three levels: manufacturer-wholesale-retail. Here service and sales companies represent this retail level, i.e. they have the customer interface, no one else.

First, it is mental framework issue in the company governance. Many entrepreneurs believe that good technical performance is the best and also an adequate method to market the company’s services. The role of marketing assets is not explicitly in the management focus. Therefore the efforts and the investments required for marketing are often beyond the interest and capability level of the owner-manager. The type of business with a strong pragmatic connotation in combination with a product-technical education creates a certain handicap for the marketing competencies. They are not focused on marketing and sales activities. The competence based view (Gersch & Freiling & Goeke 2005, s.44) points out that there are different types of competencies, which may explain performance, such as conversion-, market entry- and meta-competencies. The kind of meta-competencies for creating offerings and successful performance is already a type of competence, which many small actors do not fully possess.

From the perspective of marketing management it is amazing how many companies manage to survive and prosper without professionally organised marketing, but then it is often a mixture of other factors that keep these companies going. For example, government subsidies in a certain investment, like insulation. This contradiction, however, gives reason for misinterpretations among entrepreneurs about the role of marketing. Word of mouth advertising is a powerful tool in combination with a suitable market situation, and many companies see it as an adequate tool.

Secondly, the structures in sales and services are creating problem in the “flow” of marketing activities. Typically marketing, sales and service processes are still greatly in-house activities within these small and medium-sized enterprises (SME). Sales and marketing are often reactively and implicitly organised according to respective situations and resources. Task definitions, process definitions and customer relationship management systems are rarely applied, not to speak about task owners. Personal preferences and competencies as well as educational background typically influence the management system in these SMEs.

The perspective of supply chain management would let us assume that the producing industry and suppliers of materials and products would try to integrate their downstream partners into their own marketing and sales framework. Some industries do try to assist in marketing activities by providing sales support in the form of advertising, printed media, product related sales material and technical services and hotlines. But the vertical integration in marketing communication is still rather inadequate.

After working with small service companies and their suppliers, i.e. the producing industry I started wondering who is really responsible for these processes of the products that are sold and installed? How is the big picture, is there any holistic view? There is no specific business actor marketing a product, but several trade levels and a network of business actors. Therefore the marketing management is rather fragmented and there is rarely any marketing audit on an inter-organisational level. The sales processes remain also often individually organised. Especially in sectors like building industry, the processes towards end-customers are extremely multifaceted and complex.

Particularly interesting is the fact that the materials sold as a part of the service represent investment goods, such as windows, doors, sinks and other such products which have a rather long life expectancy. Therefore a missed opportunity can not be quickly anticipated. Time and timing have a significant role.

The explicit objective of this case study is to find out what kind of gaps and problems there are that create difficulties for the companies in selling their services. Additionally, it considers the implications on the marketing management and the aspect of the value chain. The study attempts to answer these research questions: How do small construction & renovation companies sell their services? How is the process constructed as an episode? What kind of marketing instruments are used? The perspective is constructed from a customer's point of view, since the perceived service represents the reality for the customer and this perceived picture is not necessarily identical to that of the service company. The study has a strong managerial emphasis and it contributes to the organisation of marketing management in a value network on the level of the last link towards the private customer.

This is a qualitative study, which explores and analyses sales and marketing processes in customer interface. In total 30 episodes are analysed. The research focus is set from a customer perspective and the object of analysis is the process between initiation of a business contact and the moment of establishment of a customer relationship or non-establishment (Pettigrew 1997). It is based on a dyad. These processes and episodes are analysed, illustrated and compared in a contextual-temporal setting. Many of the companies carry out their activities with partner companies, as part of a loose business network or even as a general contractor. The analysis of the process chain follows critical event logic (Meyer & Blümelhuber, 1998, s.926). The critical events which influence the outcome and construct the essence of this research project represent those events which either enabled or disabled the further development (see also Halinen & Törnroos 1995, Halinen & Törnroos 2005).

