

# 2015



## HC GROEP

HC BARCOL-AIR | AIR DISTRIBUTION

# HOW SELLING AIR BECOMES A BREEZE

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HC Groep | HC Barcol-Air

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**“HOW SELLING AIR BECOMES A BREEZE”**  
Strategic marketing plan to increase sales in export markets

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## Acknowledgements

In front of you is my thesis, a strategic marketing plan, the result of my final internship at HC Barcol-Air in Purmerend. Through this thesis I will finalize my degree in International Business and Languages at Fontys University of Applied Sciences in Tilburg.

In order to write my thesis, I had to dive into the technical world of air distribution which was completely new to me. I could not have done this without the support and guidance of several people at HC Barcol-Air who I would like to give special thanks to. Firstly, I would like to thank my supervisor at the company, Mr. Wiersma, for giving me the freedom to write my thesis and support me wherever necessary. Secondly, I would like to thank all the employees of the export department for welcoming me and always being interested and willing to help or just willing to have a nice conversation about the weekend. Thirdly, I would like to thank the management of the HC Groep for taking my plan into consideration and realizing that the export department needs support.

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I have had a very pleasant time at HC Barcol-Air, even the nomad lifestyle I had to adopt for a couple of months grew on me. From here, it is on to my next adventure starting my new job as soon as I graduate.

José Straver  
Purmerend  
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## Management summary

The main problem this research is conducted for is stated as follows:

What must the marketing strategy for the export department of HC Barcol-Air, based on the United Arab Emirates, look like so that the distributors can generate more visibility for the company, create a competitive advantage and use specified marketing tools to reach an export turnover growth of 5% in year 1 (2016), 10% in year 3 (2018) and 15% in year 5 (2020), measured in euros?

Addressing this problem involves two important plans:

- Organizational restructuring of the export department.
- Formulating a clear marketing communication strategy for the export department.

Research conducted in order to write both plans were:

1. Internal analysis: showed an understaffed export department and a lack of marketing strategy or input for marketing tools.
2. External analysis of the market in the United Arab Emirates, since this is currently the biggest export market for the company: showed that the market is growing so there is more turnover to accomplish and the distributors suggested improvements for the marketing strategy as well as for the support from the export department. Based on interviews with distributors and a competitor analysis, the most important marketing changes are:
  - Creating an online product catalog.
  - Rewrite the English part of the website to fit the export department.
  - Focus on quality, knowledge and experience instead of suggesting the entire HVAC system can be supplied.
  - Maintaining distributor relationships proactively, not only when they are involved in a project but on a regular basis.
  - Set targets for distributors in their contracts to trigger them and show them the relationship is valuable.

### *Organizational restructuring export department*



This restructuring will yield more time for the export manager to support, educate and manage his departments, both the export and the R&D department. Next to this, it will create time to proactively maintain relationships with distributors and supply input for, or adapt, marketing tools.

### *Marketing communication plan*

Together with the restructuring of the export department, a marketing communication plan has to be implemented. The most important is the redefining of the positioning statement, resetting the focus for the export department on quality, knowledge and experience. Next to this, marketing tools need to be created and/or adapted in order to achieve the goals set in the overall problem:

- English part of the corporate website needs to be changed.
- URL of English part of the website needs to be made visible.
- The findability needs to be improved so that potential clients can find the company when searching for air-distribution.

- A distributor overview needs to be created for the website so that clients can find a distributor in their specific region.
- An online product catalog needs to be created to supply product information to clients and distributors.
- Corporate profile and leaflets need to be updated and adapted to the new positioning.
- The online reference list needs to be visualized and kept up to date.
- The newsfeed on the website needs to be kept up to date.
- The distributors should have training available to them to learn the new positioning of HC Barcol-Air and adapt their story accordingly.

These tasks will be handled by the new export employee, together with the current marketing communications advisor Mrs. Quint.

#### *Budget: costs and profits*

Implementing both the organizational and the marketing communication plan will result in an export turnover that is in accordance with the goals stated in the central problem. This ultimately shows in the profits for the upcoming years that will grow as well.

#### **Total budget (Projected income statement)**

		2016	2018	2020
<b>1. Sales budget :</b>	Estimated sales	€ 3.619.875	€ 3.792.250	€ 3.964.625
<b>2. Production budget :</b>	Costs of goods sold	€ 2.804.025	€ 2.937.550	€ 3.071.075
	Gross margin	€ 815.850	€ 854.700	€ 893.550
<b>3. Marketing budget :</b>	Marketing costs	€ 101.298	€ 101.545	€ 105.243
<b>4. Overhead budget:</b>	Overhead costs	€ 183.750	€ 192.500	€ 201.250
	Total general costs	€ 285.048	€ 294.045	€ 306.493
	<b><u>Profit before tax</u></b>	<b>€ 530.802</b>	<b>€ 560.655</b>	<b>€ 587.057</b>
	Corporate tax 20%	€ 106.160	€ 112.131	€ 117.411
	<b>Profit after corporate tax</b>	<b>€ 424.642</b>	<b>€ 448.524</b>	<b>€ 469.646</b>

#### *Consequences*

Finally, it is important to realize the positive results of implementing both plans:

- Turnover export department grows.
- The export manager has time to support and guide his departments.
- The marketing communications advisor has more time to focus on the marketing strategy for the entire HC Groep.
- Employees from the export department have more time to go the extra mile for a project.
- The rest of the organization of HC Barcol-Air can take the export department as an example and make similar changes.
- By creating a website that supports the company story and has a clear overview of products, a lot of time is saved answering questions from clients and distributors that can now be found online.

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# 1. Introduction

In order to achieve the optimal result at the end of this research report, it is important to set up a clear plan to get to this result. This includes the definition of the problem, the background of the problem, research questions & goals, research methods and accountability. After reading this chapter, the aim of this research report will be evident and will be a check at the end to see if the plan is valid.

## 1.1 Company profile

HC Barcol-Air is part of the HC Groep which consists of ten companies in total, where each individual company is responsible for a specific product or service. Although the headquarters of the HC Groep is located in Waalwijk, HC Barcol-Air together with HC RT has their own headquarters in Purmerend where over 70 people work on a daily basis. HC Barcol-Air is specialized in designing, developing and realizing a perfect thermal indoor climate for commercial buildings, with a minimum use of energy. The company supplies two main products: air distribution & controls and as such has a unique combined experience in both areas. Also, the company has 6 in-house engineers within the R&D department, a full scale climate room and is able to develop over 2500 specialized products for specific projects. HC Barcol-Air is active on the international market in over 50 countries with 35 distributors.

## 1.2 Background of the problem and research motivation

As a company, HC Barcol-Air is already active in several international markets, such as Europe, the Middle East and Asia. The export department uses local distributors to sell the products of HC Barcol-Air in the different markets overseas.

As part of the HC Groep, HC Barcol-Air is sharing one marketing department, which consists of only one person, with the entire group. This department is responsible for all marketing outlets of the entire group. This is why the export manager tries to help with the marketing for his department as much as possible but there is a lack of time and strategy to successfully grow the export department.

In light of all this, the export manager wants to create a clear marketing strategy including the right tools to reach current and potential new clients by using the current distributors. Since it is impossible to analyze the entire export market with all the countries where HC Barcol-Air is active, the focus of this research will be on the Middle East. The Middle East for HC Barcol-Air consists of Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and the United Arab Emirates. This region has been chosen because most of the overseas business is generated here and the building sector is growing in this region. Although the company is very happy with the amount of business generated in the Middle East, it has no idea if there is more market to gain and how to obtain this through successful marketing.

Research needs to be done into the way that marketing is currently being done, how the company wants the whole world to see them, what the distributors need and want to be able to successfully sell the products and eventually, a new marketing strategy and implementation plan needs to be written. When this new strategy is made, the company can use the general guidelines of the strategy in other overseas markets and customize it to the specific needs in these markets. Since the Middle East as a region is too big in order to get the best research results, the focus of the research will be on the United Arab Emirates because this is the biggest market for Barcol-Air and the fastest growing market in the region with Dubai and Abu Dhabi. Next to this, the number of distributors in the United Arab Emirates is the highest which provides a good opportunity for email questionnaires to send to the distributors to find out their needs regarding marketing tools and strategy from HC Barcol-Air.



Based on the new marketing strategy, the goal overall goal for the export department is to grow the amount of revenue generated through export to the same level as the revenue generated by domestic sales. In order to accomplish this, the marketing strategy will be used across all the export markets.

#### *Internal research motivation*

A clear marketing strategy with clear and useful marketing tools, specifically for the export department of HC Barcol-Air are needed because there is no clear marketing strategy which makes it difficult to create marketing materials and really make an improvement in the export market. Also, by creating a clear marketing strategy, the workload will decrease whereas the effectiveness will increase: less work and more results.

#### *External research motivation*

In recent years, the construction industry in Western countries has suffered immensely from the financial crisis. The same industry in the Middle East on the other hand is growing, for example the industry in the United Arab Emirates has an average growth rate of 6.2% over the period 2014-2019 (Business Monitor International Ltd., 2014). Because of the growing market, a clear marketing strategy for the export department is vital to ensure that the distributors can sell their products to as many new projects as possible.

### **1.3 Definition of the problem**

What must the marketing strategy for the export department of HC Barcol-Air, based on the United Arab Emirates, look like so that the distributors can generate more visibility for the company, create a competitive advantage and use specified marketing tools to reach an export turnover growth of 5% in year 1 (2016), 10% in year 3 (2018) and 15% in year 5 (2020), measured in euros?

### **1.4 Research objectives**

#### **Research goals**

- Examine the current marketing strategy: which marketing tools are used and what do they look like.
- Examine the gaps in the current marketing strategy and how can the company fill these gaps.
- Examine the marketing strategies of competitors: what do they do and how can the company be different.
- Examine which marketing tools the company should use and what they should look like to be successful for the target market.
- Examine who the current and potential clients are in the target market.
- Determine which marketing tools and media should be used to reach the target group and company goals.

## Research questions

In order to reach the research goals stated above, several research questions have been formulated. These questions, together with the research method used to answer them, can be found in the following table.

	Research objective	#	Research question	Data collection method	Result
2	Internal analysis HC Barcol-Air	1	What are HC Barcol-Air's mission, vision and positioning statement?	Desk research & internal sources	Determining the strengths and weaknesses of HC Barcol-Air
		2	What does the organization structure of HC Barcol-Air look like?	Desk research & internal sources	
		3	What kind of company culture does HC Barcol-Air have?	Internal sources and experience	
		4	What is the current company strategy?	Internal sources	
		5	What is the target group for HC Barcol-Air?	Internal sources	
		6	How does the target group have access to the products of HC Barcol-Air?	Desk research & internal sources	
		7	What is the current marketing strategy of HC Barcol-Air?	Interview with Marketing & Communication advisor	
		8	What are the USP's for HC Barcol-Air?	Desk research & internal sources Value strategies (Treacy & Wiersema)	
		9	What is the current marketing budget for HC Barcol-Air?	Interview with Marketing & Communication advisor	
3	External analysis: analyzing the industry	10	What are the relevant demographic, economic, social, technological, ecological and political circumstances in the market for HC Barcol-Air?	PESTLE analysis based on desk research	Determining the opportunities and threats for HC Barcol-Air in the market
		11	What is the current market share of HC Barcol-Air in the market?	Desk research	
		12	What is the size of the possible market for HC Barcol-Air?	Desk research	

		13	Who are the main competitors for HC Barcol-Air in the market?	Desk research & internal sources Competitor analysis (Porter's 5 forces)	
		14	Which products are offered by the competition?	Desk & field research	
		15	Does the competition have unique USP's?	Desk & field research	
		16	What type of marketing tools/strategy does the competition use?	Desk & field research	
		17	Who are the main and potential customers for HC Barcol-Air?	Desk & field research and 6 W's from Ferrel analysis	
		18	How much market share does HC Barcol-Air want and is achievable within 3-5 years?	Desk & field research	
4	Strategic options	19	Which marketing communication strategy is desired by clients of HC Barcol-Air?	Desk & field research	Determining the correct marketing communication strategy for HC Barcol-Air
		20	Which marketing communication strategy is most suitable for HC Barcol-Air?	SWOT analysis and confrontation matrix FOETSJE analysis	
		21	Which option gives HC Barcol-Air the desired market share over the next 3-5 years?	Desk & field research Based on the confrontation matrix and FOETSJE analysis	
5	Creating a specific marketing communication plan	22	What are the marketing goals for HC Barcol-Air?	Desk & field research	Solving the problem definition stated at the beginning of the report
		23	What are the improved marketing proposition and positioning for HC Barcol-Air?	Desk & field research	
		24	What is the target group regarding the new marketing strategy for HC Barcol-Air?	Desk & field research	
		25	What is the creative concept for HC Barcol-Air regarding marketing communication?	Desk & field research	
		26	Which types of media are to be used by HC Barcol-Air to implement the marketing strategy?	Desk & field research	
		27	What is the budget for realizing the marketing communication plan?	Desk & field research	

		28	What is the timetable for implementing the marketing communication plan?	Desk & field research	
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## 1.5 Research methodology

Over the course of this report, several kinds of research will be used which can be divided into two groups:

- *Desk research*

This will consist of using already available information such as the internet, books, previous research, internal reports and presentations. Performing this research will take place at the HC Barcol-Air office in Purmerend, the company will supply a laptop and access to the internet and all relevant internal documentation. The main sources that will be used to gather information about the market and the company are available at the Fontys portal, at the Mediatheek. The sources used are Business Source Premier, Euromonitor and Company.info. In order to get the best results from these databases, the following search criteria will be used: country reports for different countries in the Middle East, industry reports and the company name. Over the course of the research, other terms will come up that are useful in gathering information, these will be added to the methodology when the report is finished.

- *Field research*

This will consist of qualitative research, namely in-depth interviews. Several different target groups will be interviewed, such as internal experts (marketing advisor), current representatives/distributors, current clients and employees of different departments. The internal experts and employees can be interviewed face to face since they are in the Netherlands. On the other hand, distributors and current clients are overseas and will be interviewed using a short questionnaire sent via e-mail and through a conference call to further explain the questions and gather more information. This field research will be executed at the HC Barcol-Air office in Purmerend, using an e-mail address provided by the company to contact distributors and current clients. Next to this, the interviews with internal experts and other employees will take place at this location. The methods used for qualitative research are selected because they will yield the most valuable information and because it is possible to ask exactly those questions that you want answered. Next to this, by interviewing people, additional information will be gathered since the interviewee will talk more in-depth about the subject at hand. The e-mail questionnaires are chosen because it is impossible to interview the distributors face to face, since they are overseas. Also, by keeping the questionnaire short and simple, the distributors will take it more seriously than for example a long questionnaire which takes up too much of their valuable time.

Over the course of this report, several models will be used to clarify research results and to support chosen strategies. An overview of the models used and a more clear explanation why they are used can be found in the table below.

MODEL	WHY IS IT USED AND WHERE IN THE REPORT
Value strategies model by Treacy & Wiersema	It is used to determine the current product strategy used by the company.  It can be found in the internal analysis, chapter

	2, of the report.
PESTLE analysis	<p>It is used to gain more insight into the opportunities and threats for the business from the macro-environment in the Middle East.</p> <p>It can be found in the external analysis, chapter 3, of the report.</p>
Porter's 5 forces model	<p>It is used to analyze the competitor environment in the market. Also, it will show the position of the company in relation to it's competitors.</p> <p>It can be found in the external analysis, chapter 3, of the report.</p>
Ferrel's 6 W's model	<p>It is used to determine the current customers, as well as potential customers and why they buy or don't buy the products of HC Barcol-Air.</p> <p>It can be found in the external analysis, chapter 3, of the report.</p>
SWOT analysis	<p>It is used to determine the strengths and weaknesses of the organization based on the internal analysis. Next to this, it is used to determine the opportunities and threats which are derived from the external analysis.</p> <p>It can be found under strategic options, chapter 4, of the report.</p>
Confrontation matrix	<p>It is used to supply possible strategies based on the SWOT analysis. It gives in insight into the best match between strength and opportunity which gives the company an competitive advantage.</p> <p>It can be found under strategic options, chapter 4, of the report.</p>
FOETSJE analysis	<p>It is used to determine if the option that flows out of the confrontation matrix can be done based on the internal goals and resources.</p> <p>It can be found under strategic options, chapter 4, of the report.</p>

Over the course of the research, other models or analysis can turn out to be useful. In this case, the used models will be added to the table above, including an explanation why they are relevant and why the decision has been made to use them.

## 1.6 Research quality assurance

To assure the quality of the research conducted, the interviews as well as the e-mail questionnaire, three important factors need to be considered.

### *Representativeness*

The decision which person to select for the interviews is based on the knowledge they have of a certain area of the company. This area of expertise, as well as their current job description, needs to be relevant for the outcome of this report. Two people have already been selected as the main source of information, namely: the export manager and the marketing communications advisor. If needed, more internal sources will be interviewed based on the information that is necessary to complete the research.

The questionnaires will be e-mailed to all the distributors active for the United Arab Emirates, currently 5 companies. Since the population of 5 distributors is small, the decision has been made to involve all of them in the research process. Since the population is small, after the questionnaire has been sent, a conference call will be made to gather all the information and answers to the questions. Furthermore, by making sure the interview is done over the phone, more questions can be asked and the research will be more valid.

It is not possible to interview the end consumers of the products of HC Barcol-Air in the United Arab Emirates since these are people involved in the design of a building, construction companies or lobbyists. It has become clear that these parties are not available for interviews and since the necessary information can be obtained from the distributors who know the market well, these parties are not interviewed.

### *Reliability*

To ensure reliability in the interview results, every interview will take place under the same circumstances. An interview room will be booked so that the environment will be the same for everyone and there will be no distractions during the course of the interview. This will ensure that the result will be the same if the research was conducted again under the same circumstances.

To ensure reliability in the e-mail questionnaires, all 5 distributors will be contacted to ensure that they respond to the questionnaire. Given the fact that a questionnaire will be too little to conduct reliable research, there will be follow up conference calls to obtain answers to the questions and gather more information on the subject.

The preliminary results of both the interviews and the e-mail questionnaire will be discussed in the export meeting so that it generates a clear picture and nuancing. When the results are discussed in a group, it can lead to new insights and other interpretations of answers which will draw a clearer picture to use in the SWOT analysis and in the formulation of a new strategy.

### *Validity*

To ensure the validity of the research methods, the questions used will be pre-determined and checked by two people, one from the organization and one from Fontys. The questions will be based on the research questions formulated for this report, this to make sure that the outcome of the interviews and conference calls covers the information that is needed.

## **1.7 Reading guide**

This report consists of 7 chapters. In chapter 2, the internal organization of HC Barcol-Air will be reviewed and thoroughly described. Chapter 3 will cover the external organization, consisting of several analysis such as a market analysis, a competitor analysis and a customer analysis. In chapter 4, the conclusions from chapters 2 & 3 will be used to determine the strategy based on a SWOT analysis and confrontation matrix, amongst other things. Chapter 5 contains a strategic marketing plan which uses the information from the research chapters to determine the key marketing strategy and tools. Chapter 6 contains a plan to restructure the organization of the export department. To conclude, chapter 7 holds a budget and planning to accompany the marketing strategy.

## **1.8 Evaluation**

After talking to people within the organization and interviewing the distributors, it became clear which parts in the marketing strategy are missing. Next to this, it became apparent that if the company wants to implement an export marketing strategy the organization of the export department must be reviewed first. This is why an extra chapter has been added after the strategic marketing plan to address this issue.

Furthermore, the research has been conducted as stated above. All 5 distributors have been interviewed over the phone, using conference calls. Next to this, the export manager, the marketing communications advisor and the export department have been interviewed to gather information.

Addressing the problem that the organization of the export department is facing, an extra chapter is inserted after chapter 5 which thoroughly explains the steps to be taken to restructure the organization.

## 2. Internal analysis

This chapter will discuss, in more detail, the company HC Barcol-Air based on its organization, structure, marketing and strategy. At the end of this analysis, the strengths and weaknesses of the company will be apparent and these can be taken into the SWOT analysis and the confrontation matrix.

### 2.1 Company

#### 2.1.1 Mission statement

*“HC Barcol-Air is specialized in designing, developing and realizing a perfect thermal indoor climate. All in compliance with the demands of the client, consultant and architect. For small and large projects, from single products to complete installations, including design and climate laboratory test according to ISO standards” (HC Barcol-Air, 2013).*

#### 2.1.2 Vision

*“Designing and developing products and systems to create and control the environment in commercial buildings, using a minimum energy and providing optimal comfort” (HC Barcol-Air, 2013).*

#### 2.1.3 Positioning

*“The name HC Barcol-Air must be synonym for thermal comfort and quality” (HC Barcol-Air, 2013).* The company positions itself as a domestic market leader and a trendsetter through a wide range of excellent products and technical expertise.

Nevertheless, as clearly stated in the export meeting in appendix 5, the positioning is not clear as far as the export markets go. For example, whenever a client or distributor visits the offices in Purmerend, they are surprised to see that it is not a production facility but only an assembly point. Also, the suggestion is created that HC Barcol-Air can supply the entire HVAC system abroad which is not true, this is only possible on the domestic market but the knowledge of the entire system is a big plus and can be used to promote the company abroad.

#### 2.1.4 Current strategy

HC Barcol-Air operates under a strategy they named ‘One Source, One Responsibility’ which combines a wide range of products and systems, expertise, service and experience to create excellence. All the different divisions of the HC groep combined can create a completely integrated HVAC system with guaranteed perfect operations and performance. This is also referred to as ‘Single source, Single responsibility’, meaning the same thing as mentioned above. Supplying the entire system however, is restricted to the domestic market and is not sold abroad. Only the knowledge that comes with designing a complete system is added value in the export markets but there is no specific strategy formulated for the export department which takes this into account.