#### LIMITATIONS OF RESEARCH

The study focuses on small crafts companies and their sales and customer service processes. It represents a classic example of Business-to-Consumer Business, where the customer is a private person or household. The product in question is a combination of a physical product, such as window, and the service, such as installation. Therefore it concerns investment goods and the respective decisions. The emphasis is on the pre-phase and the beginning of a customer relationship and it ends up with the successful deal or failure in offering.

The type of service businesses were: sanitary, gardening, window, roofing, electrician and painting companies. The study is carried out during 2006-2009. It took place in North Rhine-Westphalia, Germany.

#### THEORETICAL VIEWS ON SERVICE AND SALES

The situation here is reduced to the level of seller-buyer relationship between a service company and a private household. The emphasis is on the element of service, the relationship is between the service person and the object of the customer, not the customer him/herself (Berenkoven 1989).

According to Meffert and Bruhn services are independent achievements capable of market which are connected with the supply (e.g., insurance achievements) and or the application con efficient (e.g., hairdresser's achievement) (potential orientation). Boarder (e.g., to office, staff, equipment) and external factors (those which do not lie in the sphere of influence of the service provider) are combined in frame of the production process (process orientation).

The factor combination of the service supplier is used with the aim to achieve use-donating effects (e.g., inspection with the car) (result orientation) in the external factors, to person (e.g., customers) or their objects (e.g., car of the customer) (Meffert & Bruhn, 2005, s.33). This study concentrates on the result orientation-type of a service.

How business relationships are constructed depend also on the contextual setting. Still, there are three basic functions of personal contacts which are necessary for any business relationship to develop (Turnbull 1979):

- 1) Exchange of information
- 2) Assessment and
- 3) Negotiation and adaptation

Turnbull 1979, Halinen and Salmi 2001 and Matthyessens et al 2003 notify the importance of these factors as well as the significant role of the employees. Halinen and Salmi 2001 also add for knowledge intensive professional services another element: 4) production and transfer of the product itself.

The content of this information is very essential. The customer choice of product or service company differs when the product is different, but when the customer seeks to understand and compare the usage of unique selling propositions is vital. The criteria that make the customer consider an offer as a possible alternative are called *qualifying criteria*, i.e. these criteria must be fulfilled in order to qualify as a candidate. The criteria that make the customer choose a certain offer among others is called *order winner criteria*, i.e. it represents the fine difference that stimulates the purchase decision (Olsnats 2002).

The sales process has in each case a similar situation: it is the first contact with the potential customer (prospect) and does not have any previous transaction or economic exchange. The initiative for the sales comes from the customer, who functions as a stimulus. In short, the seller (craftsman) was not proactive, but passive in attracting the contact. The prospect is already in the phase of desire and is requesting a concrete offer for a certain service and product. In the terms of AIDA-model (Rosenstiel 1969, s.236, Meffert & Burmann & Kirchgeorg, 2008, s. 706) this should lead to the phase of action, if the seller could fulfil the requirements set by the prospect. The stage models of marketing communication implicitly seem to assume that the cognitive proceedings, the mindset and the purchase intentions lead to a certain purchasing behaviour of the prospect (Meffert & Burmann & Kirchgeorg, 2008, s. 705-707). However, these models focus on the communication effect on the path itself, not on the activities of the seller and their applicability as a problem solving model.

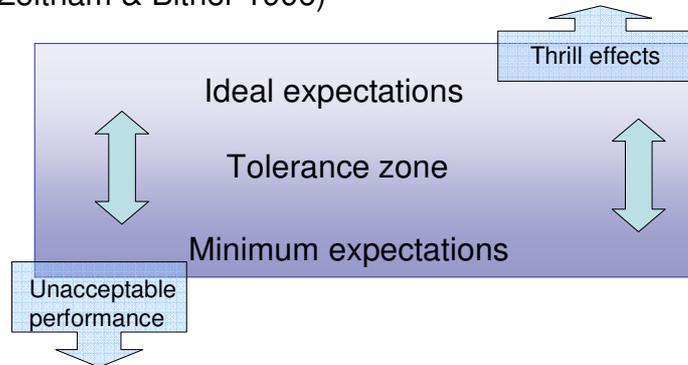
Here the construct are the processes that start from the first prospect contact with the seller and end up with sales or dissolution of interest or purchase intention. The research object is an episode limited in time and scope, it could be also called as a piece of a sales process or as the beginning of a business relationship.

The study attempts to identify critical events, which here have great similarities with customer expectations. The customer is searching for suitable business partners, who would become also the maintenance & service network for this household after the first successful episodes. In short, it concerns a first order process, but with the perspective of a modified rebuy and additional services.

When the expectations can be positively fulfilled or even exceeded many scholars speak about thrill effects, which boost the customer relationship (Haller 2005, Zeitham & Bitner 1996). On the other side, when the minimum expectations are not fulfilled it represents a negative critical event in a customer relationship. See Figure 1A.

## Figure 1A. Customer expectations

- Tolerance zone of the expectations (e.g. Haller 2005, Zeitham & Bitner 1996)



The time frame of the empirical material is limited to 2006-2009. During this time internet-based solutions and customer relationship management systems are widely used in general. The marketing communication instruments have been significantly enriched by this technological development. For example, word of mouth advertising through social networks, platforms such as myhammer, internet pages and virtual networks are elements that already exist during this time and enable many companies to improve results in sales activities.

The seller companies and their services are limited to gardening, sanitary, heating, window, roofing and painting products and services. They involve a great amount of entrepreneurship and are often family owned. The German Chamber of Commerce offers also educational services to such entrepreneurs and for the status of “Meisterbetrieb” the company has to possess certain qualifications.

The type of service here always involves product elements, mainly from renowned manufacturers. Each service company belongs to the category of small and medium sized enterprise and each of them functions as the sales network of a certain manufacturer or manufacturers. The manufacturers in this study are mainly at least medium-sized enterprises if not large or multinational enterprises, for example, Parador, Weru, Schüco, Veka, Bayerwald, Gayko, Creaton, Wienerberger, Braas, Erlus, Koramic, Nelskamp, Delta, Rockwool, Isover, Ursa, usw.

University of St. Gallen created a 7-K-Model (Kundenorientierung des Managements, Konfiguration, Kommunikation, Kommerzialisierung, Kompetenz, Kooperation und Kontrolle), which can serve as an assessment model. This model is more applicable for studies with a deeper company analysis. In this study, elements such as communication, competence, product and marketing material, resource potential and the time frame play a more significant role. The element of cooperation or co-opetition is implicitly present when the service companies recommend their partners and use external partners as enabling factors for certain process parts.

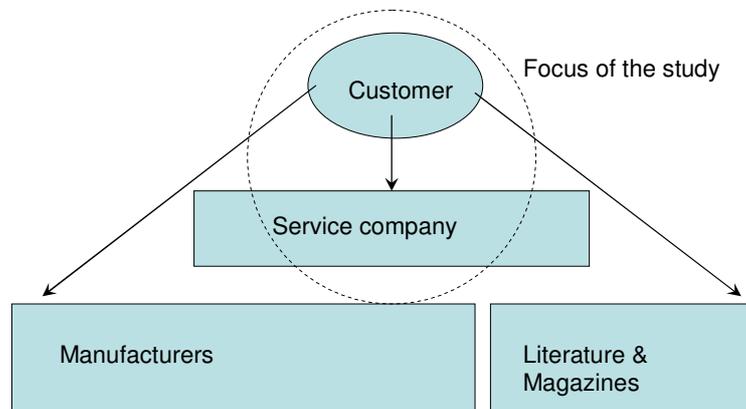
## METHOD

This study is a qualitative analysis of episodes in customer service and sales. It analyses 21 episodes, i.e. potential customer relationships. These process-parts reflect the customer interface on a personal level, not virtual or through third parties. The focus is on a dyadic relationship and from the perspective of the customer. The sensemaking logic follows the critical event flows and analyses particular trajectories, how a certain episode is stimulated and how it develops as a sales process. The method follows the line of thought of action research, in particular action inquiry of Willian Torbert:

Action inquiry is about discovering actions in real-time personal and professional settings that alert, attune, and sometimes even align self, immediate others, organizational strategies, and global vision and that encourage non-violent personal, organizational, and societal transformations.