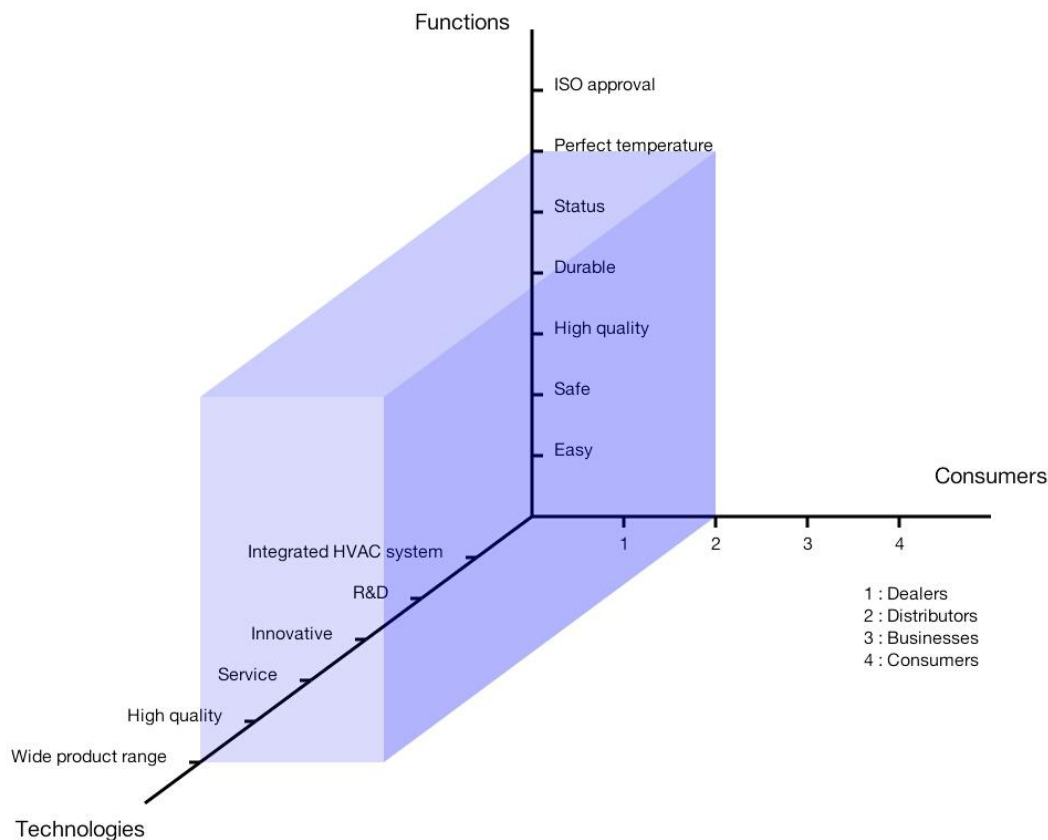
If we compare the current strategy to Tracy and Wiersema's value strategies (Alsem, Strategische Marketing Planning, 1999), it is clear that HC Barcol-Air has chosen to adapt the product leadership strategy above the other two strategies which are operational excellence and customer intimacy. The company can create specific products and/or a completely customized system for every project and is therefore unique. The fact that the company can create a completely customized system could also be a part of the customer intimacy strategy but since this is only done on the domestic market, the overall strategy for the export department focuses on product leadership. In the future, this will stay the same because of the high level of specialized knowledge needed for these products and the fact that some other products are produced cheaper on the foreign domestic markets.



Another comparison can be made to Porter's generic strategy (Alsem, Strategische Marketing Planning, 2009) which is made up out of three categories: differentiation, cost leadership and focus. The strategy of differentiation is similar to the product leadership of Treacy and Wiersema and therefore applicable to HC Barcol-Air.

### 2.1.5 Business definition

As a tool to define the business that HC Barcol-Air is in, the Abell analysis creates a clear picture. The analysis is built on three dimensions: identifying the market segments or consumers, identifying the functions that the consumers want/need and identifying which technologies are used to fulfill the functional needs of the consumers. The company acts as a player in the B2B market, consumers in this case are the people who decide which air-distribution products will be used in a building, they are the decision makers regarding the products that HC Barcol-Air exports.



**Figure 1: Abell model for HC Barcol-Air**

Keeping in mind that this is the Abell model for the entire organization of HC Barcol-Air, when specified for the export department the integrated HVAC system will refer to the knowledge of the technology rather than to the actual system.

## 2.2 Organization

The history of HC Barcol-Air dates back to 1933, when the American company named Barber-Colman started creating Air Distribution products and controls. A year later, in 1934, the company signed a contract with a company from Amsterdam named “Industriële & Handels Mij”. Almost 50 years later, in 1982, Barber Colman founded a Dutch subsidiary named Barcol-Air BV. During the next years, Barber-Colman is purchased by another company and after that merges with a third company. Eventually, in 2006, Barcol-Air BV is purchased by the HC Groep and is now one of the ten companies under its wings.

The HC Groep has two bases of operations, the main headquarters in Waalwijk and a secondary office in Purmerend. This secondary office only houses two of the companies of the HC Groep, namely HC Barcol-Air and HC RT (controls), the other companies all have their main office at the Waalwijk location.

The two companies in Purmerend are line organizations since the staff is divided into departments. The two companies share several departments such as HR, Marketing & Communication and Finance. Apart from these three departments, HC Barcol-Air has four major departments of its own, namely: Sales (domestic), Sales (export), R&D and Production/Buyers/Logistics which are more clearly shown in the flowchart in appendix 1.

### 2.2.1 Export department organization

This report is relevant for the export department of HC Barcol-Air, which is why the organization of this department is important. Currently, the export department consists of three people:

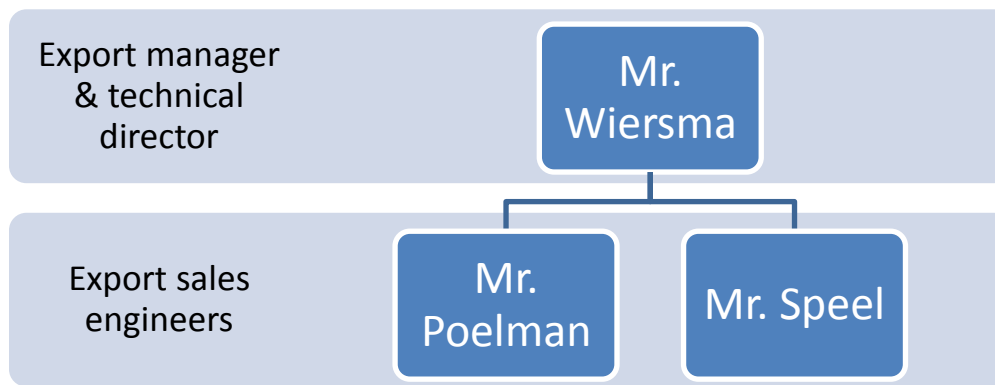


Figure 2: Flowchart export department

There are several tasks formulated for each employee in this department:

Employee	Tasks
Mr. Wiersma	<ul style="list-style-type: none"><li>- Delegating tasks and overseeing their proper completion.</li><li>- Keep an overview of tasks performed and need to be performed by export sales engineers as well as the product developers.</li><li>- Creating a strategy for the export department.</li><li>- Managing relationships with clients.</li><li>- Teaching and supporting employees of both the export department and the product development department.</li><li>- Checking orders that go out to clients.</li><li>- Report to management about the technical product development and the export department.</li></ul>

Mr. Poelman	<ul style="list-style-type: none"> <li>- Managing relationships with all distributors.</li> <li>- Managing relationships with clients.</li> <li>- Support for distributors and clients when they want to order products.</li> <li>- Creating offers for projects.</li> </ul>
Mr. Speel	<ul style="list-style-type: none"> <li>- Putting each order into the order systems.</li> <li>- Following up with orders that are already in the system.</li> <li>- Checking orders and shipments that have to go out.</li> <li>- Supplying every extra service that is agreed upon for an order (for example stickers to put on products).</li> </ul>

In the current situation, the tasks as described are not the tasks that are actually being fulfilled. This is mainly due to the fact that the export department is understaffed. The tasks that are performed are:

### Employee Tasks

Mr. Wiersma	<ul style="list-style-type: none"> <li>- Creating offers for projects.</li> <li>- Maintaining relationships with clients.</li> <li>- Answering questions from customers/distributors from the export markets.</li> </ul>
Mr. Poelman	<ul style="list-style-type: none"> <li>- Managing relationships with distributors, almost only in the Middle East.</li> <li>- Managing relationships with clients in the Middle East.</li> <li>- Support for distributors and clients in the Middle East.</li> <li>- Creating offers, mainly for projects in the Middle East.</li> </ul>
Mr. Speel	<ul style="list-style-type: none"> <li>- Uploading orders into three different systems.</li> <li>- Creating additional materials to go with products (such as stickers).</li> </ul>

As clearly shown by the above tables, the tasks that are being performed are not the same as those that are formulated. This is mainly due to the fact that there is too little time to do everything. All employees of the export department have to prioritize their daily activities since the list is too long. As a result, work that is not on top of the list is left behind. The first activities to go are those related to marketing and communication which are hugely important when it comes to selling products. The most implications of this situation are:

- Mr. Wiersma has too many operational activities to perform which leaves no time to observe and support neither the export sales engineers nor the product developers. His job as technical director/export manager is to direct, develop and support the people working for him but since he is caught up in operational activities, this is not a priority.
- Mr. Poelman can only focus on the distributors that ask for guidance and the ones in the Middle East, where the most export sales are generated at the moment. All the other distributors are not proactively contacted since there is no time. As a result, the export department does not specifically know what is going on with the other distributors, how much effort they put into selling their products, what kind of marketing support they need and so on.
- Mr. Speel focuses mainly on the order system and making sure every order is uploaded into the three different systems the company uses. Due to the difficulty of working with different programs and the high margin of error, it takes a lot of time for each order to be completed into the systems.

This leaves less time to follow up on orders and check the status of these orders. Next to this, when more orders come in, there is not enough time to correctly put them into every system so whenever the amount of orders will grow in the future, there will not be enough time to follow up on them or even upload them.

Based on the situation described above, there is a need for more time for every employee of the export department.

### **2.2.2 Company culture**

The culture within the company is informal, based on the dress code, which is casual so no suits but jeans and a nice shirt, and the first name basis that is used to talk to each other. Furthermore, the policy regarding interns is that everybody needs to make time for them whenever they want to ask them something. This results in a very open culture where everybody has access to the same information and people are motivated to communicate with each other.

In general, the company culture is based on trust which shows in the fact that there is no time-stamp system to register the time you work. People are responsible for the amount of hours they work and by social control; people will stick to their hours which are between 8.30am and 5.00pm. Furthermore, there are certain unwritten 'rules' regarding lunch time, for example the fact that different departments have different lunch times, ensuring that there is enough space in the cafeteria for everyone.

### **2.2.3 Corporate social responsibility**

HC Barcol-Air values CSR and therefore strives to achieve the highest LEED<sup>1</sup> and BREEAM<sup>2</sup> standards possible. This is done through developing and testing (new) products and combining these products with the knowledge of the controls division. Furthermore, the company is in the process of applying for ISO 9001 certification, they already comply with all the requirements but are not officially certified yet.

## **2.3 Marketing mix**

Since this report focuses on the export department of HC Barcol-Air, the description of the marketing mix will focus on the export market as well. The target group consists of four major components:

- Office buildings and hotels.
- Healthcare and hospitals.
- Educational institutions.
- Specials such as theatres, museums and sports centers.

The target groups mentioned above are sectors within the economy which need buildings and have a need for a perfect indoor climate which can be adapted to certain wishes. For example, hospitals need clean air to flow around the rooms but also want to have the option to change the temperature between rooms since some patients need a warm environment and others need a cooler environment.

### **2.3.1 Product**

HC Barcol-Air does not produce the products they sell themselves. The different parts of the products are produced somewhere else, for example the steal boxes for the VAV are produced in Slovakia or Poland. All the parts are shipped to the assembly department in Purmerend where all the components are assembled into the final product. Next to this, extra components can be added such as measuring devices and controls.

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<sup>1</sup> LEED (Leadership in Energy & Environmental Design): certified buildings save resources and money while also having a positive impact on the health of occupants and promoting renewable, clean energy (U.S. Green Building Council).

<sup>2</sup> BREEAM: standard for sustainable building design, construction and operation (BREEAM).

HC Barcol-Air does not export its total product assortment; only two main groups of products are suitable for export when taking into account the cost of the product and the transportation costs. Those two product groups are:

- VAV (Variable Air Volume) and plug & play (wired, calibrated and pre-fitted controls).
- Chilled beams (testing, designing and sales).

In terms of marketing, it is important to look at the different product levels to gain insight into what HC Barcol-Air is actually selling.

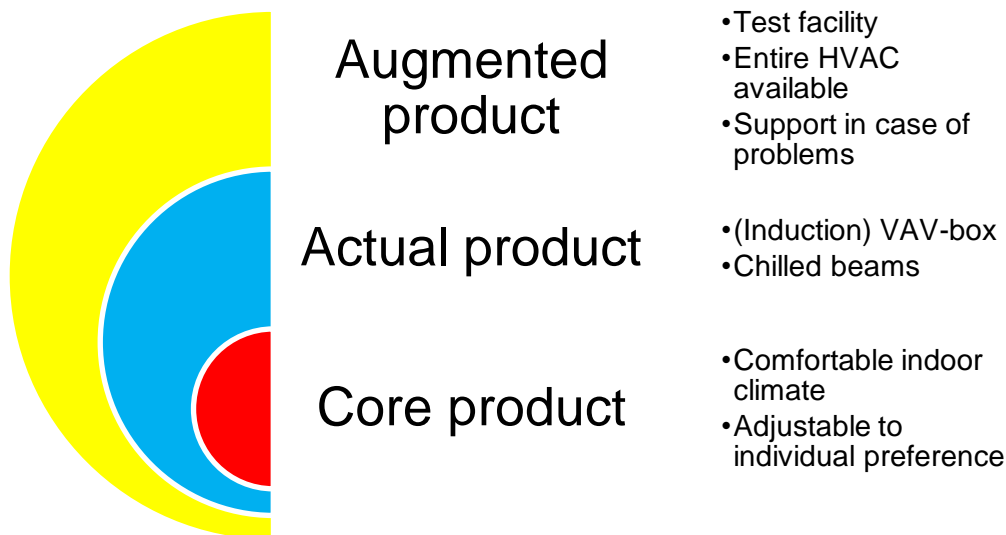


Figure 3: Product levels for HC Barcol-Air in the UAE

The product levels as shown above are not entirely applicable regarding the products sold by the export department. The export department does not export the entire HVAC system, just products that can be used in it. For the domestic market, the model above would be correct but for the export department this must be revised and can be found in the marketing communication plan in chapter 6.

These products have several USP's formulated by the company:

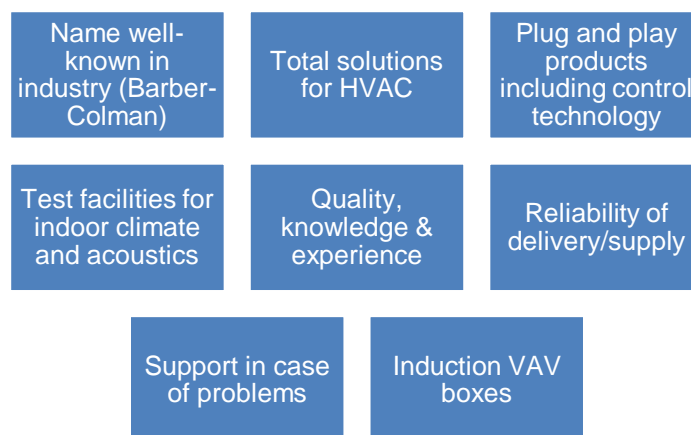


Figure 4: USP's formulated by HC Barcol-Air

The USP's stated above are mainly formulated from the perspective of the company and not so much from the (potential) customer's point of view. Some of these USP's change when taking the customer perspective, for example 'total solutions for HVAC' is only relevant for the domestic market since HC Barcol-Air does not export the entire system. The export market customer will see this USP more as 'knowledge about the entire HVAC channel' where the focus is on the knowledge and not on the products that can be delivered. The other 7 USP's are relevant for the (potential) customer and formulated with them in mind. There is a certain level of importance when it comes to the division of these USP's, it is fair to say that the problem support is more relevant to a (potential) customer than the plug and play products that are available.

New USP's are formulated in the marketing communication plan in chapter 6.

### **2.3.2 Price**

The prices set by HC Barcol-Air for the export market are based on 70% production costs and 30% margin for the company. Since HC Barcol-Air mainly delivers products on a project basis the prices are made for the entire project. This means that although the products are priced individually, for a project a total price is set up based on the products needed and what that is going to cost. Included in this price are the extra services determined by the client and the export manager. These services for example include the creation of separate stickers for each item, this costs extra time and money so this will be calculated into the overall price.

When the overall price for a project is set, there is also a 1.5% negotiable margin for this price since the customer or distributor can negotiate a slightly lower price. This negotiation margin is set at a medium of 1.5% since the actual margin differs per project. Whenever a project is big or the distributor is doing very well, the margin will be higher since HC Barcol-Air will give a higher reduction on the overall price. On the other hand, when a project is small or the distributor is new the margin will be smaller since HC Barcol-Air will give a lower reduction on the overall price.

### **2.3.3 Promotion**

In order to sell their products in overseas markets, HC Barcol-Air uses distributors to promote their products when visiting new projects. These distributors are carefully selected and trained to sell the products of HC Barcol-Air to the potential clients. When a potential distributor is being determined, a first visit to this distributor is planned. In this first visit, the company story is explained and a short summary of the offered products is given.

The definite selection of distributors is merely based on a first visit and the feeling that is created by the distributor. If the representative of HC Barcol-Air, mostly Mr. Wiersma in these cases, is convinced that the cooperation can be fruitful, the distributor is contracted. In some cases though, there is no contract between HC Barcol-Air and the distributor, the cooperation is solely based on trust and a mutual feeling of agreement.

After the first visit, the distributor is asked to generate new business from its market and get some orders in. When this first period turns out to be fruitful, an extra training for the distributor can be given which supplies extra technical information about the products.

The marketing tools that are currently available for the distributors and export employees are corporate profiles, VAV induction leaflet, the large product handbook and the corporate website. Currently, the only tools actively used by the distributors are the corporate profile and the big handbook which lists all the products. The corporate profiles are used by distributors to give the potential new clients insight into the company they sell products for. The handbook is used to support the story they tell about the well-known

brand name and the knowledge about the entire HVAC system, since the book lists all the products that HC Barcol-Air has in its assortment.

Unfortunately, there is a confusing difference between the corporate profile and the induction VAV-leaflet used in marketing activities: they use a different slogan which means the same. In the corporate profile, the slogan is stated to be *'One source, One responsibility'*, whereas the leaflet states *'Single source, Single responsibility'*. Both slogans send the same message but it looks sloppy and if they are two different things. Also, the corporate profile does not send the message that the company wants to send since the positioning is wrong. Currently, the company positions itself as being able to supply the entire HVAC but this is not the case for the export market. Because the home-market can be supplied with the entire HVAC and the corporate profile is just translated from Dutch to English, this issue has slid through the cracks. Adaptations to this corporate profile will be discussed further in the marketing communication plan in chapter 6.

The corporate website has an English version which is specified to every separate business that is part of the HC Groep as a whole. In other words, whenever you click on the English version, you can click on the name of HC Barcol-Air and you will be directed to the English part pertaining to HC Barcol-Air. Unfortunately, it is not clear on the homepage where to go when a (potential) customer wants specific products since there is no clear overview of what each part of the company sells. If a visitor does reach the HC Barcol-Air part of the website, there is a 'news' portal visible which shows the newest articles about projects. However, the most recent post dates back to 2013 and is not actually news anymore which clearly shows that this is not kept up to date. On top of this, the homepage of HC Barcol-Air suggests that it works closely together with other parts of the HC Groep and that it is possible to create an entire HVAC system. In practice, this is not possible since the company only supplies specific air distribution products, such as VAV boxes and chilled beams, and can supply the regulating technique but no other parts of the HVAC channel.

Positive parts of the website are the product overviews with datasheets and the reference list. However, the reference list is merely a list of buildings and the amount of products the company supplied for them. To improve this, it is wise to add photos of projects so that people can see the actual products instead of a long list of words. On top of this, the projects listed in the reference list are outdated; the newest projects have to be referenced here.

Overall, the points of improvement regarding the marketing tools are:

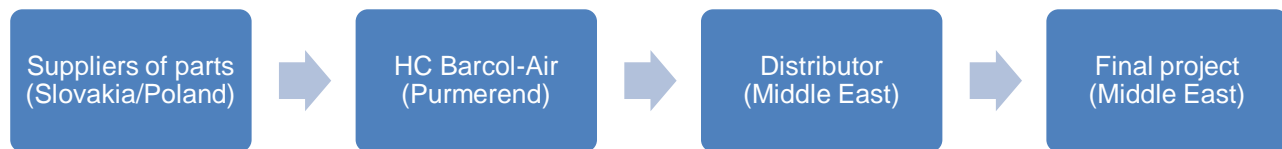
- Corporate profile and leaflets need to use the same slogan plus the corporate profile needs to be specified for the export market.
- The English corporate homepage needs a clear reference to every part of the company and what they do. Furthermore, it needs to be possible to access the English part of the website, by clicking on the flag, from every part of the website.
- The news portal on the HC Barcol-Air part of the website needs to be kept up to date.
- The text on the homepage of HC Barcol-Air needs to be adapted to the actual situation and what it can accomplish on the export markets. No reference to the total HVAC system other than that the company possesses the knowledge about it but it needs to be clear which type of products are offered.
- The website of HC Barcol-Air is not visible enough when people search for air distribution. Whenever someone searches the internet, they get referred to the page of Barcol-Air UK and they have to send them on to HC Barcol-Air in Purmerend. This takes extra time and effort so it is important that the website of HC Barcol-Air is one of the first ones to come up when someone is looking for air distribution products.

- The product overview needs to be centralized in an online product catalog which makes it easier to see the specs of products and requires less effort to find.
- The reference list of projects done overseas needs to be kept up to date, including photographs of the projects, and shortened so that it becomes a visually attractive marketing tool.

The marketing tools mentioned above need to support the story that is being told by distributors and export department employees. A clear strategy to address all the issues mentioned above is stated in the marketing communication plan in chapter 6.

#### 2.3.4 Distribution

There are two parts of the distribution channel relevant for the export department of HC Barcol-Air. The first one considers the flow of product parts into the company to assemble the final products. The second part considers the flow of final products to projects overseas.



**Figure 5: Distribution channel for the export department of HC Barcol-Air**

Most of the products are not kept in stock but are specifically ordered for every project. This 'build-to-order' system works because different clients/projects often require specifically designed or altered products which cannot be used on other projects. Therefore, by building it when an order is confirmed, the company eliminates the risk of keeping stock that they cannot use in the future. On the other hand, this way of producing requires a high rate of accuracy and dependability when it comes to delivery and supply. This is a major focal point of HC Barcol-Air and it is vital for this process that the delivery time is calculated correctly. This is mainly done by constantly checking in with the different parts of the supply chain to make sure the schedule is kept.

The type of distribution used by HC Barcol-Air is a combination of exclusive and selective distribution. Within the region, the Middle East, they have one distributor per country except for the United Arab Emirates where they have several distributors but they each have their own area. The relationship with these distributors is based on mutual trust which is not always sealed with a contract between both parties. Furthermore, there are no targets formulated for each distributor which makes it impossible to gain insight in the possible amount of sales compared to what they actually sell. It creates room for laziness under distributors and does not give HC Barcol-Air any reference point regarding the amount of sales. It is therefore impossible to hold a distributor accountable for the amount of profit they generate, or do not generate.



The distributors active for HC Barcol-Air in the United Arab Emirates, with their specific contracts, are:

- NG Global, Dubai UAE  
Contract: Marketing and Business development contract which entails that the distributor introduces the products to the market and gets a certain percentage of remuneration based on the value of orders they are able to obtain. For example, the distributor receives 10% if the order is above EUR net 50.000. This type of contract does not state a specific purchase target for the distributor but tries to motivate the distributor based on the remuneration package.
- M/s Independent Technical Solutions, Dubai UAE  
Contract: Sole Distributor Agreement which entails a contract for a specific part of the HC Groep which is located in Waalwijk and is not relevant to the company HC Barcol-Air. This company sells different products pertaining to garages and tunnels.
- Bahri & Mazroei technical Systems co (LLC), Dubai UAE  
Contract: Distributorship Agreement which is contract with specific purchase targets set up for several years in advance. This contract form is the most elaborate and specifies obligations for both parties over several years. The distributor has a specific area in which it is allowed to sell the products of HC Barcol-Air and there are clear agreements on what to do in case of defects or default products.
- Dutco, Dubai UAE  
Contract: Authorized Distributor which entails only that this company can distribute and sell the products of HC Barcol-Air in a certain predetermined region, being the United Arab Emirates. There are no specific targets or remuneration packages; it is solely an authorization to sell products.
- Al Taqa Equipment Est., Abu Dhabi UAE  
Contract: Distributorship Agreement which in this specific case means a contract without specific purchase targets but with only the agreement that the distributor will use all available effort to promote the use and sale of products from HC Barcol-Air in the region attributed to the distributor. Although not mentioned in the contract, an appendix is added to the contract which does formulate specific targets for sales in the region.
- Sibca, Abu Dhabi UAE  
Contract: Authorized Distributor which entails only that this company can distribute and sell the products of HC Barcol-Air in a certain predetermined region, being Abu Dhabi and Al Ain. There are no specific targets or remuneration packages; it is solely an authorization to sell products.

All contracts mentioned above have the regular chapters covering the law under which they are set up and what the responsibilities are regarding payment, shipment and support. As can be seen above, not every distributor has the same contract which makes it difficult to hold them responsible for their sales numbers. In order to grow the export turnover, every distributor needs a clear set of targets so that at the end of a predetermined period these targets can be revisited and action can be taken.

The distributors mentioned above, apart from M/s Independent Technical Solutions, are contacted with the questionnaire and the follow up conference call.

One of the key things in the distribution chain is the after sales support that distributors get from the office in Purmerend. The export employees have indicated (see summary of export meeting in appendix 5) that the distributors really value the fact that they get a quick response on any question they have and that there is always someone available for advice.

## 2.4 Financial situation

Over the last years, 200-2013, the gross margin of the HC Groep as a whole company has slowly declined due to the financial crisis. The crisis also becomes very clear when we look at the profit over the same period. After a decline in 2009 and 2010, the profit collapsed in 2011 to an all-time low. Luckily, in the two years that followed, the profits recovered and are almost at the level they started at in 2009. Remarkable is the fact that, during the years that the gross margin declined and the profit fell, the number of employees kept growing. It was only in 2013 that the number of employees was slightly lower than the previous year (Company.info, 2014).

As stated above, the entire HC Groep is recovering from the financial crisis and this also goes for HC Barcol-Air. An overview of the income statement results over the last couple of years (HC Barcol-Air, 2014):

	2012	2013	2014
<b>Result after tax</b>	€ 360.325,00	€ 686.204,00	€ 568.883,00

**Figure 6: Income results after tax for HC Barcol-Air**

The figure above indicates that, after tax, the results for HC Barcol-Air have nearly doubled from 2012 to 2013 but with a small decline towards 2014. It is to be expected, based on the orders that have come in so far in 2015 that this figure will remain stable or slightly increase towards the end of the year. Overall, this income statement shows a financially healthy organization which can support itself and gives room to invest some of the money back into the company.

In 2014, the total turnover of the HC Groep was EUR 40mln with EUR 9.5mln contributed by HC Barcol-Air. The turnover of HC Barcol-Air can be divided into turnover from the home market (Netherlands) of EUR 6.5mln and turnover from the export markets of EUR 3.5mln (Business Boost International, 2015).

Determining the exact budget for the export marketing is quite difficult since there is not a set marketing budget every year. As stated by Mrs. Quint in appendix 3, every year the different departments set up a plan with an according budget which is taken to the directors. After this plan is approved, the budget can be put into place. Because of this system, it is easier to get funding from the directors as long as it is clear what the profit will be for the company.

## 2.5 Strengths and weaknesses

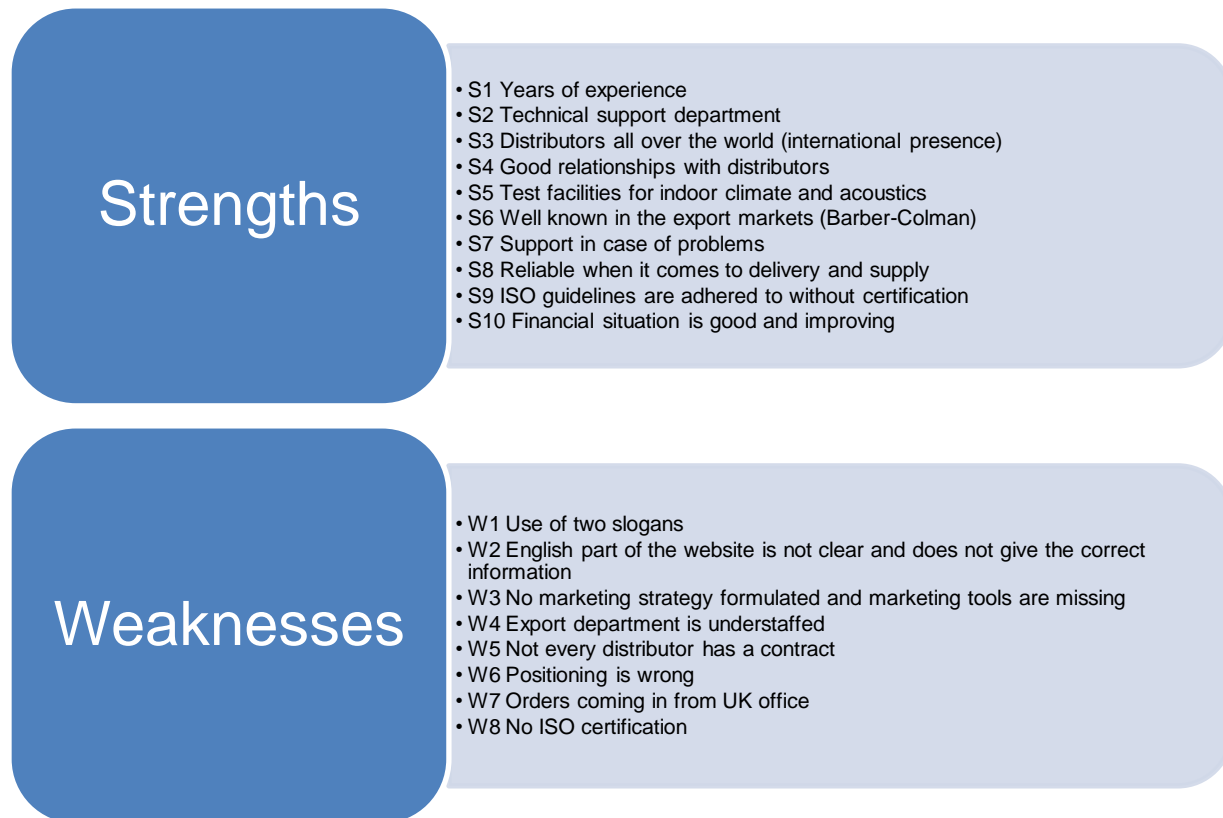


Figure 7: Strengths and Weaknesses for HC Barcol-Air based on the internal analysis

## 2.6 Additional information internal organization

Gathering information from the company as stated above gave insight into the view of management onto the internal organization as a whole. However, insight gained from employees when talking to people around the company showed a different situation. Employees are not on the same page as to where the company is going and how it wants to get there. There are a lot of people just doing what they are supposed to but without any passion or with complaints about their supervisors. Next to this, according to several employees, the way the company operates has been the same for decades and people are conducting their tasks the way they think is best. There is no clear plan or vision regarding the activities the employees have. On top of this, during a personnel information meeting, it became very clear that management and employees are far apart in terms of conception about the direction of the company. For example, the director showed figures stating the company is doing well and it will hire extra people but on the same day, just hours before the meeting, two people lost their jobs. This type of information colliding with reality ensured a lot of uncertainty amongst employees where people are afraid to lose their jobs.

### 3. External analysis

In this chapter, the market in which HC Barcol-Air is active will become more clear. An industry analysis will give insight in the market itself and which factors influence the business. Next to this, a competitor analysis will give an insight in the competition within the market, both domestic and international competition will be reviewed. Also, a customer analysis will supply not only the current customers and why but also potential customers and why not, based on the 6W model of Ferrel (Alsem, Strategische Marketing Planning, 2009). Finally, the opportunities and threats for HC Barcol-Air in the market will become clear which will be used in chapter 4 for the SWOT analysis and confrontation matrix.

#### 3.1 Market definition

The research conducted in this report focuses on the United Arab Emirates and the two main export products in this market: VAV-boxes and chilled beams. The United Arab Emirates is a federation of seven different emirates: Abu Zaby (Abu Dhabi), 'Ajman, Al Fujayrah, Ash Shariqah (Sharjah), Dubayy (Dubai), Ra's al Khaymah and Umm al Qaywayn.

#### 3.2 Industry analysis

This analysis tool takes a closer look at six key factors of the Middle Eastern market, to see if they are relevant for the company's performance.

##### 3.2.1 PESTLE analysis: Political

The political system in the United Arab Emirates starts with the Federal Supreme Council (FSC) which consists of the seven leaders of the emirates. The FSC elects the president and vice-president of the United Arab Emirates for five year terms with no limits to the amount of terms served. The president then appoints the prime minister and the deputy Prime Minister (CIA World Factbook, 2014).

Currently the president of the UAE is sheikh Khalifa who is considered to be a modern ruler and a pro-western leader. As a whole, the federation is rated high on political stability which shows in the fact that any changes in the government made by the president are accepted across the entire federation. On the other hand, the country does not have a democratic system which sometimes causes issues because there are no political parties or opposition so people get arrested when they speak up against the government. For example, after the Arab Spring there were people who wanted to stand up to the government but they got arrested and sent to jail.

The situation at the moment is settled and the federation is building relationships with other countries. For example, the relationship with the United Kingdom is growing stronger on a mutual concern for the Muslim Brotherhood in the Middle East. On the other hand, the federation is also in conflict with for example Iran about islands of the coast to which both countries claim ownership (Marketline, 2014).

The industry in which HC Barcol-Air is present, is not affected by any political conflict currently happening between the UAE and for example Iran. Even so, the fact that the government is building relationships with other countries suggests a more open environment for western companies to become an important player on the market.

##### 3.2.2 Economic

The UAE has an open economy with a high income per capita and a surplus on annual trade (CIA World Factbook, 2014). The GDP of the federation is highly dependent on the oil and gas industry which makes it vulnerable when the demand or price fluctuates. This is the reason that the government started spending more on infrastructure and creating jobs, as well as involving the private sector more in the utilities sector so that there is diversification and the GDP is not so dependent on oil and gas. The job

opportunities are created through improved education for nationals and an increase in private sector employment. Next to this, the government is promoting tourism by opening new theme parks, a passenger airport and leisure projects over the next years, especially in Dubai (Marketline, 2014).

The government is also increasing its commitment to trade, this shows in the free trade zones that are opening as competition with Qatar and the number one ranking worldwide in terms of availability and quality of transport infrastructure (Marketline, 2014).

Given the fact that the economy in the UAE is growing and the government is trying to diversify the economy by investing in other sectors than oil, there are a lot of opportunities for HC Barcol-Air. New buildings will be necessary to house the new offices, schools are needed to enable better education and the expansion of the tourism sector will increase the demand for hotels and restaurants. All of these potential new projects need the products that HC Barcol-Air exports so this creates a lot of opportunities.

### 3.2.3 Social

Describing the culture of the federation is done using the dimensions of Hofstede (The Hofstede Centre, NA). Only four dimensions are used: Power Distance, Individualism, Masculinity and Uncertainty Avoidance. The other two dimensions, Long Term Orientation and Indulgence, are not included in this analysis because there is no clear information available to score these dimensions for the UAE.

#### *Power Distance*

The high score of the UAE means that there is a hierarchical order where everybody has a place, which is accepted by the people in the federation. In a business context, this translates into people expecting to be told what to do and hierarchy within an organization is seen as necessary and normal. This power distance also comes through in the interviews conducted with several distributors. These distributors mentioned that it is highly valued when Mr. Wiersma or Mr. Poelman visits the project sites in the UAE since it is a high placed person within the organization. These visits show that HC Barcol-Air is committed to the project and that they value the relationship with both the distributor as well as the client.

#### *Individualism*

The low score of the UAE means that the society is collectivistic which means that people are committed to a certain group such as family. In a business context, managers have to manage the group that their employees belong to and when a promotion is considered, the in-group of the employee is also considered.

#### *Masculinity*

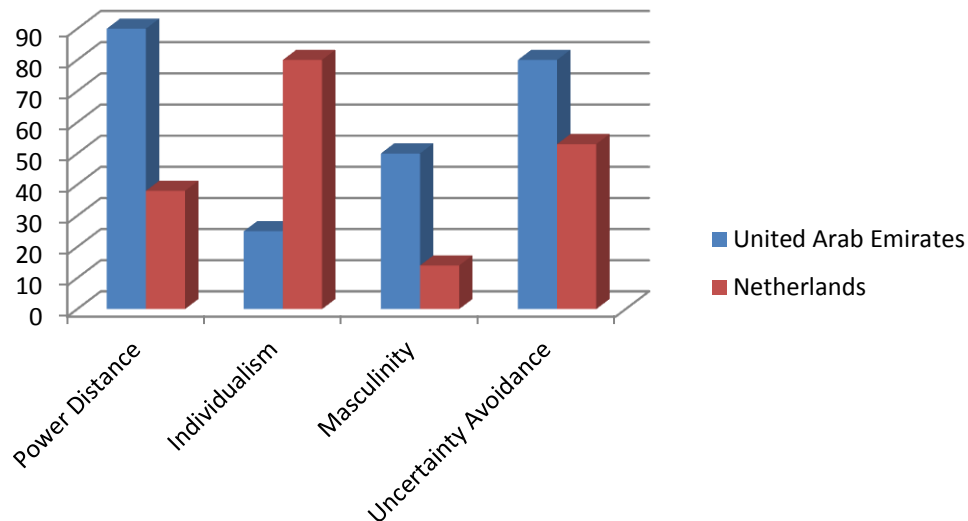
Because of a medium score of 50 for the UAE, the federation is neither masculine nor feminine.

#### *Uncertainty Avoidance*

The high score of the UAE indicates a culture which relies on strong beliefs and behavior which are not considered optional and cannot change. The people of the federation need rules, want to work hard, are punctual and precise, innovation is not always accepted and security is important.

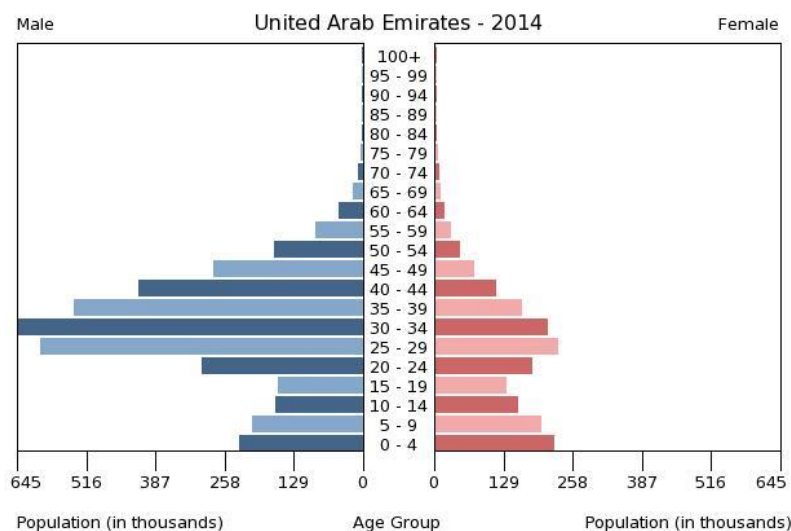
To indicate that there are big cultural differences between the UAE and for example The Netherlands, which is the home country for HC Barcol-Air, both countries are shown in the figure below (The Hofstede Centre, NA). Considering these differences can be imperative to the success of the company in the UAE, for example: the difference in power distance. The Netherlands scores significantly lower on this dimension which means that people are used to a low power distance and a more equal division of power within society and organizations. When a Dutch company, such as HC Barcol-Air, wants to do business in the United Arab Emirates the people of this company need to keep in mind that the hierarchy within a

company is important in the new market. The company has to show respect to these values and send a high placed person from within the organization to match the business partner from the UAE.



**Figure 8: Dimensions of Hofstede comparison United Arab Emirates vs Netherlands**

There are other factors, next to the dimensions of Hofstede, that are relevant to the social environment of the UAE. For example, 80% of the population consists of immigrants, mostly expats who work for companies based in the UAE. This explains why the biggest part of the entire population is between the ages of 25-55 (see graph below), these are the working class people who will return to their home country when their contracts are finished.



**Figure 9: Population age division in the UAE (CIA World Factbook, 2014)**

Next to this, another factor influencing the social environment is the fact that the constitution of the federation guarantees access to healthcare, with mandatory healthcare insurance, for the entire

population. This ensures a high standard of living for the people in the UAE and to complement this, the gender gap in education is successfully closed by the government, giving women the same educational opportunities as men (Marketline, 2014).

HC Barcol-Air needs to take into account that a lot of people working in their industry are expats and will go back to their own country over time. Because of this, the people they directly work with at their distributors may change over time so it is important to create a good relationship quickly and be able to adapt to a new person to deal with when doing business.

#### **3.2.4 Technological**

The technological environment of the federation has two sides to it. On the one hand, the telecommunications network is great and up to date which attracts new entrants to the IT market for example. Next to this, the opening of the first free trade zone for life sciences in Dubai (2005) helps to diversify the national income and make it less dependent on oil. On the other hand, the level of science education in the federation is low which makes it necessary for companies to employ expats with the skills needed to work in a technological environment. In addition, the intellectual property registration is not up to standards and the government lacks a policy regarding the growing piracy problems facing the industries.

For HC Barcol-Air, the status of the technological environment in the UAE affects the people working for the distributors. Since there are expats needed to work in the technological fields, most employees of the distributors that the company hires are from another country, such as India. In the long run, this means these people are eventually going back to their home country so another person will take over their job. This results in a change in the relationship between HC Barcol-Air and the distributor since some people work well together and other people do not. It is important for HC Barcol-Air to invest in the relationship with the distributor so that whenever the person changes, the relationship stays the same and the number of sales will not be affected.

#### **3.2.5 Legal**

The legal environment of the UAE is based around two main sources of law:

- Islamic law (Sharia) is mostly used for personal status cases and criminal cases.
- Civil law is used in other cases.