The study represents action research where the researcher has a central role of the prospect/customer. The initiative and the communication and correspondence were documented and filed. In addition to that also a field research notes were taken and the individual processes were commented on continuous basis during their existence. In addition to the material collected from the service company the material was also enriched with material which was ordered directly from potential manufacturers. This supporting material was collected using the web-pages and the catalogue or product brochure services. Also some literature and magazines were collected and used as information sources, see Figure 1.

Figure 1. Data collection



The collected data was collected from services companies which were selected using following criteria (when available): Location, time plan, service, product range, qualifications, reference customers, recommendations. The service companies were approached by phone, fax or using [www.myhammer.de](http://www.myhammer.de) -platform for services companies. The interactive customer-seller relationship was then documented and organised from the perspective of purchasing: the request, the replies, the questions and answers, product related marketing material, offers and post-offer communication, in those cases where the process

lead to a buying decision also the rest of the correspondence and communication was collected and documented.

For the purpose of studying the episodes a retrospective analysis was carried out. The data was organised in time and in relation to the process as a whole, i.e. the activities of the competitors. This kind of temporal-structural mapping could give a “big picture” of the process and could allow a broader dyad-based critical event analysis in an embedded business environment, also in a business network context. Since many of the companies were found through recommendations it was necessary also to examine where and what kind of recommendation did appear.

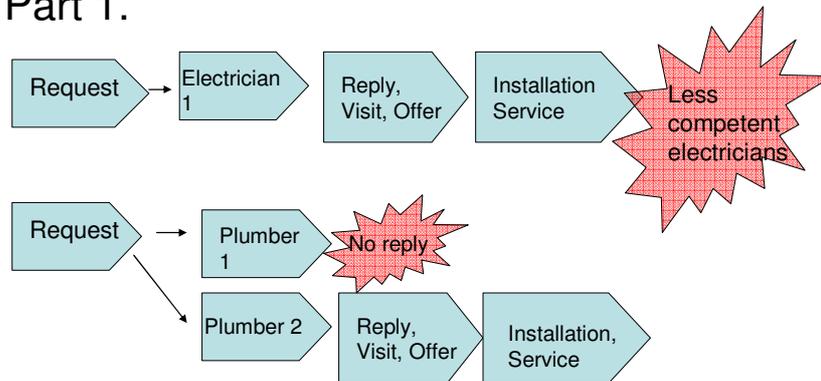
## THE ANALYSIS

The analysed episodes are each based on a specific need in a situation where no previous experience is available.

The first contact was to an electrician, who was needed to prepare the renovation for kitchen, see Figure 2. This contact was received through a recommendation. Unfortunately this well started episode did not satisfy the customer, the electrician was a less qualified trainee who created several problems due to lack of skills. The other electrician could not find solutions for the customer’s problems. Therefore after completing the agreed job, this company was no longer considered as competent enough for further projects. For the renovation of the kitchen also a plumber was needed. The plumber was found from the yellow pages. The other plumber company (Plumber 1) did not answer the phone and did not call back and was therefore excluded. This part was the beginning of a longer renovation process.

Figure 2.

• Part 1.



In both processes concerning the kitchen there were no product marketing material, no branding at all. The only material given was the written offer and the invoice. In short, the role of suppliers and their brand names was totally invisible. As this project consisted of more service than product, the service companies did not consider it relevant.

The continuation of this phase included a new request from the customer and this time this request was directed to a new electrician (Electrician 2) who was recommended by the