Next to these main sources of law, the language used in court is mostly Arabic with the addition that English can be used but Arabic is preferred and chosen over English (Export Entreprises SA, 2015).

Looking at the tax framework of the UAE, it enhances the ease of doing business because it is a simple framework which is relatively cheap for companies, especially when compared to other export countries (Marketline, 2014).

HC Barcol-Air can profit from the simple tax system because it lowers the boundaries to gain more market share and increase sales. Next to this, the profit after tax will be higher since the taxes are low and for the companies that are buying the products it is an incentive to buy products from HC Barcol-Air since the taxes are low. Considering the legal framework, HC Barcol-Air has no problem as long as it stays out of the courts. However, if it does end up in court for a business dispute, it is to be advised to have contracts in Arabic and hire a translator so that there are no language barriers.

#### **3.2.6 Environmental**

The federation has its own Ministry of Environment and Water which has the long term goal to ensure environmental sustainability for the future (UAE Ministry of Environment and Water, 2014). Due to the



economic growth of the country over the last years, the ecological footprint and use of natural resources increased immensely. The federal government, as well as the individual leaders of every emirate, created laws and legislation to protect the environment and reduce the ecological footprint.

HC Barcol-Air can profit from these laws and legislations by promoting the fact that their induction VAV-boxes are energy saving and environmentally friendly. The company already created a flyer emphasizing the green aspect of these boxes, including the two certificates they received regarding these products as mentioned in chapter 2.

### 3.2.7 Market factor analysis: product lifecycle, seasonal fluctuations and market size & growth

The sale of products in the UAE is not dependent on seasonality or specific cycles during the year. However, when the economy slows down so does the construction sector, for example during the financial crisis of 2009. Whenever such an event takes place, certain countries in the world are hit harder than others, therefore it is important for HC Barcol-Air to focus on the areas least affected by such an event. This is the main reason why the focus of the export department is on the Middle East, this region has bounced back the best from the financial crisis and has the best recovery in the construction sector.



Figure 10: Product life cycle for HC Barcol-Air in the UAE

Looking at the product life cycle as shown above, HC Barcol-Air is in the growth phase for this cycle in the UAE. The growth phase indicates a faster growing sales number because the product is becoming popular and the distribution is going up (Alsem, Strategische Marketing Planning, 2009). This is based on the fact that HC Barcol-Air is already known in the market and is gaining more projects and market share, especially when a new marketing strategy is implemented. Given the growth phase in which the company currently is, there is more market to cover and the top of the amount of product sales is not yet reached.

#### Market size & growth

In order to determine the market size and growth of the market in which HC Barcol-Air is active, the size of the total construction market in the UAE is needed. In April 2014, the total size of the construction market in the UAE is valued at \$725 billion which is divided into several sectors (Deloitte, 2014):



## Construction spend per sector April 2014

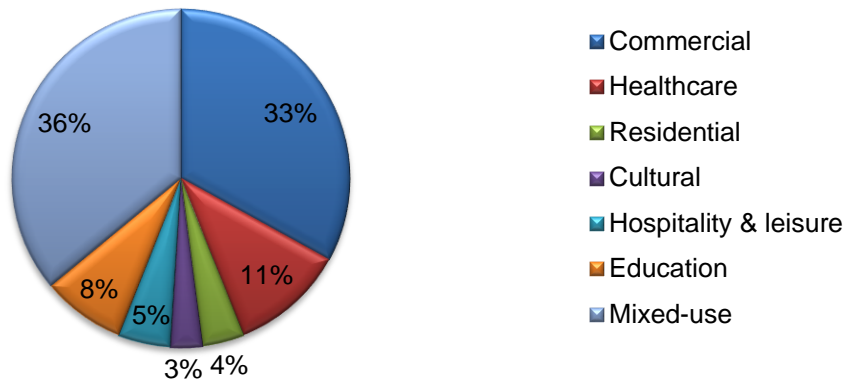


Figure 11: Construction spend per sector in the UAE, April 2014

Based on the division stated above and the main target groups formulated in the internal analysis, the total market for HC Barcol-Air is calculated to be \$696 billion ( $33\% + 11\% + 3\% + 5\% + 8\% + 36\% = 96\%$  of \$725 billion). Only the residential part of the market is not applicable for the company since they do not supply their products to residential properties. HC Barcol-Air only sells certain products that are used in the construction industry so the total market for the company is a lot smaller. After speaking to both the export manager and the manager for the home market sales, it became clear that there is a way to determine how much of this market is available for HC Barcol-Air. Overall, the medium number to calculate this is set at 2% of the total amount spend on a project. There is a total amount of 5% reserved for the entire HVAC system in such projects but only 2% is spend on the products that HC Barcol-Air supplies in the export market. In terms of the market in the UAE, this yields a possible market value for HC Barcol-Air of 2% of \$725 billion, which equals roughly \$14 billion. Keeping in mind that not all products can be delivered by HC Barcol-Air and the fact that there is a average level of industry rivalry, it is not realistic to think that the company can gain the full \$14 billion worth in market share. Nevertheless, this market size shows that there is a lot left to gain for HC Barcol-Air in the market of the UAE.

The estimates for 2015 are that the construction sector will remain stable so the value of the market will remain the same. Especially since Dubai is awarded the World Expo in 2020 which requires a lot of construction, this will boost the sector and keep the amount steady or even let it grow.

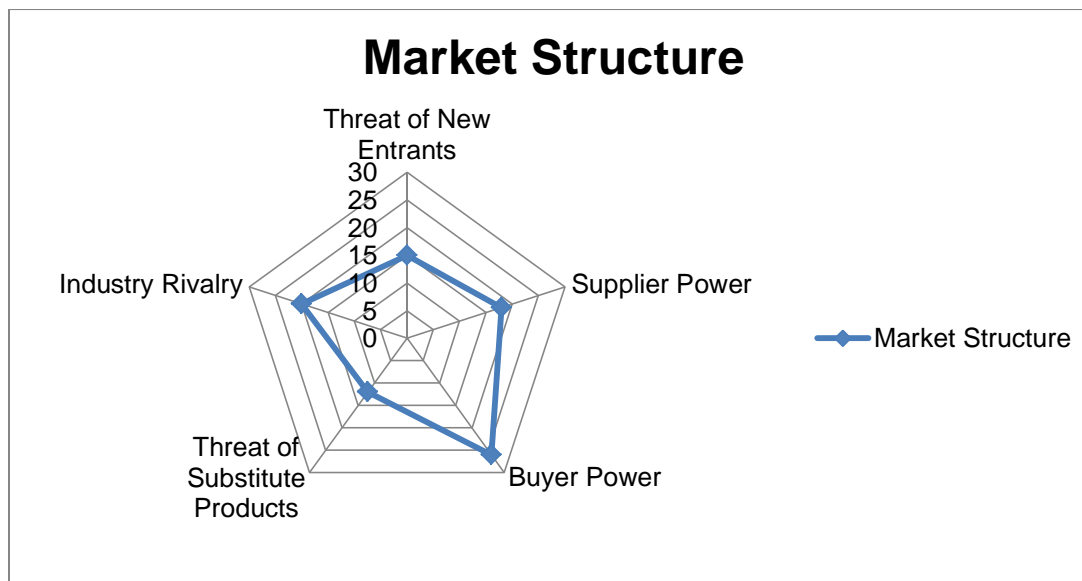
### 3.2.8 Market structure analysis: Porter's five forces

Porter's five forces model (Alsem, Strategische Marketing Planning, 2009) gives a clear insight into the market structure of the UAE in which HC Barcol-Air is active and if there is room for expansion in the future. The model consists of five forces:

- Threat of New Entrants: the products which are exported by HC Barcol-Air are part of air distribution technology. This specific industry is not an easy one to start from scratch, it is highly specialized so new entrants would have to invest in knowledge and experience. This is why this force scores low on the scale below.
- Supplier Power: The supplier power in this market is average, based on the fact that they are in the position to set their own prices but are dependent on each other to make a profit and sell

products. Since the market is highly specialized, the suppliers are limited and rely mostly on their name and the choices made by the buyers. It is therefore not possible to set the prices too high since the competition will take over these potential clients.

- Buyer Power: As stated above, the buyer power is high due to the highly specialized market and products. Based on this, there are few players in the market and these players have to maintain good relationships with their distributors and the end client. If a distributor or client is not satisfied with the product (this can be price, service or relationship related), it is easy to switch to another supplier.
- Threat of Substitute Products: The two main products that HC Barcol-Air exports to the federation, VAV-boxes and chilled beams, are highly specialized products with few to none substitute products. The other products in the assortment, such as rosters and fire stoppers, are not highly specialized so there are a lot of substitutes in the market, mostly produced locally. For this reason, HC Barcol-Air has chosen not to export these products and only focus on the two highly specialized products so that there are no substitutes in the market. This is why this force scores low on the scale below.
- Industry Rivalry: The rivalry within the industry is average; this is due to the fact that a lot of business within this industry is done based on relationships and brand awareness. There are not a lot of players in the market offering the same products as HC Barcol-Air but if they have a better relationship with the end client or their distributors are better at selling their products, they will gain more projects and profit.



**Figure 12: Porter's five forces regarding the market structure for HC Barcol-Air in the UAE**

The market analysis based on Porter's five forces has several implications for HC Barcol-Air. Positive implications are the fact that the threat of both new entrants and substitute products are relatively low which increases the sales opportunities for HC Barcol-Air. Negative implications come in due to the high buyer power which gives HC Barcol-Air as a supplier less control over the price and sales of their products. Also, the industry rivalry and supplier power are average which is not always positive or negative but depends on the situation. For HC Barcol-Air, it is important to keep both factors in mind when acting on the market in the UAE so that there will be no surprises. An example is that they must be alert on their price levels to be able to compete with the rivals in the industry. On top of that, the company

must realize that the supplier power they have is lower than the power the buyers have so they will have to work with the demand of the buyers in terms of quality, price and delivery.

### 3.3 Competitor analysis

HC Barcol-Air has a list of competitors (appendix 6), provided by recent research done by Business Boost International, yet only a few of these competitors are relevant for the market in the UAE. This is due to the fact that not all competitors are active on this market so are not a threat to the business.

#### Krantz

Summary	Krantz is part of a larger company called Caverion that focuses on the European market for sustainable and advanced life cycle solutions for buildings and industries (Caverion, 2015). The company website has an extensive overview of products which supplies visual information to (potential) clients.
Strategy	Caverion mainly focuses on sustainable solutions and being innovative.

#### Metal Air

Summary	Metal Air is part of a larger company called Metal Industries Inc. which has its headquarters in the USA. Metal Air is the part of the company that handles the air distribution part and has representatives all over the world for their products. Next to this, they have several catalogs with products that can be easily accessed through their website, creating an easy way to inform (potential) clients (Metal Industries Inc, 2015).
Strategy	It is not clear what strategy the company is following but it can be assumed that they want to improve their presence and market share in the UAE.

#### Price

Summary	Price is a USA based company and a market leader in supplying air distribution, critical controls and noise control products. The company commits to innovation and service to maintain their market leader position (Price Industries, 2015). The corporate website has an extensive product catalog which supplies information and visuals about products which can be used to inform (potential) clients.
Strategy	Focuses mainly on providing superior customer service, this is the company's main goal.

#### Carnes

Summary	Carnes is a division of Carnes Company Inc and based in the USA. The company website is mainly focused on supplying information to (potential) clients with catalogs, forms and promotional pieces available online. On top of this, the website has a special 'reps only' part where representatives of the company from all over the world can login and access their information and orders (Carnes, 2015).
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**Strategy**      Focuses mainly on making the company accessible to representatives, making it possible for them to access the materials and support that they need with a minimum effort from the headquarters.

### **Trox**

**Summary**      Trox is a German based company with several offices all over the world. Over the next couple of years, the company wants to get rid of their distributors worldwide and set up own offices instead. The company website also contains an extensive product search engine which supplies product information to (potential) clients from all over the world (Trox technik, 2013).

**Strategy**      Creating a presence all over the world using their own offices instead of current distributors.

Looking at the competitors listed above and comparing them to HC Barcol-Air, the following things stand out:

- The competitors all have good product overviews on their corporate websites, in contrast to HC Barcol-Air that does not have such an easy accessible product catalog on its website.
- Although the strategies per competitor are hard to indicate, there is a clear differentiation in the areas every competitor focuses on. For example, Price explicitly focuses on customer service above all else.
- Distributors currently used by Trox can be used as potential new distributors for HC Barcol-Air.

## **3.4 Customer analysis**

It is important for HC Barcol-Air to be aware of the current customers as well as the potential customers. Using the 6W model by Ferrell, these two groups are clearly visualized. The model is based on the questionnaires/interviews held with distributors as well as conversations with employees of the export department.

Who are the current and potential customers?	<ul style="list-style-type: none"> <li>• Current: Projects where the designer chose to use products from HC Barcol-Air</li> <li>• Potential: Designers for new buildings who decide which type of air distribution material to use</li> </ul>
What do our customers do with our products?	<ul style="list-style-type: none"> <li>• Products are used in buildings</li> </ul>
Where do our customers buy our products?	<ul style="list-style-type: none"> <li>• Through distributors</li> <li>• Directly from HC Barcol-Air</li> </ul>
When do our customers buy our products?	<ul style="list-style-type: none"> <li>• When a new building is being designed</li> <li>• When an old building is being redesigned</li> </ul>
Why (and how) do our customers choose our products?	<ul style="list-style-type: none"> <li>• Based on the story the distributor tells</li> <li>• Based on previous use of the products</li> <li>• Based on the good name of the company in this sector</li> </ul>
Why do our potential customers not buy our products?	<ul style="list-style-type: none"> <li>• The competition is cheaper</li> <li>• The designer always uses a certain brand</li> <li>• Distributor does not promote the products correctly</li> <li>• No online product catalog available</li> </ul>

**Figure 13: 6W model from Ferrel based on the customers of HC Barcol-Air**

Looking at the customer analysis as well as the competitor analysis, the main reason that HC Barcol-Air is not having as much market share as they would like is the fact that they lack an online product catalog. Next to this, the relationships with distributors in the UAE are well maintained but that leaves no time for the responsible employee to maintain relationships with other distributors all over the world.

#### **3.4.1 Media behavior of customers**

It is important to look at the media behavior of the (potential) customers for HC Barcol-Air: how do they get their information? Based on the interviews with distributors, most potential clients get their information from talking to distributors, looking at product catalogs and determining whether the company story appeals to them. In order to play into this media behavior, the marketing tools that HC Barcol-Air uses need to support the story that is being told by the distributors. Since the decision makers for the project that are interesting for HC Barcol-Air rely a great deal on the story that distributors tell, it is also important to train these distributors. This does not only mean a training at the facility in Purmerend or locally but also that the export department maintains the relationships with all its distributors. This way, problems and inaccuracies can be dealt with quickly and the story can be adapted where necessary.

### 3.5 Opportunities and threats



Figure 14: Opportunities and threats in the market for HC Barcol-Air

## 4. Strategy

Determining the strategy for HC Barcol-Air is done based on a confrontation matrix which is made up out of both the strengths and weaknesses from the internal analysis and the opportunities and threats from the external analysis. The complete matrix can be found in appendix 9, since this is a fairly large matrix only the relevant options are discussed in the following chapter.

	Opportunities	Threats
Strenghts	<b>Offensive strategy</b> S3, S4, S6 & O2, O4, O5	<b>Defensive strategy</b> S4, S6 & T4
Weaknesses	<b>Strengthening strategy</b> W2, W3, W4 & O6	<b>Withdrawal strategy</b> W2, W3 & T3, T4, T5

Figure 15: Outcome confrontation matrix for HC Barcol-Air

### 4.1 Options

#### *Option 1: Offensive strategy*

Combining S3, S4, S6 with O2, O4, O5 uses the strengths of the company related to its distributors, stating the fact that HC Barcol-Air has distributors all over the world and has good relationships with those distributors. Next to this, the strength stating the brand awareness in the export market, build up when the company was named Barber-Colman, is an important factor in this strategy. Together with the three strengths of the company, there are three opportunities in the market which complete this strategic option. Namely, the fact that in case of a financial crisis the company can switch to a less affected region but also the fact that the economic activity in the UAE is being diversified and the construction industry is growing which both create chances in the market.

In order to implement this option, a fulltime person is needed as an addition to the export department who can manage (and set up) the contracts with distributors, not only in the UAE but all over the world. This person is also responsible for the supply of marketing materials to the distributors and making sure that the right message is being broadcasted by the different distributors in the different markets. Keeping in touch more often and keeping a closer eye on what the distributors are doing, supporting them where needed, will generate more business and make the distributors work even harder to sell products of HC Barcol-Air.

#### *Option 2: Defensive strategy*

Combining S4, S6 and T4 uses the strengths of the company related to their brand awareness and the relationships they have built with their current distributors. Together with the threat from the market regarding the high buyer power, the company can use this strategic option as a defense.

In order to implement this strategy, more contact between the distributors and (potential) clients is needed to counter the high buyer power the (potential) clients possess. Furthermore, handling the high buyer power in the market and turning it into an advantage for the company also requires visits from the export manager to the region. This to make sure that the company is represented in a manner that is desirable by the direction and to show that the company is very actively investing time and effort into the market, as such persuading the buyer to buy their products. Merely defending the current position in the market though, is not applicable for HC Barcol-Air since the company has stated that it wants to expand their export profit. Nevertheless, part of the strategy following these strategic option can apply to the defense strategy and can use strengths mentioned above but it will not be the main strategic focus.

#### *Option 3: Strengthening strategy*

Combining W2, W3, W4 and O6 uses the weaknesses of the company related to the lack of export marketing tools (English website under par and no marketing strategy formulated) as well as the fact that

the export department is understaffed. When these weaknesses are combined with the opportunity given by the creation of an online product catalog, this strategy is very useful for HC Barcol-Air.

In order to implement this strategy, the weaknesses and opportunity can be addressed by taking one specific action: hiring a contract manager. This person can start by setting up and coordinating the creation of the online product catalog, followed by investing time in expanding the relationships with the distributors. As stated before, not all distributors have a contract which will be needed in the future to be able to hold the distributors responsible for their part in the export sales and to have a mutual understanding of the relationship. These contracts can be set up for the UAE by the current export employee responsible for this region and for the other distributors all over the world, the new contract manager will be the go to person. Included in the tasks of maintaining the relationships with the distributors is making sure these distributors have access to all marketing tools needed, next to the online catalog, which also includes training and checking if the marketing message is being conveyed correctly. If not, support and direction can be offered to keep on track for the goals set for the coming years.

#### *Option 4: Withdrawal strategy*

Combining W2, W3 and T3, T4, T5 implies that HC Barcol-Air has to stop all export activities towards the UAE. This is not a viable option for the company since the profit made in this market is significant and the goal of this research is to strengthen the export position of the company. Also, withdrawing from the export market will mean a loss or a large investment which has been made for several years now, in order to establish the company in the export market. On top of this, withdrawing from the export department means a loss of jobs at the offices in Purmerend which is not an ideal situation since it will mean a loss of knowledge and contacts.

## **4.2 Chosen option**

Choosing one particular option is impossible for this case since there is not one strength or opportunity in particular which will define the marketing strategy. Therefore, a combination of options is more suitable for HC Barcol-Air and will result in a broader marketing plan with wider implications.

Defining the best suitable option needs to take into account the problem stated at the beginning of this report, namely:

*What must the marketing strategy for the export department of HC Barcol-Air, based on the United Arab Emirates, look like so that the distributors can generate more visibility for the company, create a competitive advantage and use specified marketing tools to reach an export turnover growth of 5% in year 1 (2016), 10% in year 3 (2018) and 15% in year 5 (2020), measured in euros?*

### **4.2.1 SFA Matrix**

In order to determine which option to choose from the outcome of the confrontation matrix, the SFA matrix is used. This matrix, developed by Johnson and Scholes, scores the four options on three main aspects: suitability, feasibility and acceptability. Each of these three main aspects is divided into sub-factors with separate weight factors, which make for a larger matrix that can be found in appendix 10 including a detailed explanation for the weight factors and scores.



Choice strategic option				
	Option 1	Option 2	Option 3	Option 4
Suitability	61	35	52	1
Feasibility	60	41	54	23
Acceptability	37	21	32	16
<b>Score</b>	<b>158/185 = 8.5</b>	<b>97/185 = 5.2</b>	<b>138/185 = 7.5</b>	<b>40/185 = 2.2</b>

Figure 16: Outcome SFA analysis

The combination of the strengthening strategy and the offensive strategy, both mentioned above as option 3 and option 1, is the strategy that has the highest scores in the FAS analysis, 7.5 and 8.5 respectively. This automatically means that option 2, the defensive strategy, and option 4, the withdrawal strategy, are rejected based on their scores from the SFA analysis (5.2 and 2.2 respectively).