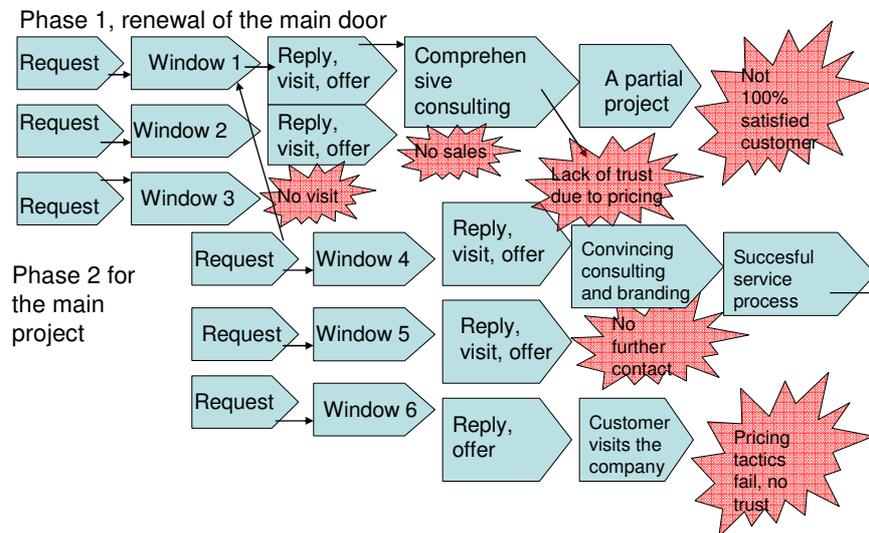
Plumber 2. The second electrician replied promptly and carried his work out successfully. Again, there were no marketing material exchanged, but the electrician 2 asked the customer about the function, design and colour related preferences.

The episodes concerning the renewal of doors and windows were highly interesting and indicated a very strong product influence. Here sales and marketing played an important role, see Figure 3. The project was done in two phases. Due to the acute need the main door and the security of the back door were up-dated quickly. These candidates were found from yellow pages and through internet, all of them were local companies. One of the companies, Window 1, showed the most professional approach in marketing and had the most well-known brand name in its product category. However, some minor negative details in this episode let the customer with some thoughts. The details were in technical aspects and were not clarified in advance.

After this partial project the second phase with complete renewal was carried out. Here the investment amount was already significantly above ten thousand Euros and several service companies were contacted. Both Window 1 and Window 6 had a good brand name, but both had problems in pricing policy and trust creation. The way how the sales efforts were carried out was not convincing, both companies tried to create a lock-in effect to get the customer, and this without answering all worries of the customer. Window 5 did the first part of sales activities in a proper manner, but after the offer there were not further contact and no clarification for those additional questions occurred during the customer visit. This lack of professional communication did not convince the customer, although the brand name and the technical arguments were outstanding. Window 4 was recommended and introduced by a friend. This company showed a very professional approach and comprehensive consulting and problem solving skills. In addition it communicated clear unique selling proposition with many positive arguments. The pricing was designed in a very customer-oriented manner without any kind of lock-in effects. The episode continued with this company as a service and window supplier. Everything ran well and indicated a true customer-orientation, for example, as there were health problems in the personnel, the owner took the place of the sick person instead and worked at the building site. The customer satisfaction was high and Window 4 became a partner for respective needs.

## Figure 3.

- Part 2 Renewal of windows and doors



For windows and doors the marketing material played a very significant role. Good product information was necessary and functioned as one important decision making criteria.

The difference between windows, doors and roofing products showed a peculiar discrepancy. Roofing products were not marketed with marketing material, they were not visibly branded or communicated, but were only as categories or as material visible. The expected product information did not fulfil the expectations.

Part 3, the process of renewing the roofing was again a larger project for which several episodes were necessary. There was one previously known company (Roofing 1), which was kind of inherited due to previous repair activities. This contact was organised by the bank and the previous owner of the house. Also the neighbour, who has a roofing company (Roofing 2), had assisted with some minor issues previously.

The purpose was to get 3 comparable offers. The contact information was collected using internet, [www.myhammer.de](http://www.myhammer.de), friends, other craftsmen and neighbours. In total 8 companies were asked for an offer. 3 companies from [www.myhammer.de](http://www.myhammer.de) were contacted, from these 2 never called back (Roofing 3 and 4). One company visited the building to prepare the offer, but never sent the offer (Roofing 5). A company recommended by friends (Roofing 6) also did not call back. The neighbour, the roofing entrepreneur, was informed about the project but he never sent an offer. Another friend recommended a scaffolding company which in turn recommended a roofing company (Roofing 7). This roofing company was contacted directly. The company replied, visited the site, but could not find free resources for the project at that point of time. After some months it could have been carried out. Therefore they did not send an offer. The situation got very strange since there was only one offer, from the Roofing 1. At this point of time Plumber 2 had a service appointment for the heating system and he was asked if he could recommend a suitable roofing company. He could and Roofing 8 was contacted immediately. Roofing 8 paid a visit and sent an offer. However, the product range of Roofing 8 in insulation products and processes, and the respective price level, were different. The price difference was more than 20% without