This chosen strategy entails the following actions that need to be taken:

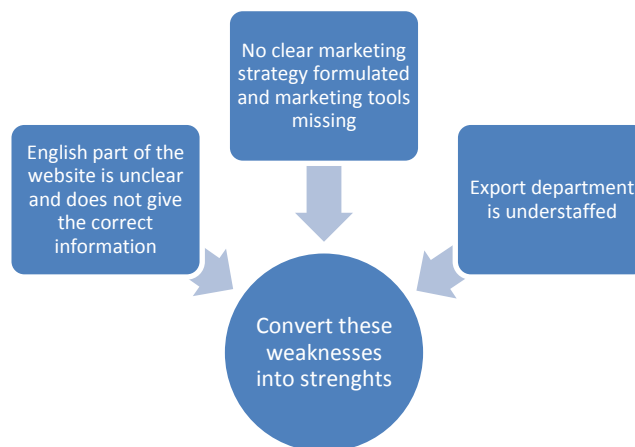
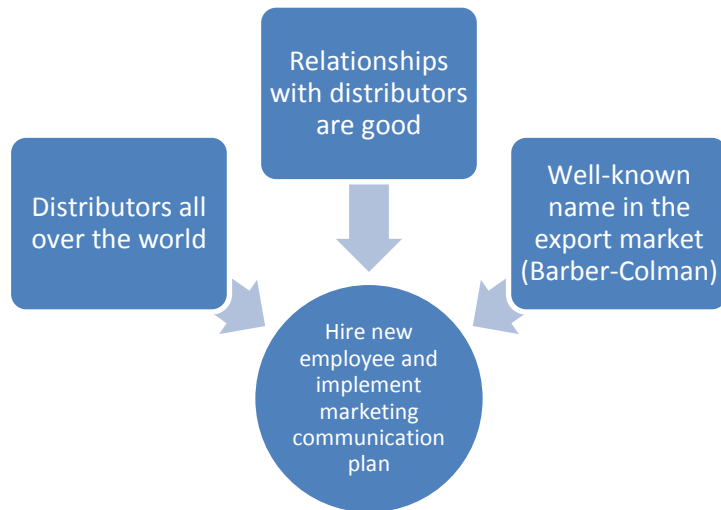


Figure 17: Step 1 in order to implement the chosen strategic option

The first step is to convert the weaknesses included in the chosen strategy into strengths. This is accomplished by implementing the organizational changes, hiring a new employee, as well as the marketing communication plan. The most important action from the latter is to adapt the English website to the needs of the export department and add an online product catalog. The specific marketing communication plan, including a creative concept, can be found in chapter 6.

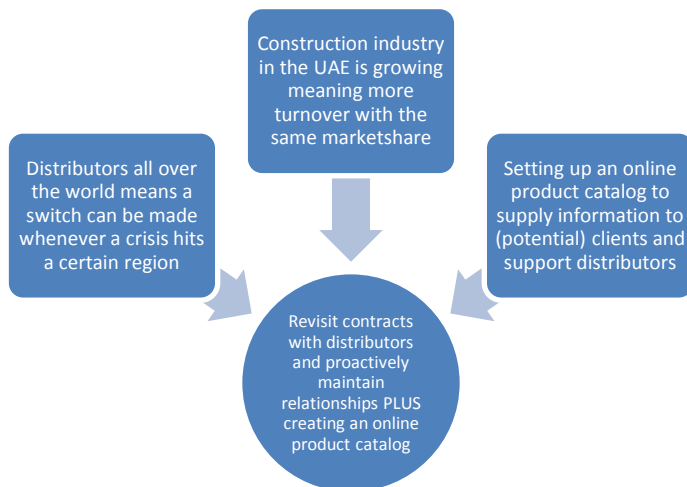
The second step is to utilize the strengths from the chosen strategy.



**Figure 18: Step 2 utilizing the organizational strengths**

Using the organizational strengths to grow the export turnover is done by hiring an extra employee to maintain relationships with distributors and by implementing the marketing communication plan. This will not only support distributors in their story but since it is focused on quality, knowledge and experience it builds on the well-known company name.

Step 3 involves combining organizational strengths to seize the opportunities in the market that came forward in the chosen strategic option.



**Figure 19: Step 3 seizing opportunities in the market to increase export turnover**

Seizing the opportunities in the market is done by proactively maintaining relationships with distributors, having regular contact with them, setting targets in the contracts and supporting them by creating the right marketing tools. Next to this, an online product catalog must be created to supply information to (potential) clients and for distributors to use showing the products HC Barcol-Air offers in the export markets.

#### 4.2.2 Ansoff matrix

After determining the best fitting strategic option for HC Barcol-Air, the next step is to determine what strategy is linked to this option. The combination of option 1 and 3 is focused on existing products in existing markets and based on the Ansoff matrix shown on the right; this gives a market penetration strategy.

*Market penetration: increasing sales using existing products* (Alsem, Strategische Marketing Planning, 2009)  
In the UAE, the market is growing which is part of option 1 from the confrontation matrix. In this case, increasing sales is done through maintaining the current market share since this yields an automatic increase in the total number of sales. Another way to increase sales using existing products, mainly used in stable markets, is through increasing the market share. Establishing more market share is done through the use of marketing tools that are created based on the marketing strategy. This strategy and the tools used are described in more detail in the next chapter.



Figure 20: Ansoff matrix

## 5. Marketing communication plan

The strategy determined in the previous chapter needs to be transformed into a plan which can be implemented by HC Barcol-Air. In this chapter, the marketing plan that is used to achieve the strategic goals will be described in detail. Although the research conducted previous to this strategic plan has been focused on the UAE, the marketing plan for the strategic goals can be used for all the countries to which HC Barcol-Air exports or wants to export in the future. The most important thing to keep in mind is that this marketing strategy needs to be a support for the story that distributors tell to potential customers.

### 5.1 Target group

The marketing communication strategy needs to be focused on two target groups:

- The current and potential distributors.
- The decision makers in the project planning process that ultimately determine whether to use products from HC Barcol-Air or not.

Both these groups need to be taken into account for the marketing communication strategy. The distributors need to have tools that support their story they tell (potential) clients. The decision makers need to be convinced by the tools the distributors use, next to their story.

### 5.2 Marketing goals

As stated in the previous chapter, there are two main goals for this marketing strategy:

1. Maintaining the current market share in the UAE since this will yield an increase in sales since the market is growing.
2. Increasing the market share in other markets (and if possible also in the UAE) through the use of a clear marketing strategy including the right tools.

The marketing goals also need to be clear in terms of numbers of sales, which gives three distinctive goals for the first year, the third year and the fifth year:

- Year 1, 2016: 5% increase in export turnover.
- Year 3, 2018: 10% increase in export turnover.
- Year 5, 2020: 15% increase in export turnover.

The increase in sales is calculated using the current export turnover which has a value of EUR 3.5mln. Calculating this means EUR 3.675.000 in 2016, EUR 3.850.000 in 2018 and EUR 4.025.000 in 2020.

Currently, although there is enough market potential these goals cannot be met simply because there is not enough time or manpower to achieve these results. On top of this, the current marketing tools do not support the story distributors try to sell to their clients.

### 5.3 Marketing communication strategy

Implementing a successful marketing communication strategy firstly needs a positioning statement with an accompanying proposition. The entire strategy will be built on these two main factors so that the main message is always the overall goal.

#### 5.3.1 Positioning

Domestic market leader that uses their knowledge, experience and high-quality products to fit the needs of the export markets and stay a trendsetting company.

### 5.3.2 Proposition

Derived from the positioning as stated above, the proposition for HC Barcol-Air is the following: HC Barcol-Air is a well-known player in the export market for air distribution products, having more experience and knowledge than its competitors as well as higher quality products that are constantly being developed so that the company stays trendsetter in the market.

## 5.4 Marketing mix

### 5.4.1 Price

The price strategy currently used by HC Barcol-Air is based on a cost price with a margin added on to this for profit. This strategy works since the company works with distributors in export markets and with the margin being negotiable; it gives room to match the price with the customers demand without losing money on it. Keeping the current pricing strategy, focused on project pricing instead of individual product pricing, works for HC Barcol-Air in export markets and therefore needs to stay.

### 5.4.2 Product

The products sold on the export market by HC Barcol-Air are mostly VAV-boxes and chilled beams. The strategic option on which this marketing strategy is based does not require any changes to these products. However, the focus of the products is on quality, knowledge and experience as well as the green aspect of the induction VAV-boxes, these needs to be emphasized through the marketing tools.

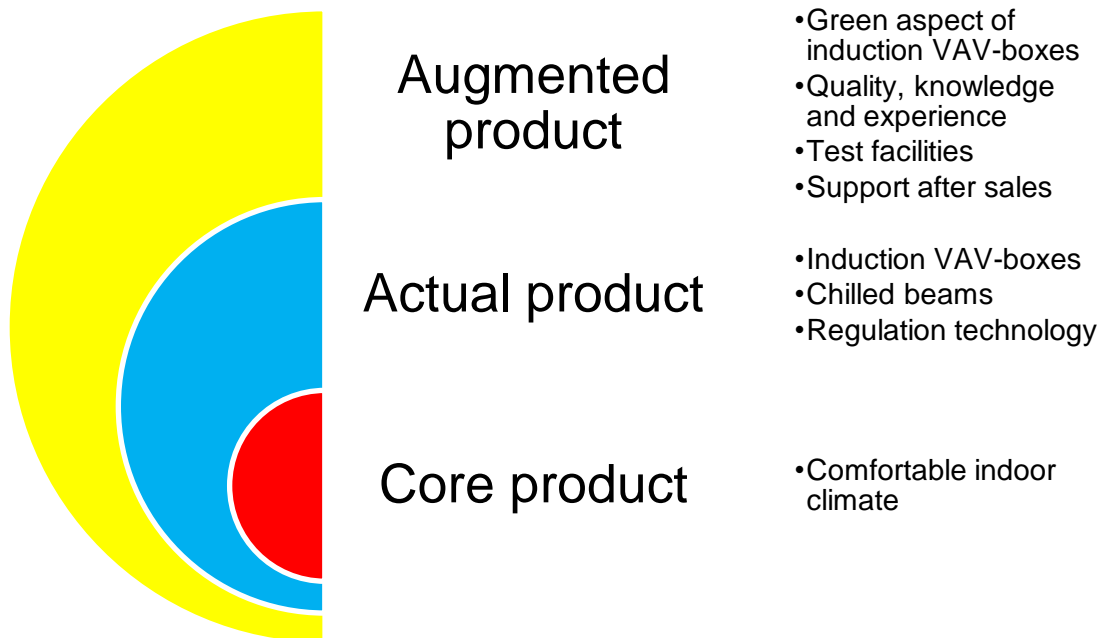


Figure 21: Product levels for the export marketing of HC Barcol-Air

In comparison to the product levels stated in chapter 2, based on the strategy chosen the augmented product has a shift in focus. Formerly, the augmented product was based on the test facility, the entire HVAC system and the support after sales. Now, the test facility is still an important focal point as well as the support after sales. However, the entire HVAC has been replaced by a combination of quality, knowledge and experience since this is one of the USP's of the company. It needs to be clear that not the entire system can be delivered, just specific parts, but that the knowledge of the entire system is available in order to create the best fit in terms of what products to use. Furthermore, the green aspect of the

induction VAV-boxes is added as a focal point because it is an important feature which is highly valued in the market of the UAE.

#### 5.4.3 Distribution

Currently, the distribution of products ordered in export markets is done through the distributors; this applies to loose orders as well as complete projects. The way the distribution is arranged will stay the same since this is working well and the company is conducting business in all export markets through distributors.

#### 5.4.4 Promotion

HC Barcol-Air needs to catch up with its competitors in terms of materials available to distributors as well as (potential) clients. Most important is adapting the English website to fit the activities from the export department and the creation of an online product catalog which is accessible to all interested parties. The current way in which the products are shown online does not give a clear overview and is not easily accessible. Furthermore, the distributors have pointed out that the competition is using such a product catalog and it would be beneficial for HC Barcol-Air to have one as well. Since there will be an online product catalog created, the big handbook will become less important and because this book is already in the process of being renewed, this is not taken into account for this plan.

Next to the product catalog, the other current marketing tools need to be updated and made more efficient. These materials are the corporate profile and the specific induction VAV-folder. The bases of these materials are the newly formulated USP's mentioned below in section 5.5. These three USP's will be the focal point for the new corporate profile, emphasizing the strong points of the company and using one slogan instead of two: *'One source, One responsibility'*. Which products are used specifically depends on the market that is being addressed. For example, the green induction VAV leaflet is applicable to the Middle Eastern market but it is very well possible that the market in another country/region is not that focused on the green aspect of a product or is more used to dealing with other products than VAV boxes to implement in the air distribution systems. In this case, the leaflets have to be specified to the products that are in high demand in specific markets. The corporate profile remains the same for every market since it tells the story of the company. It is therefore important that the corporate profile is revised and is set up to emphasize the three USP's mentioned below.

The creative concept of the marketing tools will be further discussed in section 5.6 of this report since it involves the creation of new materials, or old materials being updated.

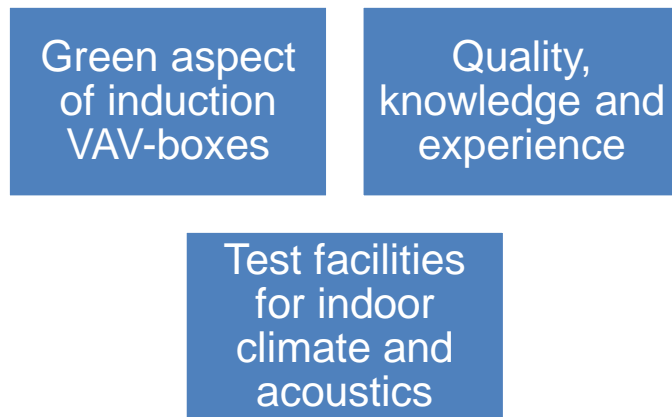
#### 5.4.5 Personnel

Since the restructuring of the organization of the export department is an important step to eventually implement the marketing communication plan, an entire chapter is designated to tackle this issue. Chapter 6 will provide an extensive overview of the profile, tasks and planning for the new employee that needs to be hired for the export department.

The new employee will work closely together with the current marketing communications advisor of the HC Groep. This way, all marketing decisions will be in line with the entire organizational marketing strategy.

### 5.5 Unique Selling Points

In chapter 2, the current USP's are listed and are mainly formed based on the view from the company. For this new marketing strategy it is important to focus on actual USP's that are relevant for the (potential) customer and which can be therefore be used for marketing purposes. On top of this, the number of USP's has to be limited in order to focus on them; otherwise the strategy will depend on too many pillars.



**Figure 22: USP's for the export market of HC Barcol-Air**

These three USP's are the most relevant for the company to use in the marketing message towards the clients in the export market. The fact that the online product catalog is not mentioned as a USP is due to the fact that the competitors in the market already have such a catalog which does not make it a USP to HC Barcol-Air.

The green aspect of the induction VAV-boxes plays into the need from the market to have green solutions in new buildings which are regulated and certified by, for example, BREEAM.

The quality, knowledge and experience support the fact that the company has knowledge about the entire HVAC system as well as a technical support division at its disposal. All these factors are available to (potential) customers and are to be emphasized when communicating with them, through the distributors of HC Barcol-Air.

The test facilities for indoor climate and acoustics is something that no competitor in the market has and can be a big advantage since it allows (potential) customers to test the system they have designed before it is installed in the building. This ensures the system works the way it was designed and that changes can be made where necessary before the system is implemented. Furthermore, to perfect this system, the (potential) customer can rely on the knowledge and experience that HC Barcol-Air has in-house.

## **5.6 Creative concept**

As previously stated, the focus of the marketing tools needs to shift towards quality, knowledge and experience and need to be supportive of the story that is being told by distributors. Although the new employee will be mainly responsible for implementing this creative concept, in collaboration with the marketing communications advisor, it needs to be a joined effort with the other export employees. They need to supply input for the newsfeed whenever a new project comes in and for the reference list whenever a project is completed.

Overall, the marketing tools that are used to support the story that distributors tell are already made but need to be adapted. Apart from the product catalog, this needs to be created from scratch. Specifically, the following adaptations to several marketing tools need to be made:

English part of corporate website	<ul style="list-style-type: none"> <li>• Make sure the English part is accessible from every page</li> <li>• Rewrite the English homepage to emphasize the USP's for the export markets</li> </ul>
URL visibility	<ul style="list-style-type: none"> <li>• Make the URL of the export pages visible so that it can be used to direct people to the right webaddress</li> </ul>
Improve findability	<ul style="list-style-type: none"> <li>• Ensure that the English website comes up high in a Google search for air-distribution</li> </ul>
Distributor overview	<ul style="list-style-type: none"> <li>• Create an overview of distributors including contact information</li> <li>• Create a map so that potential customers can contact the distributor in their region (when a specific region does not have a distributor, the contact information from the head office in Purmerend is supplied)</li> </ul>
Online product catalog	<ul style="list-style-type: none"> <li>• Create an online product catalog including specifications</li> <li>• Make the catalog visible on the homepage and easily accessible</li> </ul>
Updating corporate profile and leaflets	<ul style="list-style-type: none"> <li>• Use 1 slogan: <i>"One source, One responsibility"</i></li> <li>• Information stated in corporate profile must emphasize USP's</li> <li>• Leaflets need to be specified, products as well as language, per country</li> </ul>
Visualize and update online reference list	<ul style="list-style-type: none"> <li>• Use current references</li> <li>• Add pictures to every reference used</li> </ul>
Updating newsfeed website	<ul style="list-style-type: none"> <li>• Putting up recent news</li> <li>• Keeping the newsfeed up to date every three months</li> </ul>
Distributor training	<ul style="list-style-type: none"> <li>• Training is needed to teach distributors to use the updated and new marketing tools as a support for their story</li> </ul>

Figure 23: Specific creative concept for the export department of HC Barcol-Air



## 6. Restructuring the export department

Before proceeding to determine the marketing strategy and the accompanying marketing communication plan, it is important to realize that the problem faced by HC Barcol-Air is two-sided:

1. The organization of the export department: since the organization of this department is lacking, there is not enough time to maintain distributor relations, let alone implementing a marketing plan. According to Mrs. Quint, one of the main problems with implementing any marketing strategy is the lack of input provided by the department. In order to implement the marketing communication strategy successfully, first the export department needs to be changed.
2. Marketing communication strategy: in order to reach the goals set for the upcoming years, growing the export turnover, a marketing communication strategy is needed. When this strategy is implemented, the export turnover can grow with the desired 5%, 10% and 15% over the upcoming years.

In this chapter, the organization of the export department will be addressed so that not only can the organization of the export department be improved but also the marketing communication plan can be implemented.

### 6.1 Future action

The most important thing that needs to change in the organization of the export department is the hiring of an extra employee. There are several reasons:

- Supporting Mr. Speel with uploading orders into the different systems, mainly so that his tasks can be performed whenever he is gone and to create more time for Mr. Speel to supply additional services such as stickers.
- Taking over operational tasks from Mr. Wiersma so he has more time to actually supply support, guidance and education for the employees of both the export department and the R&D department. In his job as export manager and technical director, time is needed to guide his two departments and keep an overview of the tasks at hand. Currently, this is not possible since he is too busy with tasks that are not in his job description, such as making orders and answering questions from distributors.
- Supporting Mr. Poelman with maintaining relationships with distributors all over the world. Since Mr. Poelman is currently caught up with maintaining relationships in the Middle East, the other distributors all over the world are put aside. As a result, there is no insight into the different markets these 'forgotten' distributors are active in or the story that they tell in trying to sell products for HC Barcol-Air.
- Implementing the action plan from the marketing communication plan that can be found in chapter 5. Mainly this includes gathering input for the website, changing the English part of the website, creating an online product catalog and cooperating with the marketing communications coordinator, Mrs. Quint.

Since the new employee will support Mr. Poelman and Mr. Speel, it is also important that their tasks are reformulated so it becomes clear who does what. As a result, this new tasks package can be used as a base for the job reviews at the end of the year. Getting a clear picture of what everyone needs to be doing and prioritising tasks will create a better overview for Mr. Wiersma as an export manager. It will give him the opportunity to delegate extra tasks that come up during export processes and the ability to guide the export department employees.

In order to implement this extra employee successfully, it is important that a job training plan is set up for this employee. Not only will this create insight into the entire organization, it will also supply vital product knowledge as well as insight into the various tasks inside the export department. Mr. Wierma is responsible for setting up this training program as well as the control of the employees' development.

## 6.2 Profile, tasks and planning

Restructuring the organization of the export department entails the hiring of a new employee, as previously stated. To help the organization accomplish this, a profile, tasks package and planning have been created.

### 6.2.1 Profile

The new employee for the export department has to have the following profile characteristics:

- Recently graduated from a commercial education with the preference for a technical direction, for example technical business administration. Also suitable for the job is a recent commercial graduate with technical affinity. The commercial aspect of the diploma is important because the export department spends a great deal of time maintaining relationships and trying to sell products through these relationships. Next to this, the new employee will be taking on marketing tasks so a commercial background is desirable.
- Traineeship with a starting salary of EUR 2.000,- per month. This entails that the prospective employee cannot have more than 2 years of experience in the work field.
- Excellent knowledge of the English language with a preference for a second language other than Dutch. Being able to communicate, both orally as in writing is important since most communications for the export department will be in English. Next to that, the marketing material that needs to be changed, such as the website, is in English. The second language is preferable since the export department operates internationally and has distributors as well as clients in countries where the first language is not English (for example: South American countries where the first language is Spanish). It will add value and helps build relationships whenever someone is able to communicate in the native language of the country they want to do business in.

### 6.2.2 Tasks export department and new employee

Ensuring the successful addition of a new employee to the export department, both the department and the employee have pre-arranged tasks, provided that the company decides to implement this plan:

Export department tasks	New employee tasks
Putting out a job vacancy	Familiarize with the organization
Selecting the right candidate	Getting to know the operational tasks of other export employees
Setting up an training program together with Mr. Wiersma and the new employee	Taking over the designated operational tasks from Mr. Wiersma, Mr. Poelman and Mr. Speel
Determining tasks for every employee of the export department, including the new employee	Improve the website (English part, making it fit the export departments' activities)
	Creating the online product catalog
	Contacting distributors and maintaining the relationships with them in a proactive manner
	Revisiting contracts with distributors in cooperation with Mr. Wiersma
	Determining what marketing materials are needed for specific markets (for example: Spanish leaflets for South America)
	Creating marketing materials: designing corporate

	profile and focusing on knowledge, experience and quality
	Keeping the newsfeed on the website up to date; Asking for input from Mr. Wiersma or Mr. Poelman at set moments in time
	Visualising the reference list on the website and keeping it up to date

### 6.2.3 Planning new employee

The overall planning for the export department as an organization can be found in chapter 7 but equally important for the implementation of both parts of this plan is a planning for the new employee.

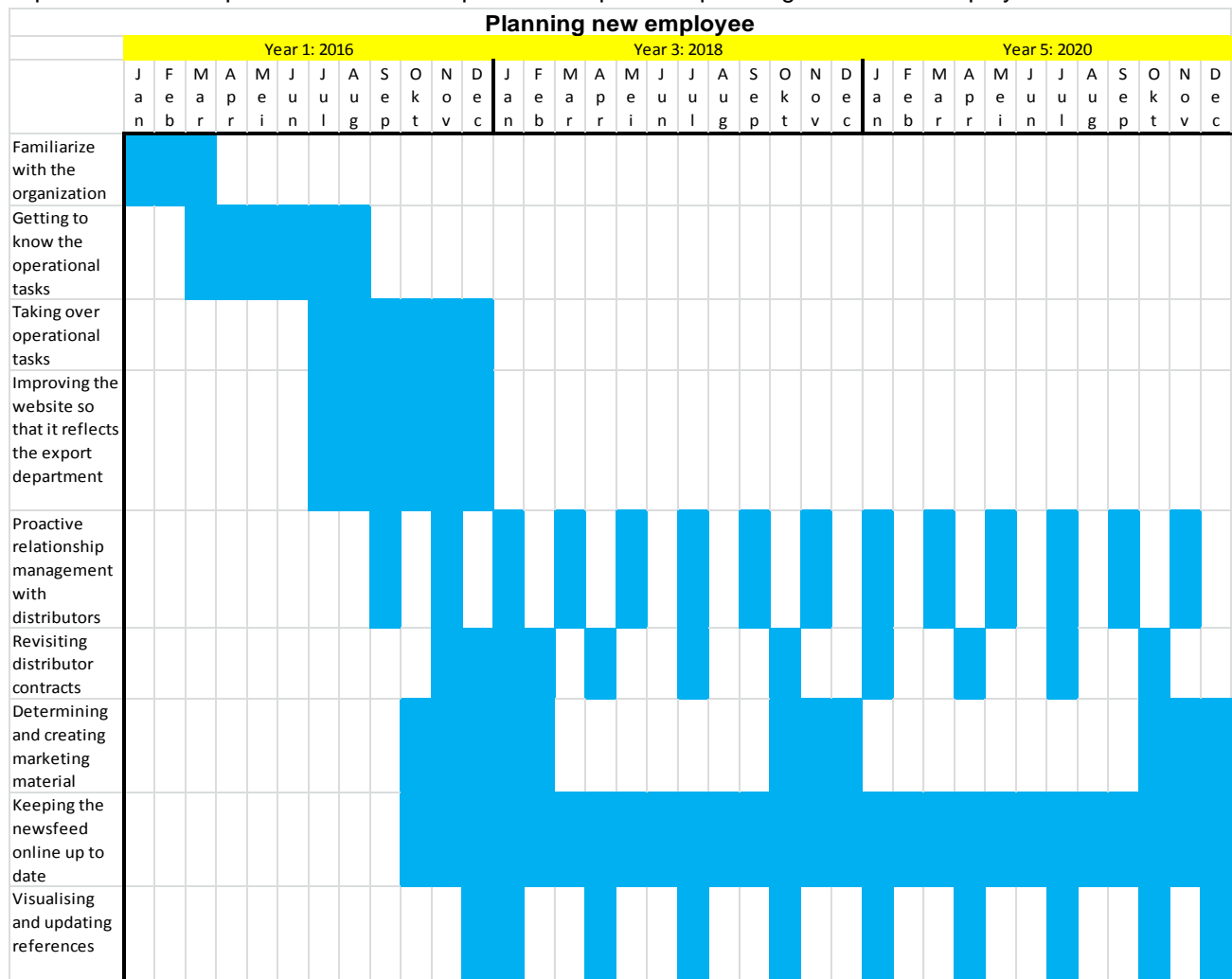


Figure 24: Planning for the new employee of the export department at HC Barcol-Air

It is important to point out to the management of HCBARCOL-AIR that it takes time for a new employee to get settled into their new job and to see actual results financially. Trying to change the organization of the export department will take time to implement as well so that everyone is familiar with their newly formulated tasks.

## 7. Budget and planning

Important in order to implement the strategy stated in chapter 5, is having a relevant budget and planning. Based on the budget, the directors can decide whether the plan will be implemented and the planning ensures the strategy is not only implemented but checked and has a clear direction.

### 7.1 Budget

The total budget as shown in the figure below is made up out of four separate budgets which can be found, including an explanation for each of them, in appendix 11.

In the total budget, the corporate tax is also taken into account but in the overall business of HC Barcol-Air the export department is just one piece of the organization. Therefore, the profit before tax is more important because this will be added to the other profits the entire business generates and thereafter the corporate tax is deducted.

Implementing both the organizational plan as well as the marketing communication plan for the export department will yield a growth in accordance with the goals set. This is a 5% growth in turnover for 2016, a 10% growth for 2018 and a 15% growth for 2020. As shown in the total budget below, this will also yield a growth in profits before tax. The goals stated in the marketing communication plan regarding the turnover growth are a minimum so the actual growth can be higher. The goals have been set on the safe side to be able to convince the overall management to implement both plans based on the extra profit that can be generated as a minimum.

#### Total budget (Projected income statement)

		2016	2018	2020
<b>1. Sales budget :</b>	Estimated sales	€ 3.619.875	€ 3.792.250	€ 3.964.625
<b>2. Production budget :</b>	Costs of goods sold	€ 2.804.025	€ 2.937.550	€ 3.071.075
	Gross margin	€ 815.850	€ 854.700	€ 893.550
<b>3. Marketing budget :</b>	Marketing costs	€ 101.298	€ 101.545	€ 105.243
<b>4. Overhead budget:</b>	Overhead costs	€ 183.750	€ 192.500	€ 201.250
	Total general costs	€ 285.048	€ 294.045	€ 306.493
	<b>Profit before tax</b>	<b>€ 530.802</b>	<b>€ 560.655</b>	<b>€ 587.057</b>
	Corporate tax 20%	€ 106.160	€ 112.131	€ 117.411
	Profit after corporate tax	€ 424.642	€ 448.524	€ 469.646

Figure 25: Total budget for the upcoming periods for the export department of HC Barcol-Air

## 7.2 Planning

In order to successfully implement both the changes to the organization of the export department as well as the marketing communication plan from 2016 onwards, several steps need to be taken in the upcoming months. These steps are not taken up in the planning since this planning runs from January 2016 onwards but will be summarized below:

- Getting both plans approved by the management of the HC Groep (August/September 2015).
- Creating a job vacancy (October 2015).
- Interviewing candidates (October/November/December 2015).
- Contracting the right candidate so he/she can start in January 2016 (December 2015).

Starting in January 2016, a strategic planning is set up for the years 2016, 2018 and 2020. This planning is made for the export department since the specific planning for the new employee has already been shown in chapter.

- *Year 1 (2016): Operational level*

In the first year, after hiring an extra employee to fit into the organization of the export department, the focus is on the implementation of the training program for the new employee and the reconfiguring of the tasks for every employee in the export department. Starting from July, the new employee, together with the marketing communications advisor and the other export employees will implement the marketing communication plan. The exact planning for this can be found in chapter 6, in the specific planning for the new employee. Important to notice is the evaluation period in December to check back with the goals stated in the marketing communication plan and revise them where needed. Also, the task package of every employee needs to be revisited and adapted if necessary. The relationships with distributors need to be maintained from the beginning of the year. This can be started by the current export employees and the new employee can give support from September, whenever he/she is familiar with the business.

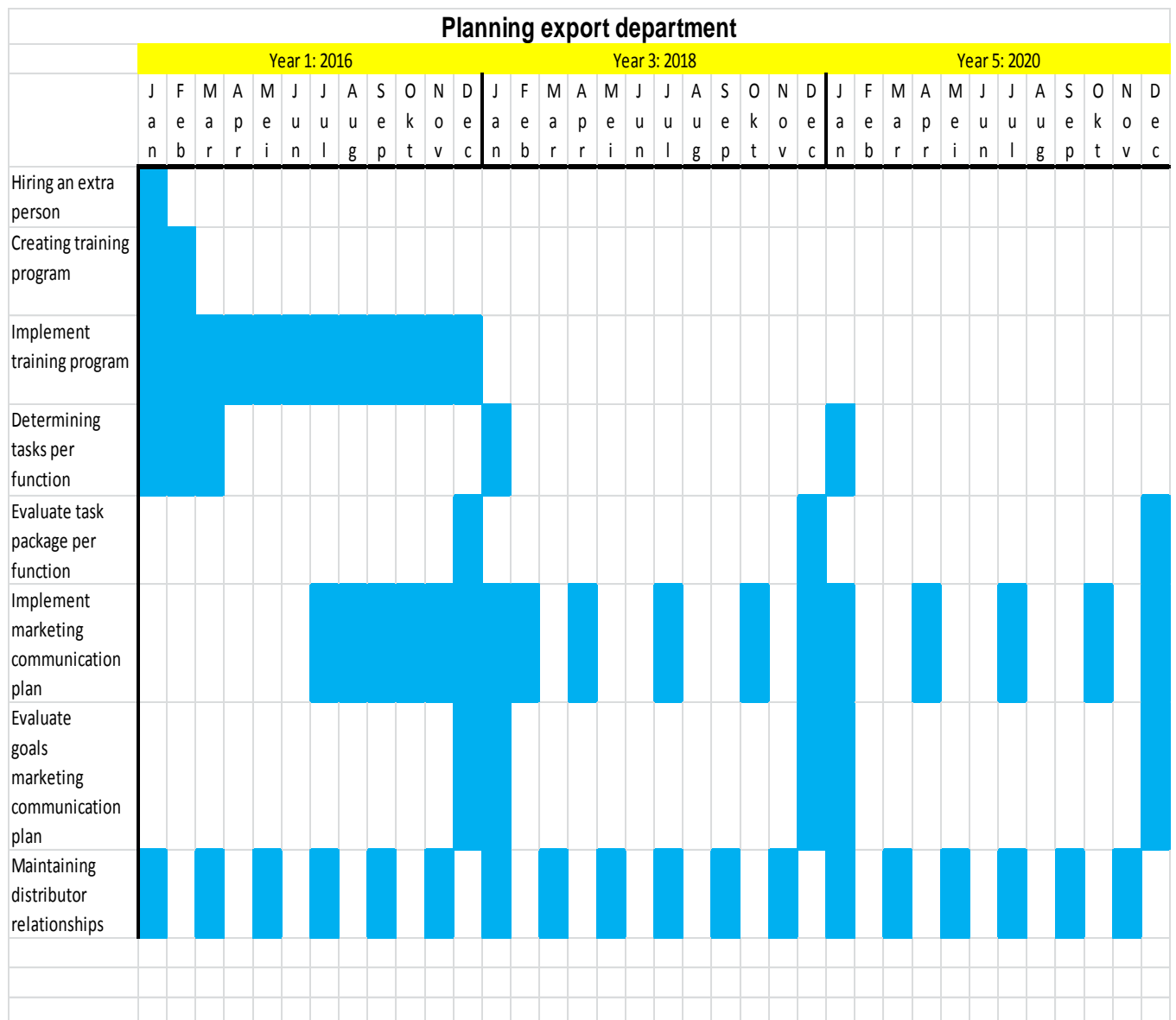
- *Year 3 (2018): Tactical level*

At the beginning of every year, the tasks per function need to be set based on the evaluation of the year before (December). Next to this, the marketing communication goals need to be reset, if necessary, based on the evaluation from December. Also, the marketing communication plan will be implemented and kept up to date every three months. Since the maintaining of distributor relationships is not only a task of the new employee but also of the current export employees, this is taken into account for this planning every other month.

- *Year 5 (2020): Strategic level*

This long term plan focuses mainly on the implementation of the marketing communication plan, meaning that the website and other tools need to be kept up to date every three months and the distributor relationships need to be maintained. Since the maintaining of distributor relationships is not only a task of the new employee but also of the current export employees, this is taken into account for this planning every other month.

The division as stated above, over three periods, makes it possible to revisit this planning after the set period and see if the goals were met and if there is a need to adapt the rest of the planning to better fit the situation. Time is scheduled to do this at the end of each period, running into the beginning of the next period.



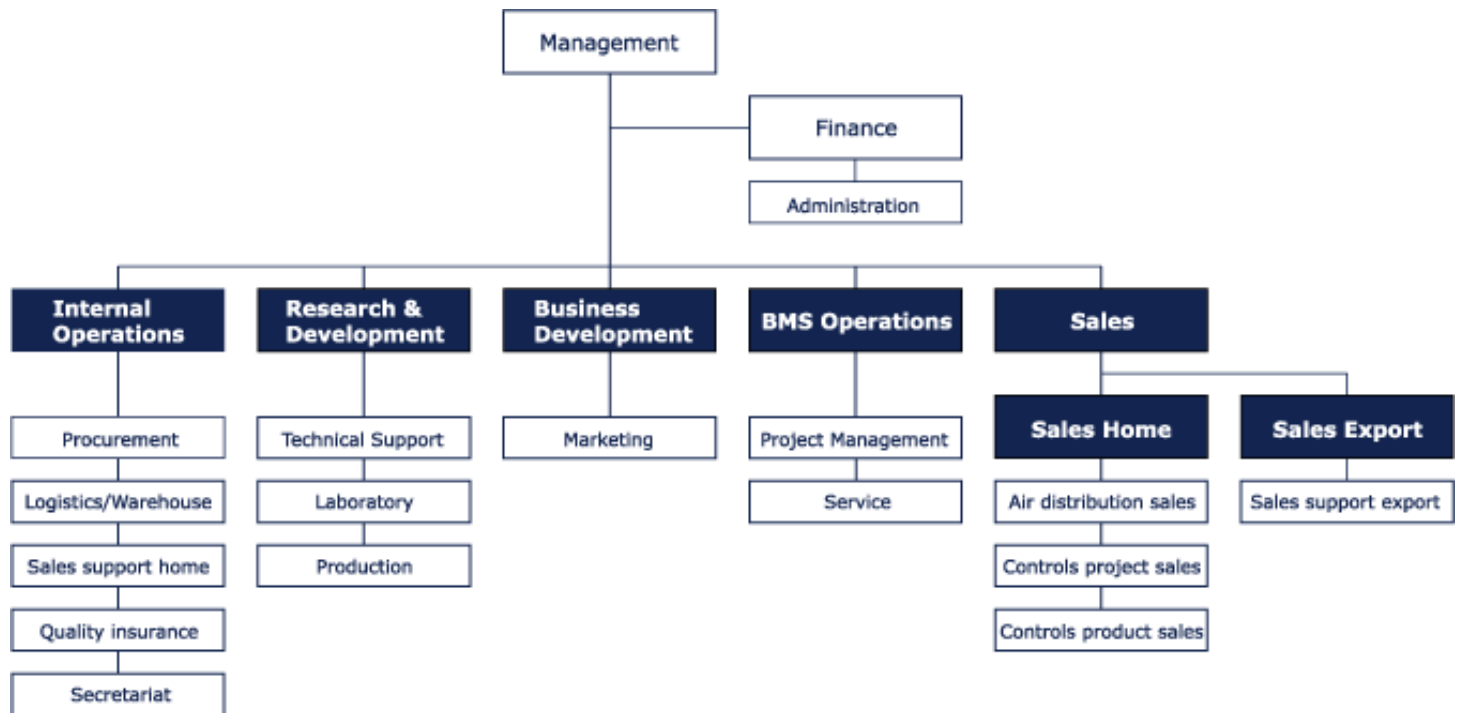
**Figure 26: Planning for the export department for the upcoming years**

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# Appendix

## Appendix 1: Flow chart of HC Barcol-Air





## Appendix 2: Summary of introduction tour of HC Barcol-Air, given by Mr. L. Wiersma on 18-02-2015.

In the first week of the internship, several tours were given by the export manager L. Wiersma. Not only to see where all departments are located but also to see the products and know what is being sold at HC Barcol-Air, how it works and what it looks like. During the tour, useful information was presented by Mr. Wiersma regarding products and the export market in the Middle East.

The first stop of the tour was the test room where it is possible to test product set-ups for projects. In this room, the new project is simulated including the air distribution system. When the room is built, several situations such as a summer day or a winter day will be simulated to measure the air flows in the room. Based on these measurements, the product can be adapted and the client can see what their new offices will look like. During the visit, Mr. Wiersma explained how the air distribution channel works and showed some set-ups for different products such as VAV induction boxes and chilled beams.

After the test room, the assembly department was visited. All the products that were available were shown, from fire stoppers to several different grilles and diffusers. Next to this, Mr. Wiersma explained which products were most suitable for the export market, namely the VAV induction box and the chilled beam. The reason for this is that those products are unique and there are no competitors with the same products according to Mr. Wiersma. Also, other products such as fire stoppers are already sold by local parties which make them a much cheaper alternative to HC Barcol-Air. In general, this means that only the two products mentioned above are exported. Of course, other products are also suitable to export but the demand is much lower for these products which make them uninteresting for the export department to really focus on.

Last on the tour was a visit to the different smaller departments such as logistics, import, sales and finally marketing. At the marketing/sales department, Mr. Wiersma introduced Mrs. Quint who is responsible for all marketing activities regarding the HC Groep. She will be interviewed at a later time to give more insight into the current marketing strategy and budget.

## Appendix 3: Interview with Mrs. E. Quint, Marketing & Communication advisor at the HC Groep at 3/3/2015.

*Goal of the interview:*

- *Determining the current marketing strategy for HC Barcol-Air.*
- *Determining what kind of marketing tools are being used and what they look like.*
- *Determining what the overall marketing plan is for HC Barcol-Air (if any).*
- *Determining needs and wishes from the marketing department.*

Eveline Quint started working at HC Barcol-Air in 2001 as an employee at the back-office of the domestic sales department. She has a background as a secretary and even studied to be a teacher briefly. Next to this, she successfully attended courses and classes while working for a different company, gaining extra knowledge and certificates.

When Eveline started working at HC Barcol-Air, an external agency was responsible for all the marketing outings. This agency was expensive and soon after Eveline started getting more involved with the marketing of the company, the agency was let go and Eveline took over all the marketing tasks. Currently, she is the marketing and communication advisor for HC Barcol-Air and has a long list of responsibilities and work but only 24hours per week to do it in. Some of the tasks from her long list include:

- Management of the company website: the website is built by an external company but the maintenance and adaptations are done by Eveline.
- Trade fair organization.
- Events for clients such as a boot trip at the SAIL event once every 5 years.
- Company clothes: people working in the assembly department wear clothes with the company logo on them.
- Making PowerPoint presentations for sales representatives.
- Making pictures and images to be used in correspondence.

This list can go on for some time, in short she is the go to person for everything that the company wants to share with the outside world. From content to actual design or from just putting information into the system to brainstorming about budgets and presentations.

During the interview, specific question were answered by Eveline, a summary of the answers given:

1. What is the current marketing strategy used by HC Barcol-Air?

There is no strategy regarding marketing, no long term vision or plan. Although the company has no clear marketing strategy, every two weeks the sales representatives together with Eveline have a meeting to discuss what they need in terms of marketing and where they want to go with it. Based on these meetings, the priorities can be shifted and Eveline's tasks can differ from the one she did before.

2. Is the strategy specifically for HC Barcol-Air or is it shared amongst the entire group?

The different part of the HC Groep are all small businesses of their own. Therefore, there is no strategy that covers the entire organization. Every business has its own character, for example the RT department has a very dedicated leader who spends a lot of time designing a strategy for his department. In Eveline's opinion, the different businesses covered by the HC Groep could benefit from working better together and joining efforts in for example marketing.

3. Is there a specific goal regarding the current marketing strategy? Does the marketing department have certain targets for example?

Since there is no clear marketing strategy, there are also no specific goals formulated with regards to the marketing.

4. If no clear strategy: how do you know what to do and what guidelines to follow?

The order in which Eveline does her tasks is purely based on priority. Whenever she gets a request from a department and the boss decides it has priority, that goes to the front of the line and gets done the fastest.

5. Who is responsible for designing and implementing the marketing strategy?

Due to the fact that there is no marketing strategy, whenever someone needs something, say a presentation in powerpoint, they can either use a template that has been created or make their own presentation based on the house style of the company. Everybody is free to determine their own personal preferences and use them in the marketing tools, just as long as the style is corresponding with the style designed for the whole group.

6. Is there a specific approach in the marketing strategy for the export department?

Not really, since the export department uses distributors in every market/country to sell their products it does not do anything else marketing wise.

7. What kind of information is available for marketing purposes?

A small array of booklets, leaflets and flyers such as the corporate profile and price list.

8. Which marketing tools are used?

Although Eveline thinks some of these tools are not used properly, the tools that are used are the website, calendars, leaflets, booklets, flyers, price list, reference list and the distributors.

9. Are they in stock for use or how does that work when you need something?

Some of the marketing tools are readily available such as a box of calendars, a box of corporate profiles and some loose other stuff. When something specific is needed such as a poster or a different price list, it is custom made which takes a lot of time.

10. Which of these tools are available for the distributors overseas?

Eveline has no idea what is available for the distributors and how they actually work.