having a considerable quality or functional difference. Therefore Roofing 1 got the project. They also ensured that the time frame would hold. Roofing 1 also used personal selling effectively and instead of using marketing material, the entrepreneur brought roofing tiles to the customer and inserted them to the real environment. An additional benefit was the fact that Roofing 1 would include the scaffolding into its offer with full transparency. This element represented an additional service and time efficiency. Still, for the names of the products the customer had to ask for specification during the offer phase. The aspect of branding was not an explicit part of this episode, although the products are of central importance.

The partial painting of the house (outside) represented a continuation of part 3, the roofing process, since the same scaffolding could be used. Three local painting companies were contacted by phone. None of the companies called back. There was no kind of communication, no reply, no offer. The Roofing 1 entrepreneur was asked if he had suitable partners for painting. He had. The painting company (Painting 4) was contacted directly and the entrepreneur visited the site to prepare an offer. However, the offer did not arrive in time and Painting 4 had to be contacted 2 more times to get the offer. When the offer arrived it was accepted and the work was carried out well and in time. The coordination with Roofing 1 went well and showed an additional benefit. However, for other painting projects the relationship did not proceed. Painting 4 visited the site again, but did not send an offer. The episode was terminated after too long waiting time.

In painting the product name is again invisible and becomes visible only when especially requested. In the phase of working it becomes clear which company is the supplier, but before that there is no branding or marketing unless requested.

Gardening services for restructuring and storm damages represented minor episodes with more service orientation. The company Gardening 1, which performed respective services for the neighbours, was contacted. The entrepreneur visited the garden to prepare an offer, found only problems and showed no customer service or marketing skills. He left without giving his card or contact information and never sent an offer. After that new contacts were searched using [www.myhammer.de](http://www.myhammer.de). A local gardener, Gardening 2, was found through this service and the contract was given to him. The service process was excellent, most customer-oriented and the products were branded products offered with full transparency (from a well-known regional gardening company).

The Part 4 represents the renewal of flooring. Here one company (Flooring 1) was known due to a managerial contact, they had already made the floor at the company of the customer. The other candidates were chosen based on their product and service range. Also here 3 comparable offers was the target. Flooring 1 was contacted first. They gave some marketing material and sent the technician to visit the site. The offer did not fulfil the expectations, as the type of parquet did not match with the customer preferences. Flooring 1 did not contact the customer to ask if the offer was as expected. The project was left aside for a period of time due to time problems. Flooring 2 showroom was visited, but the customer service there advised the female customer to take her husband with next time and led to less professional impression, which terminated the candidacy. As the flooring project was reinitiated Flooring 1 Showroom was visited and a thorough discussion and selection process was completed. The customer also sent Flooring 1 the layout of the house and all relevant information per fax. The company could not access the first offer due to a change in the computer system. In

less than 2 weeks Flooring 1 sent a second offer, but the offer was not as expected. It did not fulfil the specification set by the customer and would require the customer to stay several days in a hotel. This disappointment led to a termination of this customer relationship, as the time invested did not bring any logical results.

Flooring 3 and Flooring 4, both internet-based flooring companies, were contacted in written. The catalogue ordering process in Flooring 3 failed, no catalogue arrived. Flooring 4 sent free samples and had a good communication process, but they could not offer the service as they did not have enough service partners. This aspect did not fit the idea of a “turn-key-flooring project”. Flooring 5 showroom was visited two times and a very professional and marketing oriented approach with company specific marketing material was obtained. This company gave a most competent and product-knowhow-intensive impression. As a well known traditional flooring company Flooring 5 illustrated a rather premium positioning, another offer was needed to conclude the deal. Parallel to Flooring 5 another flooring company was contacted. Flooring 6 could finally, after many requests of the customer, answer to the question if they also provide service. They introduced their partner who visited the site to prepare the offer. After the visit the customer waited 2 weeks, but still there was no offer. The frustrated customer terminated this customer relationship before its further continuation. Flooring 5 got the position of the flooring supplier without the other 2 offers.

How do small construction & renovation companies sell their services? Most of these service companies sell based very strongly on personal selling and word of mouth advertising. Their strategy is mainly reactive, often even dependent on other partners. The classical marketing material is not in a central role, also the element of branding is rather implicit. Still, there are differences and selling strategy and tactics show large variations. The episodes show remarkable company specific differences. How is the process constructed as an episode? These episodes were heavily dependent on the customer’s activity and they tended to stop before really starting, for example, due to lack of response. Many types of critical events can be identified. Communication was one main reason. What kind of marketing instruments are used? Personal selling was included in most cases, only the internet based companies need to use other tools. Advertising was very local and the usage of marketing material from the manufacturers was unacceptable. An overview to the date is presented in Figure 4.

Figure 4. The episodes in general

Firm	First contact by	Reply by phone or post	Personal selling	Product information and brochures	Company information and brochures	Webpages of the company	Advertising and other public B2C Marketing communication	Marketing material from manufacturer /supplier with service company information	Offer as requested	Phone call or other contact after the offer	Word of mouth advertising, reference customers, recommendations	Partner companies for additional activities/services/products	Service activity (contract)
Electrician 1	Customer	Phone	Visit	No	No	No	No	No	Yes	No	Recommendation	no	yes
Electrician 2	Customer	Phone	Visit	Oral information	Oral information	No	No	No	Yes	No	Recommendation	Yes	yes
Plumber 1	Customer	No	No	No	No	No	No	No	No	No	No	No	No
Plumber 2	Customer	Phone	Visit	Oral information	No	No	No	Only by request	Yes	No	No	Yes	yes
Window 1	Customer	Phone	Visit & Showroom	Yes	No	No	No	Yes	Yes	No	No	no	yes
Window 2	Customer	Phone	Visit	Yes	No	No	No	Yes	Yes	No	No	no	No
Window 3	Customer	Phone	No	Yes	Yes	Yes	Yes	Yes	No	No	No	no	No
Window 4	Customer	Phone	Visit	Yes	Oral information	No	Sponsoring	Yes	Yes	Yes	Recommendation	Yes	yes
Window 5	Customer	No	Visit & Showroom	Yes	No	Yes	Yes	Yes	Yes, mainly	No	No	Yes, a part of a group	No
Window 6	Customer	Phone	Customer visited the seller	Yes	No	No	No	No	Yes, but with a trick	Yes	No	no	No
Roofing 1	Customer	Phone	Visit	Oral information	No	No	Local billboards, etc	No	Yes	No	Yes, by bank	yes	yes
Roofing 2	Customer	No	Visit	Oral information	No	No	Local billboards, etc	No	No	No	WOM	No	Yes, temporary
Roofing 3	Customer	no	no	no	no	no	no	no	no	no	no	no	no
Roofing 4	Customer	no	no	no	no	no	no	no	no	no	no	no	no
Roofing 5	Customer	no	Visit	Oral information	No	No	Local billboards, etc	No	No	No	No	no	No
Roofing 6	Customer	No	No	No	No	Yes	No	No	No	No	Recommendation	no	No
Roofing 7	Customer	Phone	visit	Oral information	No	No	Local billboards, etc	Yes	yes, but no free resources	No	Recommendation	yes	No
Roofing 8	Customer	Phone	Visit	Oral information	No	No	No	Yes	yes, but another insulation method	No	Recommendation	yes	No
Painting 1	Customer	no	no	no	no	no	Local billboards, etc	no	no	no	no	no	no
Painting 2	Customer	no	no	no	no	no	Local billboards, etc	no	no	no	no	no	no
Painting 3	Customer	no	no	no	no	no	Local billboards, etc	no	no	no	no	no	no
Painting 4	Customer	Phone	Visit	Oral information	No	No	Local billboards, etc	No	yes	No	Recommendation	yes	yes
Gardening 1	Customer	Phone	Visit	no	no	no	no	no	no	no	no	no	no
Gardening 2	Customer	Internet/Phone	Visit	Oral information	No	No	No	No	yes	no	yes, myhammer	yes	Yes
Flooring 1	Customer	no	Visit & Showroom	Information material	Yes	Yes	Local billboards, etc	Yes	Yes, but not as expected, 2 times wrong	No	Recommendation	Yes, part of a network	no
Flooring 2	Customer	No	Visit & Showroom	Information material	Yes	Yes	Local billboards, etc	Yes	No, only oral prices	No	No	Yes, part of a group	No
Flooring 3	Customer	Internet	Internet catalog+ assistance	E-Material (PDF)	Yes	Yes	Internet marketing (Google)	Yes	no, e-purchasing only	No	No	no information	No
Flooring 4	Customer	Internet	Internet catalog+ assistance	E-Material (PDF)	Yes	Yes	Internet marketing (Google)	Yes	no, e-purchasing only	No	No	no local partners	No