11. Are there trade fairs the company participates in? Which ones?

Yes, HC Barcol-Air participates in a trade fair namely the VSK which takes place once every two years. During this fair, the company has its own stand with a size of 200m<sup>2</sup>.

12. Who is responsible for the fair participation? Who is active at the fair?

The company decides if it participates in the VSK fair, if so this will be included in the budget.

Eveline is responsible for organizing everything regarding the stand and the sales representatives are responsible for being at the stand during the fair.

13. What is the marketing budget?

The marketing budget is variable depending on the planning for each year. This means that the budget is set up differently every year, for example when you take into account the trade fair every two years, that makes the budget lower in the years they do not go to the fair. Also, the budget is made up out of several different things such as a travel budget so it really depends on the plan for the upcoming year what the size of the budget is going to be. Specifically for the export department, the budget is made up out of travel, training and some other things, but there is no specific part reserved to invest in distributors.

14. Is it for the entire group or does HC Barcol-Air have its own budget/part of the total budget?

As stated before, every part of the group is its own business so HC Barcol-Air makes its own budget every year.

15. Is there any wiggle room in the budget? Is management able to give more money for marketing purposes? If a good plan is made, is there money available?

The budget is variable so yes there is some wiggle room. If there is a valid reason to add something to the budget so that it can be done during the year, it is most certainly possible but it needs to be good project with a foundation.

16. When a new marketing strategy is created, what are the needs from your department?

An issue that keeps coming back is the fact that Eveline needs input to create marketing tools or to complete tasks but the departments keep delaying this by not supplying the input that she needs. For a new marketing strategy, it is important that there is a check system in place which ensures that people actually supply input for the marketing department so that things get done and not stay on the shelf for too long.

17. What do you, Eveline, think the new strategy has to have?

The most important thing, according to Eveline, is the website which is not really up to date and the texts on the site are not up to standard. In the new marketing plan the website should be a key focal point as well as the relationships with the distributors. There must be a specific plan how to educate them, how to communicate with them, which targets they should have and so on, to make sure they create as much new business for the company as possible.

18. Is there something that needs to be taken into account when formulating a marketing strategy?

HC Barcol-Air is a technical company which never really formulated a marketing strategy so when a strategy is created, it needs to be taken into account that it is new for all people involved. This will require some training and good communication so that everybody is on board and knows what the strategy entails. Furthermore, not every export market is the same so a general marketing strategy is good but needs to be adapted slightly for every different market to fit the needs of the specific market. Also, not every market is as profitable as the next so it needs to be considered which market needs more attention than others.

Near the end of the interview, Eveline answered all the questions and gave some advice on several matters that I could take into account for my research and plan, a summary:

The export department is in need of a clear set of guidelines so it can work better with its distributors and make sure they do everything in their power to sell products. The export manager has too many functions in one so he cannot really focus on the export market itself. Also, a lot of time is invested in interns who will leave the company after their internship which means that knowledge walks out of the door. Instead of investing so much time and energy into interns, it should be wise in the eyes of Eveline to invest in some more permanent staff or staff development so that knowledge stays within the company and the base of the department is solid.

Overall, the culture within the company is too rather work harder than to fire people when times get tough. This means that a lot of departments are understaffed and people work at the top of their game with a lot of tension on the domestic market. This is also due to the fact that the way of doing business has changed dramatically over the last 10 years. Orders are more last minute instead of planned a year in advance. This leads to added pressure for the employees who need to act quickly after an order comes in and are already busy with other orders.

Next to this, new ways of promoting business and products should be more adapted by the staff. Currently for example, the presentations given by staff to external parties are old and not up to modern day standards. When this is improved upon by Eveline and new presentations are created, people still use the old ones and do not adapt to the new way of doing things.

For the internal organization, Eveline said it is important that people stick to their deadlines and are being held to them by others. Too much work does not get done because people are waiting on other people to give them the necessary information to continue. In short this means that deadlines need to be set and people need to be kept to these deadlines so that more work actually gets finished and the feeling of 'being so busy' will diminish. Furthermore, the company has a big wish list and they want a lot to be done and planned for but this takes up time and time is not available. The time that is available is dedicated to product development and a bit to sales in the domestic market so maybe this time needs to be slightly reallocated.

Finally, Eveline gave some insight into the way she thinks that the company needs to promote its work in the industry. Instead of using reference lists which is common now, she wants to use current projects as a reference so that you promote the business using projects that are recent and that the people in the business know about. Currently, the way to promote the business is by using past projects and showing off how good we did years ago which is old and not working according to Eveline.

## Appendix 4: Interview with Mr. L. Wiersma, export manager at HC Barcol-Air at 5/3/2015.

### Goal of the interview

- *Determining the current price strategy for the export department of HC Barcol-Air.*
- *Determining the current target group for HC Barcol-Air.*
- *Determining the USP's for HC Barcol-Air.*
- *Determining known competitors and their products in the market.*

1. What is the current price strategy used in overseas markets? (specifically the Middle East)

We currently use a price strategy which is based on the cost price of products ordered or for an entire project. We add onto this price a certain margin of 30% for our profit but this margin is negotiable based on the amount of products ordered or the size of the total project.

2. What is the target group for HC Barcol-Air? Is there a difference between the Dutch market and the export market with regards to the target group?

The target group for HC Barcol-Air is different in the export market compared to the domestic market. This is because in the domestic market we use our own sales people who speak with (potential) clients and can further explain the products and services available. In the export market however, we work with distributors who have to sell our products and company. In practice, this means that the target group for the domestic market is the decision maker in the building design process. For the export market, the eventual target group remains the same but we have to take into account that the distributors have to be able to use the marketing tools and implement the right strategy.

3. What are the USP's for the export department of HC Barcol-Air?

There are several USP's formulated which can also be found in the corporate profile:

- Well-known name in the industry.
- Total solutions for HVAC.
- Plug and play products including control technology.
- Test facilities for indoor climate and acoustics.
- Quality, knowledge and experience.
- Reliability of delivery and supply.
- Support in case of problems.
- Induction VAV boxes.

4. Are these USP's known by your distributors? Or the potential clients?

The USP's are available in the corporate profile so yes, they are known to distributors and are accessible to potential clients.

5. Who are the competitors in the market? Which are the main competitors? Which are upcoming?

The most important competitors are Krantz and Trox but to know more about them you will have to wait for the report from Business Boost International because they will conduct research into our competitors.

6. What do the competitors offer in products or services (can be partially the same of course)?

They offer products that resemble ours but our induction VAV-boxes are unique for the market. None of our competitors has a product that induces air to offer on the market in the UAE, instead they offer regular VAV-boxes and try to sell them by emphasizing the positive features.

7. What is/are the longterm (3-5years) goals for the export department of HC Barcol-Air? And how/when do you evaluate these?

These goals are vague since we do not specifically know how much we want to increase the sales and how to do this. In fact, the only goal stated is to grow the export sales over the next years.

8. What are the shortterm (1 year max) goals for the export department of HC Barcol-Air? And how/when do you evaluate these?

I would like to hire an extra person based on the fact that the two people working next to me in the export department are very busy. The only problem is that I do not have a clear image of what this person is going to be doing, what needs to be done to increase sales from the export department. Also, I would like to have a clear marketing strategy which we can implement in the export department over the next year so that we can evaluate after one year, provided we can hire someone.

9. What do you provide for the distributors in terms of material, training etc?

Nothing.. just a corporate profile and if they ask for something else we can make it for them. But we need a package of some sort to supply the distributors with so that they can promote our brand and products adequately.

10. How do you make sure that the distributors try to get your products sold for new projects?

Most distributors have a contract but not every distributor. Sometimes the cooperation is based on trust and the right feeling so no contract is needed in my opinion, although I see the need for one so that we have a mutual understanding of expectations and goals.

11. What do you miss in the current marketing strategy? Is there something you need that is not there currently? (products, booklets etc or service for example)

I think we need some basic materials such as posters, flyers and booklets so we can supply these to our distributors and take them with us to, for example, trade fairs. Also, if we have these standardized materials, we don't spend so much time developing material when we need them. Currently, whenever we need something like a poster, we need to design it from scratch which takes up a lot of time and effort. Instead, it would be more efficient if we have certain standard formats which we can edit to fit a certain occasion. This will not only save time and effort but will also ensure that all marketing tools used by the export department look the same and that distributors get the same kind of materials to sell our products.

After these questions, we had a conversation about the marketing goals for the upcoming years since Mr. Wiersma realizes that it is important to formulate these goals in a concrete manner. The goals formulated are as follows:

- 5% turnover growth at the end of the first year (2016).
- 10% turnover growth at the end of the third year (2018).
- 15% turnover growth at the end of the fifth year (2020).

These numbers are based on the fact that the potential of the export turnover is not fully utilized at the moment and Mr. Wiersma thinks these numbers are realistic based on this potential.



## Appendix 5: Summary export meeting HC Barcol-Air Purmerend at 11/3/2015.

### *Goal of the meeting:*

- *Determining needs from the export department regarding the marketing strategy.*
- *Determining how to position the company in the market.*
- *Getting insight into the opinions of the export department's employees regarding the current marketing strategy and how to adapt this in the future.*

### *Attending the meeting:*

- *Mr. L. Wiersma.*
- *Mr. E. Poelman.*
- *Mr. W. Speel.*
- *Ms. J. Straver.*

Over the course of this export meeting, which takes place at least once a month, the current projects are being discussed and there is also the possibility to brainstorm about things such as new distributors, new projects, extra marketing and so forth. During this particular meeting, the emphasis was put on the new marketing strategy and the market research being done at the office. Due to the brainstorm modus of this meeting, the key points generated during the meeting are listed below.

- References of current projects  
Projects that are currently being handled by the company and where products are being sold are not listed on the website. The export department wants this to be on the website and even develop content to be put on the website but due to the busy schedule of the marketing advisor it never does make it onto the website.
- The website  
In the current format, the website does not generate any business and is only a source of frustration for the employees. Next to this, the employees themselves don't even use the website to show what the company is about or to show references or products. The biggest issue is the fact that the website is built for the entire HC Groep, with different headings for every business unit. Also, the website is too much text and too little actual information or attractive images, in short it is very confusing according to the employees.  
When we look at the part of the website that is reserved for Barcol-Air, it is practically the same, a lot of text and very confusing where to find certain information if you can find it at all. For the export department, the only part of the website that is relevant is the English part for Barcol-Air. Unfortunately, this part is only accessible from the homepage of the HC Groep and not from the page of Barcol-Air and it looks and works even worse than the Dutch website.  
The employees of the export department have stated some clear wishes for the English website which can be completely separate from the Dutch website as far as they are concerned when it comes to content and keeping it updated. About the updating, it would be a welcome addition if it is possible for the export employees themselves to update the information on the website, for example regarding current projects. The time they spend now on writing content for the current website, sending it to the marketing coordinator and waiting for it to show up on the website, which it doesn't, can be spend on uploading this piece of information to the website themselves. Next to the issues with the website itself, when companies try to find Barcol-Air they cannot find the website easily in English. Currently, there are offers coming in through the UK office because



people cannot find the right office in the Netherlands. This is of course a challenge regarding the export department.

- Finding the distributors on the website

On the current website, according to the employees of the export department, it is too difficult to find the distributors that work with Barcol-Air. Because of this, projects are submitted to the company, which in turn refers them to the appropriate distributor. This is not only costly in time but also in resources and is easily fixed.

- Barcol-Air as part of the HC Groep

Barcol-Air as its own company is a well-known brand in export markets but since it has become part of the HC Groep, the directors want to change the company and market it as part of a larger organization. Due to the reputation abroad, the export department is reluctant in changing the name and position of the brand but are aware of the fact that they should present the company more as a part of the total group. Nevertheless, employees of the export department feel as if Barcol-Air is its own company and can build on its own reputation. It has been made clear that both views should be taken into account when formulating the positioning and marketing strategy in the future.

- Total HVAC systems

As part of the marketing positioning, HC Barcol-Air is proud of the fact that they have the knowledge to supply total HVAC systems. Unfortunately, this is only possible for the domestic sales market and not for the export market but this is not clear in the communication towards clients.

The new way of communicating the fact that HC Barcol-Air has the knowledge to build total HVAC systems is to be clear in communication that only two business units of the HC Groep export their products and focus more on knowledge than on the total product line.

- Knowledge centre, not a factory

There are a lot of distributors and clients who visit the offices in Purmerend, expecting a production facility. Instead, HC Barcol-Air does not produce the products but only assembles the parts. In the communication towards distributors and possible clients, it should be made clear that HC Barcol-Air is not a production facility but more a knowledge center. In order to prevent misunderstandings in the future and to promote the fact that the company is proud of the knowledge they possess, this message should be taken into account when developing a new marketing strategy.

- New positioning for the company

Taking into account that the focus should be more on the knowledge part of the business, the positioning should change to match this. Since this is a subject to think about by the export employees, this will be revisited at a later time in order to formulate a correct positioning statement and a marketing strategy to match.

- Distributors

Regarding the distributors, several issues were raised during the meeting, mostly about informing and training organized by HC Barcol-Air. First, there is the issue regarding the visits some of the distributors give the offices in Purmerend. The question raised was whether it would be more effective to have a set planning or options to choose from regarding the activities organized per visit. For example, a tour of the facilities, some informational meetings, places for lunch and places to stay overnight. This will be taken into account for the next meeting. Second, there was the organization of seminars in foreign countries, given by representatives of HC Barcol-Air, for distributors and contacts from the region. Two of these seminars are planned for later this year, around September 2015, in the Middle East. During these seminars, one specific subject is chosen and discussed with the emphasis on products that are available at HC Barcol-Air, for example the smart VAV. Thirdly, the distributors give feedback at the company saying that they really

appreciate the support after they are contracted. The export employees are always available and will respond within a day if a question is asked. On the other hand, it might be possible to tackle more than half of the questions up front by supplying the right information when the distributor is contracted. There is a lack of information and training at the beginning, resulting in a lot of questions later on in the process which take up a lot of time and are not necessary.

- Marketing materials

Currently, the only real material being used are the corporate profile and the big book with all products in it. There is a real need for better materials, based on the opinions of the export employees. They would like to see a new and improved corporate profile (based on the new positioning and strategy) but would also find it useful to have a more compact version, for example one single page, to hand out at fairs or to potential clients/distributors. As far as the look of these marketing tools go, no specific needs are being shared, as long as all relevant information is on it they will be satisfied.

- Products

There are two main points regarding the products that came up during the meeting. First is the fact that the products are not findable online when for example a client tries to find it. In contrast, one of the biggest competitors (Trox) has a complete product database online where you can google a product and it pops up, including specs and guidelines. Second, not all product specifications are added to the documentation which makes it incomplete and not ready to use. Both these issues can be resolved by updating the electronic environment but this takes time and people are too busy. Ideas have been introduced to set up an online catalog which makes it easy to update specs and prices and make all products available to outside parties.

During this meeting/brainstorm session, a lot of issues have been raised and are being thought through. Some things have to be revisited, such as the positioning of the department. Other things can be taken into account when formulating the marketing strategy, such as the need for a new corporate profile.

## Appendix 6: List of competitors for HC Barcol-Air

A complete overview of all competitors from research conducted in cooperation with Business Boost International.

Name of the company	Present in country	Own office	Distributor/agent
Solid Air <a href="http://www.solid-air.nl">www.solid-air.nl</a>	NL, France, UK, Belgium, Germany, Australia	HQ in NL	UK Distributor: PriceTwa <a href="http://www.pricetwa.co.uk">www.pricetwa.co.uk</a>
Metal Air <a href="http://www.metalindustriesinc.com/metalaire/">www.metalindustriesinc.com/metalaire/</a>	USA, Caribbean, Puerto Rico, Canada, Hong Kong, Israel, Philippines, Turkey, Middle East	HQ in USA	Energy International Corporation (Middle East) <a href="http://www.ergyintl.com">http://www.ergyintl.com</a>  Engineered Products Company (Puerto Rico) <a href="http://www.engi.com">http://www.engi.com</a>  Protec, Inc (Caribbean) <a href="http://www.protecinc.com">http://www.protecinc.com</a>  HTS Engineering, LTD (London, UK and Toronto, Canada) <a href="http://www.htseng.com">http://www.htseng.com</a>  Shumico Equipment Co (Hong Kong)  M.N. Engineering Co (Israel)  Techair Philippines  Ulus Yapi Tesisat MLZ SA VE TIC AS (Turkey)
Price <a href="http://www.priceindustries.com">www.priceindustries.com</a>	China, India, Indonesia, Singapore, South Korea, Taiwan,	HQ in USA	East Victory Technology Development Co. Ltd. (Beijing, China)

	Thailand, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Yemen, United Arab Emirates, Australia, Colombia, Dominican Republic, Costa Rica, Ecuador, Peru, Panama, Mexico, Puerto Rico, Venezuela	<p>Anway Engineering Co. Ltd. (Hong Kong)</p> <p><a href="http://www.anway.com.hk">http://www.anway.com.hk</a></p> <p>Sevcon India (P) Ltd.</p> <p><a href="http://www.sevcon.in">http://www.sevcon.in</a></p> <p>PT Jasira Utama, Indonesia</p> <p>BenAire Engineering Pte Ltd. (Singapore)</p> <p><a href="http://www.benaire.org">http://www.benaire.org</a></p> <p>AceAir Corporation (South Korea)</p> <p>TWT Systems &amp; Equipment Ltd (Taiwan)</p> <p>Ventilation Engineering Co. (Thailand)</p> <p>Morex, Inc (USA, Dubai, Libanon, Qatar and Jordan)</p> <p><a href="http://www.morexinc.com">http://www.morexinc.com</a></p> <p>Bader Al Mulla &amp; Bros Co. W.L.L (Kuwait)</p> <p><a href="http://www.almullagroup.com">http://www.almullagroup.com</a></p> <p>ASEM – Al Khobar (Saudi Arabia)</p> <p>Dunnair Air Conditioning Pty Ltd (Australia)</p> <p><a href="http://www.dunnair.com.au">http://www.dunnair.com.au</a></p> <p>SAEG (USA, Venezuela, Colombia &amp; Mexico,</p>
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			<p>Panama, Peru)</p> <p><a href="http://www.saeg.com">http://www.saeg.com</a></p> <p>MONTERREY (Mexico) SHN Sistemas Hidronicos del Norte S.A. de C.V.</p> <p><a href="http://www.sistemashidronicos.com">http://www.sistemashidronicos.com</a></p> <p>Alarm &amp; Control Systems Co. Inc (Puerto Rico)</p>
<p>Carnes</p> <p><a href="http://www.carnes.com">www.carnes.com</a></p>	<p>Saudi Arabia, Kuwait, Bahrain, Qatar, Turkey, Yemen, Lebanon, Syria, Iraq, Iran, Egypt, UAE, Oman, China, Puerto Rico, Caribbean, Guatemala, Mexico</p>	<p>HQ in USA</p>	<p>Sharco International Corp. USA</p> <p><a href="http://www.sharco.com">www.sharco.com</a></p> <p>JGB International Co. Bahrain</p> <p><a href="http://www.jgbinternational-bh.com">www.jgbinternational-bh.com</a></p> <p>JGB International Co. LLC Oman</p> <p><a href="http://www.jgboman.com">www.jgboman.com</a></p> <p>JGB Corp (Joint gulf Business Corp) Qatar</p> <p><a href="http://www.jgbqatar.com">www.jgbqatar.com</a></p> <p>JGB Corp Saudi Arabia</p> <p><a href="http://www.jgbinternational-sa.com">www.jgbinternational-sa.com</a></p> <p>JGB International Trading, LLC Abu Dhabi, UAE</p> <p><a href="http://www.jgbuae.com">www.jgbuae.com</a></p> <p>MOHD S. Afifi Trading Est. Saudi Arabia</p> <p>Caribbean Cleanroom Prod. Puerto Rico</p>

			<a href="http://www.ccpincpr.com">www.ccpincpr.com</a>  Refricentro (Caribbean)  <a href="http://www.refricentro.com">www.refricentro.com</a>  Cari Can Aire LTD Trinidad  Universal Air Supply, Inc. (USA)  Aguasistemas Intergrales (USA)
Swegon  <a href="http://www.swegon.com">www.swegon.com</a>	Belgium, Canada, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, India, Italy, Latvia, Norway, Poland, Slovak Republic, Spain, Sweden, Switzerland, The Netherlands, United Kingdom, USA	HQ in Sweden	No foreign companies. Only representative offices of Swegon.
Halton  <a href="http://www.halton.com">www.halton.com</a>	Halton has operations in 30 countries	HQ in Finland	No foreign companies, only representative offices of Halton. Production facilities are located in Finland, France, Germany, Hungary, UK, USA, Canada, China and Malaysia. License manufactureing in South-Africa, Mexico, New-Zealand and Australia. R&D facilities are in the USA, Canada, UK, Germany, France, Malaysia and Finland.
Dadanco  <a href="http://www.dadanco.com">www.dadanco.com</a>	Albania, Serbia, Mexico, Dominican Republic, France	HQ in USA	Optima Project d.o.o. Serbia  <a href="http://www.optima-project.com">www.optima-project.com</a>  GreenBlue Solutions SA de CV-Mexico  <a href="http://www.greenblue.mx">www.greenblue.mx</a>  Energy Dynamics, Ltd Dominican Republic

			<a href="http://www.energydynamics-lac.com">www.energydynamics-lac.com</a>  RCO Systemes (France)
LTG <a href="http://www.ltg-ag.de">www.ltg-ag.de</a>	Austria, Germany, France, Great Britain, Czech Republic, Italy, Netherlands, Poland, Portugal, Slovenia, Switzerland, Turkey, Russia, USA, Estonia, Latvia, Lithuania, China, Croatia, Romania, Serbia, Hungary, Slovakia, Bosnia-Herzegovina, Montenegro, Africa, Asia, Australia, Belgium, Bulgaria, Denmark, Finland, Greece, Ireland, Iceland, Luxembourg, Sweden, Spain, Cyprus	HQ in Germany	Toho Engineering Co., Ltd Japan <a href="http://www.tohoeng.net">www.tohoeng.net</a>  LTG Incorporated USA <a href="http://www.LTG-ING.net">www.LTG-ING.net</a>  LTG Aktiengesellschaft Germany  KTG Klimatechnische Gesellschaft mbH Austria  CLIMAVENETA France  MAP Motorised Air Products Ltd. UK  SOKRA, s.r.o. Czech Republic  Hatek GmbH (partner for Italy)  Opticlima Systems b.v. (Netherlands)  ArGelo S.A. Portugal  Laminair AG Switzerland  Step Mekanik Anonim Sirketi Turkey

			Windeco Ltd Russian Federation
Krantz <a href="http://www.krantz.de">www.krantz.de</a>	Austria, China, South Africa, Belgium, USA, Switzerland, Canada, Denmark, Mexico, Spain, France, Finland, UK, Hong Kong, Greece, Japan, Poland, Italy, Portugal, Kuwait, Ireland, Taiwan, Iceland, South Korea, Russia, Qatar, Norway, Turkey, Singapore, Netherlands, Thailand, UAE, Bahrain, Australia, New Zealand	HQ in Germany	The company has dealers in all the countries listed.