## CONCLUSIONS AND DISCUSSION

The research findings indicate indeed that there is remarkable problem area in marketing, branding, marketing material usage and personal selling. In the German crafts sector it seems that the mechanisms of marketing and sales vary greatly from those in the marketing books and other service sectors such as tourisms. In Germany the word *Servicewüste* has been used to describe the situation in service business, sales and post-sales activities. The study of Institut für Versicherungswirtschaft an der Universität St. Gallen researched 108 companies in terms of customer orientation and showed positive results, however the top performers were not craft companies.

Here the customer perspective forms the focus. The minimum expectations were often not held, not even in the process of selling. St. Gallen's results showed improvements, however, in this intrinsic study there is no dynamic or comparison to indicate any improvement or change. It is only a snapshot study of 30 episodes.

The customer service and sales activities of crafts companies could not be rated as satisfactory in general regarding the findings of this study. The critical events identified illustrated serious management and organisation problems, which reached partially a level of banality. The critical events were in most cases activities which did not take place and left serious lack or gap- type of problems in the flow of a customer relationship process. The interaction got stopped or hindered due to these gaps and led to a termination of interest.

The episodes analysed indicate a strong need for improvement, but it is questionable if this need is perceived at the company level. The seller-perspective of the dyad might not perceive the situation at all. Therefore it would be useful to analyse respective customer relationship episodes from the seller's perspective and compare both analysis to identify common interests and improvement potential.

Since most of the products here are branded products it also shows a striking lack of existence of marketing communication on the level of service companies in many episodes. Many products have important technical characteristics which require proper marketing material and product information with USP. The usage of qualifying and order winning criteria was not satisfactory in these episodes in general. Also as we speak about investment goods they need to convince the customer to move into the action phase and purchase. An environment of product and company related trust, "a good deal", is necessary in order to have satisfied customers. Overall the studied episodes on the retail level show poor marketing, communication and organisational competencies or at least their utilisation with the exceptions of some more professionally led companies.

Amazingly the marketing competencies of the manufacturers are not transmitted further in the vertical value chain. In these episodes, there is a remarkable lack of interest, information and training when it comes to marketing activities. The effect of brand transfer is ignored to a large extent, which is surprising, since it might be a good tool for the branding of the service company itself. On the other hand, the negative perception of the customer may also reflect on the manufacturer's brand when the service quality is not acceptable. In fact the salesperson may turn into a gatekeeper or trouble maker creating a hindrance or a crisis (Halinen & Salmi 2001, p.15). The manufacturers might not see the same horizon as the customers, not to speak about the craftsmen. This presents a danger that the marketing decisions on the manufacturer level are not based on realistic data. The network integration in the form of category management and trade marketing would be necessary to improve the level interaction.

Only in the flooring and window business the manufacturers have managed to establish marketing communication and branding activities all the way to the customer interface. Due

to the limitation of research it is not possible to identify where the gaps begin. It is also restricted to few fields of crafts business and does not give a holistic picture of the market. Despite the idiographic nature of this study, it gives strong evidence that there is a bottleneck which requires further research to be understood in its overall impact as well.

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