## Appendix 7: Questionnaire for distributors of HC Barcol-Air in the Middle East

Since HC Barcol-Air uses distributors to sell their products in the markets overseas, they should be questioned on what they want and need to be successful in the promotion of their products. The questionnaire is short and only an informative email to prepare the distributors for the conference call that follows to answer the questions and gather more information. These questions cover the bare minimum of information that is needed and during the conference call, more information will be gathered.

1. How do you currently promote the products of HC Barcol-Air?
2. What kind of marketing materials do you use?
3. What kind of marketing materials would you like to use but are not available?
4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?
5. What does the competition do in terms of marketing?
6. In your opinion, how can HC Barcol-Air distinguish itself from the competition?

The distributors contacted for this interview are the distributors that deal with the market in the United Arab Emirates and are listed below:

- NG Global, Dubai UAE, [www.ngglobal.net](http://www.ngglobal.net)
- Bahri & Mazroei technical Systems co (LLC), Dubai UAE, [www.bmtsonline.biz](http://www.bmtsonline.biz)
- Dutco, Dubai UAE, [www.dutcotennant.com](http://www.dutcotennant.com)
- Al Taqa Equipment Est., Abu Dhabi UAE, [www.altaqaequipments.com](http://www.altaqaequipments.com)
- Sibca, Abu Dhabi UAE, [www.sibca.com](http://www.sibca.com)

## Appendix 8: Responses from distributors on questionnaire and conference calls

After the questionnaire was sent to the distributors, a conference call was made to gather the answers to these questions and additional information. Below are the summaries of the conference calls for every distributor. The emails were sent on the 1<sup>st</sup> of May and the conference calls were made from the 11<sup>th</sup> till the 14<sup>th</sup> of May.

**COMPANY: NG Global, Dubai UAE, [www.ngglobal.net](http://www.ngglobal.net)**

**PERSON: Mr. Thomas; contact for HC Barcol-Air**

1. How do you currently promote the products of HC Barcol-Air?  
*We use the corporate profile to show new or potential clients what kind of company HC Barcol-Air is at first. After that, to show the products they offer, we show the handbook or the induction VAV leaflet, it depends on what products they want to use. Off course, we also tell the story about HC Barcol-Air, the history and we try to emphasize the experience and knowledge that HC Barcol-Air has.*
2. What kind of marketing materials do you use?  
*Mostly, we depend on the story with the corporate profile next to it since we can leave that booklet at the client. The big book we only use when we specifically discuss the project at hand and we usually don't leave it behind. If clients want more information about the company after we leave, we also give them the corporate website address for them to look at.*
3. What kind of marketing materials would you like to use but are not available?  
*The big book is very heavy so I really want an online product catalog that is easy to use. Now, the products are on the website but you need a lot of clicks to see it all and I would really like all the products to be easy accessible.*
4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?  
*I really like the fact that Mr. Poelman has a lot of contact with us whenever we have a project for the company. He really supports us and tries to add products or services to the package the client wants to order. Unfortunately, we only get support whenever we have an order, we do not get proactive guidance. There are no set moments where we have contact to see how we are doing or if HC Barcol-Air can do something for us. I would like a more proactive way of support and communication. Also, I would like to be able to use the website as a way to support my story about the company and the products.*
5. What does the competition do in terms of marketing?  
*I know that some of the competitors have online product catalogs and have extensive training for their distributors. But on the other hand, Trox is getting rid of its distributors now after years of good collaboration so that is not very nice.*

After these questions, Mr. Thomas added that the cooperation with HC Barcol-Air is going very well and that the contract based on targets is a good way to motivate his people and get more business. Also, the amount of contact from the office in Purmerend is good, Mr. Poelman is always available over the phone or through email and is even prepared to visit whenever a project needs special attention.

**COMPANY: Bahri & Mazroei technical Systems co (LLC), Dubai UAE, [www.bmtsonline.biz](http://www.bmtsonline.biz)**

**PERSON: Mr. Hussain; pre-sales and design engineer**

1. How do you currently promote the products of HC Barcol-Air?  
*Mostly, I talk about the company and that it has been in business for many years. This is also available in the corporate profile which I leave at the customer whenever I visit for the first time. It is about the story I tell the customers and if they eventually decide to order products, I visit them again with the handbook to determine which products they want.*
2. What kind of marketing materials do you use?  
*I do not really use materials; I tell the story and leave the corporate profile but I do not use it when I tell my story.*
3. What kind of marketing materials would you like to use but are not available?  
*In my opinion, I could use the website more as a way to enhance my story. Currently I do not because there is no relevant information on the website and I cannot share an URL link with clients because the website is part of the HC Groep. Whenever I want to direct people towards the website, I know it is difficult to find the right information so I chose not to.*
4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?  
*An online product catalog would be very nice. It means I do not have to carry around the big handbook and customers can view the products when I leave and think about which ones they want to order. Also, I would like some more contact when I do not have a project for the company. It is better if the company checks in with me every once in a while so I stay alert and it gives me the feeling they really want me to do well.*
5. What does the competition do in terms of marketing?  
*Some of the competitors, Trox for example, have an online product catalog which is very easy to access and use. Customers often tell me that they value this and they prefer it since they do not constantly have to call the distributor whenever they have a question about a product, they can just look it up themselves.*

Next to answering these questions, Mr. Hussain said that he really appreciates the visits from Mr. Poelman and Mr. Wiersma whenever he contracts a big project. It is good for business if the export manager from HC Barcol-Air accompanies him to the project because it shows that the European company is serious about the project and the relationship with the distributor.

**COMPANY: Dutco, Dubai UAE, [www.dutcotennant.com](http://www.dutcotennant.com)**

**PERSON: Mr. Navas; contact for HC Barcol-Air**

1. How do you currently promote the products of HC Barcol-Air?  
*Whenever I visit a company that has a project coming up, I bring the corporate profile and the product handbook. I talk about HC Barcol-Air as a company, when they started and the years of experience they already have. I also show some reference projects on my computer, unfortunately I have to google these images myself since there is only a list of references on the website that is not up to date and does not have pictures.*
2. What kind of marketing materials do you use?  
*As I said before, I use the corporate profile, project references and the product handbook. I find that the story I tell is more important and that the materials just have to support my story.*
3. What kind of marketing materials would you like to use but are not available?  
*Since I prefer using references to show what the company is able to do I would like an up to date reference list, including pictures, on the website so I can show this easily when I visit people.*

*Also, an online product catalog would be nice since I only have a couple of product handbooks and I do not like to leave one of them at a project. If there is an online version, I can just refer to the website and when I leave, the project manager can just view the products himself.*

4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?

*An online reference list and product catalog. Now, when I have a question I can call the office in Puremerend but I think I could find the answers myself if the website is up to date and includes a catalog. Now I just find it easier to pick up the phone because Mr. Poelman will help me but I could just find out myself if the information I need is easy to access.*

5. What does the competition do in terms of marketing?

*I do not specifically know what they do but I do know that there are online product catalogs available for other products and that they also use corporate profiles.*

After the questions had been answered, Mr. Navas added that in the current contract they do not have set sales targets for upcoming periods. He said he would like to have targets because it shows that HC Barcol-Air has trust in him as a distributor and it will trigger him to be more active when visiting potential clients. Also, he stated that the service from the export department is very good but he would like to have more contact without having a project. Whenever he is not actively involved in a project for HC Barcol-Air, it is silent and he would like some more guidance from them in order to sell more products. If there is more contact during the year, the targets that could be set can be revised and the developments in the market can be discussed. He currently thinks that the company is only interested in him as a distributor whenever he gets them orders.

**COMPANY: Al Taqa Equipment Est., Abu Dhabi UAE, [www.altaqaequipments.com](http://www.altaqaequipments.com)**

**PERSON: Mr. Gilbert; Director**

1. How do you currently promote the products of HC Barcol-Air?

*I promote HC Barcol-Air by visiting or calling potential clients when I know that they have a project coming up that needs products for the HVAC. I tell the potential client about the company and what they do, the history and the products they can supply. Whenever the potential client is interested I leave a corporate profile and ask them to contact me if they want information about products. If they contact me, I visit the potential client and bring the product handbook and induction VAV leaflet to show the products they can choose from. Mostly, it is a people business so it is about the story I tell and whether the client already knows me or the company.*

2. What kind of marketing materials do you use?

*I start out with nothing and only use the corporate profile when the client is interested. At a later stage, I take the product catalog to them to show the specific products they would be interested in.*

3. What kind of marketing materials would you like to use but are not available?

*It would be convenient if the products are easy to find online so that the potential client can already view them before I visit them. This will save a lot of time because they can already decide what type of product they would like and I only have to help in deciding which particular version they need. Now I spend a lot of time explaining the different types of products which can become a long story and confuses the potential client.*

4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?

*An online product catalog and a website that is up to date and shows exactly what the company can provide in the export markets. Currently, the website implies that the total HVAC system is available for export but this is not the case. It confuses the clients and they get disappointed. Also, in this time when people use computers and smartphones it is easier to show products online than to show them in a book. Online products create an overview and you do not have to flip pages to show several products.*

5. What does the competition do in terms of marketing?

*When I visit clients I see that they use online product finders from the competition and that they get really excited about it. I also noticed corporate profiles from competitors and pricelists to go with the products.*

Mr. Gilbert wanted to add that the current level of service from the export department is very nice, Mr. Poelman is always available to answer questions and to help whenever there is a problem. Also, when the client wants a visit from the Dutch company, it is arranged that either Mr. Poelman or Mr. Wiersma visits the project. This is perceived very well by the client as well as Mr. Gilbert since it shows a genuine interest from HC Barcol-Air and the wish to invest in the relationship with the distributor and the client. Especially when Mr. Wierma visits, this is a big deal since he is the export manager and is viewed as the 'big boss' from the European company that takes the time to visit a project.

**COMPANY: Sibca, Abu Dhabi UAE, [www.sibca.com](http://www.sibca.com)**

**PERSON: Mr. Kumar; Manager Projects**

1. How do you currently promote the products of HC Barcol-Air?

*I do not really promote the products, I talk about the company and its history and experience in the export market. I try to convince the potential client that they want the products from HC Barcol-Air because they are of a high quality and they are thoroughly tested.*

2. What kind of marketing materials do you use?

*I do not use marketing materials because I do not think they help sell the products. I use the product handbook to show what the specifications of certain products are but I do not view this as a marketing tool.*

3. What kind of marketing materials would you like to use but are not available?

*It would be more convenient for me to have an online product catalog and an up to date reference list. This would mean I do not have to carry the product handbook around all the time because I can just show the products online. Furthermore, the client can view the products by themselves without me needing to visit to explain the products.*

4. What do you need from HC Barcol-Air, in terms of marketing and/or support, to generate more business?

*Only an online product catalog and a reference list, preferably with pictures, so the client can see what the company did in the recent past.*

5. What does the competition do in terms of marketing?

*I have no idea, I do know that the competition has online product catalogs and that they have distributors that actively sell the company and its products.*

Overall, Mr. Kumar was not really participating in the interview which was, as he stated, based on the fact that he only has a licensed distributor contract without targets. He feels he does not have to sell products from HC Barcol-Air because he does not get much in return in terms of money or margin. He would like to have an extended contract which includes targets and a remuneration clause so that he has an incentive to sell more products.

## Appendix 9: Confrontation matrix

		Opportunities							Threats				
		O1 Emphasizing green aspect of induction VAV-boxes O2 In case of a financial crisis the company can switch to another region which is less affected O3 Politics in the UAE focusing on developing relationships with other countries O4 Economic activity in UAE is being diversified O5 Construction industry UAE is growing O6 Creating an online product catalog O7 Use distributors that are being cut by Trox							T1 Employees at distributors change often T2 Construction industry suffers first from a crisis T3 Competitors are active in the same market T4 High buyer power T5 Competitors have extensive online catalogs				
Strengths	S1 Years of experience		++		+	++							
	S2 Technical support department											+	
	S3 Distributors all over the world		++				+	+		+			
	S4 Good relationships with distributors		++		++	++			+		+	++	
	S5 Test facilities for indoor climate	+			++	+						+	
	S6 Well known name in export markets (Barber-Colman)	+	+	++	+	+		+			+	++	
	S7 Support in case of problems	+			+		+					+	
	S8 Reliable when it comes to supply and delivery											+	
	S9 ISO guidelines are adhered to without certification												
	S10 Financial situation is good and improving					+	+			+			
Weaknesses	W1 Use of two slogans												
	W2 English part of the website is incomplete												
	W3 No marketing strategy and marketing tools are missing												
	W4 Export department is understaffed												
	W5 Not every distributor has a contract												
	W6 Positioning is wrong												
	W7 Orders come in through the UK office sometimes												
	W8 No ISO certification												

The matrix shown above gives a clear overview of the strengths and weaknesses that match opportunities or threats. The combinations with the highest scores are most relevant and are taken into consideration in the main report, chapter 4.

## Appendix 10: SFA Analysis

The SFA analysis is a tool to determine the best option from the four options generated from the confrontation matrix. This analysis uses three angles:

- Suitability: gives insight if the option fits with the trends and developments from the external analysis and if the option will solve the central problem.
- Feasibility: gives an insight if the option is possible for the company and is based on the FOETSJE model (Alsem, Strategische Marketing Planning, 2009), translated to English this yields FOETSL.
- Acceptability: gives insight if the option is profitable for the company and the level of risk that is involved with the option.

Suitability					
Factors	Weight	Option 1	Option 2	Option 3	Option 4
Exploit strengths and opportunities	4	5	3	4	0
Minimalize weaknesses and threats	4	4	2	4	1
Solve the central problem	5	5	3	4	0
<b>Score</b>		61/65	35/65	52/65	1/65
Feasibility					
Factors	Weight	Option 1	Option 2	Option 3	Option 4
Financial	4	4	4	4	1
Organizational	5	5	2	4	1
Economical	3	4	3	4	3
Technological	1	1	1	1	1
Social	1	4	3	3	2
Legal	2	1	1	1	1
<b>Score</b>		60/80	41/80	54/80	23/80
Acceptability					
Factors	Weight	Option 1	Option 2	Option 3	Option 4
Risks	3	4	2	4	2
Profitability	5	5	3	4	2
<b>Score</b>		37/40	21/40	32/40	16/40

Weight distribution per angle:

- Suitability: solving the main problem is the most important factor so this gets the maximum weight of 5. The other two factors are equally important but slightly less than solving the main problem so they get an assigned weight of 4.
- Feasibility: HC Barcol-Air is facing organizational difficulties so the organizational factor is important and therefore gets the maximum weight of 5. The financial feasibility is also important since the company is still recovering from the financial crisis, therefore this factor is assigned a weight of 4. Because the company wants to grow the export turnover, it is important that the option is economically feasible so this factor is assigned a score of 3. Legally the company does not have a lot to take into account so this factor is assigned a weight of 2. Finally, the

technological and social feasibility are the least important for HC Barcol-Air because they are a trendsetter in the market and the relationships with distributors are good, therefore both factors are assigned a weight of 1.

- Acceptability: the management of the HC Groep will only allow this plan to be implemented if it is profitable so this factor is very important and is awarded a weight of 5. The risks that are involved in the options are less important than the profitability but still important since they cannot be too high, so this factor is assigned a weight of 3.



## Appendix 11: Budgets

The budget has been set up together with the financial director of HC Barcol-Air on the 11<sup>th</sup> of June.

There are four main budgets that make the overall budget shown in chapter 7:

1. Sales budget: because of the project basis that HC Barcol-Air works on, the number of goods sold cannot be determined. As a result, only the amount of sales in EUR is taken into account for the budget. In the first three quarters, the sales numbers are higher than in the last quarter since most projects are started in the first parts of a calendar year. In the last quarter there are typically less projects that start and thus also a less amount of sales. There is a 1.5% negotiation margin taken into account for the amount of sales. This percentage is a medium since large projects can yield a higher margin as where smaller projects can yield a lower margin. The overall sales numbers are generated based on the goals that have been set for the export department: 5%, 10% and 15% growth in turnover for the upcoming three periods.
2. Production budget: since HC Barcol-Air works mainly on project basis, the production costs for these projects have been set to be 70% of the sales price. This leaves 30% as a margin for the company, ensuring that unforeseen costs can be dealt with and there is still a good profit margin left. The production costs are actually assembly costs since the company does not produce products but merely assembles parts ordered from manufacturers. Several assumptions have been made together with the financial manager of HC Barcol-Air:
  - Assumption 1: the distribution costs from the manufacturer to Purmerend are for HC Barcol-Air and add up to 3% of the production costs.
  - Assumption 2: the distribution costs from Purmerend to the project overseas are for the distributors (who can bill it to the project manager) so are not taken into account for this budget.
  - Assumption 3: the storage costs are low, only 1% of the production costs, since almost all products are made to order so there are virtually no storage costs needed.
3. Marketing budget: the actions as stated in the marketing communication plan are taken into account in this part of the budget. The creation of the online product catalog will have a start-up cost as well as a maintenance cost for every quarter after it has been created. These costs are based on a price indication from the company that set up the website that also offers to create and maintain the online product catalog. The costs for the corporate profile and leaflets are based on the current costs for designing and printing them, which is done using a set printer. The total marketing budget does not have a lot of posts since most of the marketing tasks will be performed by the new contract manager. These tasks do not include much new marketing materials, for example adapting the website does not cost money since the website already exists.
4. Overhead budget: the overhead costs are determined to be 5% of the turnover for every specific period. This has been determined by the financial director, based on his experience and the current calculation methods.

### 1. Sales budget

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2016
Estimated sales EUR	€ 1.000.000	€ 1.000.000	€ 1.000.000	€ 675.000	€ 3.675.000
Negotiation margin (1,5%)	1,5%				€ 55.125
Total estimated sales					€ 3.619.875

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2018
Estimated sales EUR	€ 1.000.000	€ 1.000.000	€ 1.000.000	€ 850.000	€ 3.850.000
Negotiation margin (1,5%)	1,5%				€ 57.750
Total estimated sales					€ 3.792.250

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2020
Estimated sales EUR	€ 1.200.000	€ 1.000.000	€ 1.000.000	€ 825.000	€ 4.025.000
Negotiation margin (1,5%)	1,5%				€ 60.375
Total estimated sales					€ 3.964.625

### 2. Production budget

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2016
Estimated production costs EUR	€ 700.000	€ 700.000	€ 700.000	€ 472.500	€ 2.572.500
Product warranty (5%)	5% € 35.000	€ 35.000	€ 35.000	€ 23.625	€ 128.625
Distribution costs (3%)*	3% € 21.000	€ 21.000	€ 21.000	€ 14.175	€ 77.175
Storage rate (1%)	1% € 7.000	€ 7.000	€ 7.000	€ 4.725	€ 25.725
Total production costs	€ 763.000	€ 763.000	€ 763.000	€ 515.025	€ 2.804.025

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2018
Estimated production costs EUR	€ 700.000	€ 700.000	€ 700.000	€ 595.000	€ 2.695.000
Product warranty (5%)	5% € 35.000	€ 35.000	€ 35.000	€ 29.750	€ 134.750
Distribution costs (3%)	3% € 21.000	€ 21.000	€ 21.000	€ 17.850	€ 80.850
Storage rate (1%)	1% € 7.000	€ 7.000	€ 7.000	€ 5.950	€ 26.950
Total production costs	€ 763.000	€ 763.000	€ 763.000	€ 648.550	€ 2.937.550

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2020
Estimated production costs EUR	€ 840.000	€ 700.000	€ 700.000	€ 577.500	€ 2.817.500
Product warranty (5%)	5% € 42.000	€ 35.000	€ 35.000	€ 28.875	€ 140.875
Distribution costs (3%)	3% € 25.200	€ 21.000	€ 21.000	€ 17.325	€ 84.525
Storage rate (1%)	1% € 8.400	€ 7.000	€ 7.000	€ 5.775	€ 28.175
Total production costs	€ 915.600	€ 763.000	€ 763.000	€ 629.475	€ 3.071.075

### 3. Marketing budget

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2016
Online product catalog	€ 2.000	€ 50	€ 50	€ 50	€ 2.150
Contract manager	€ 6.000	€ 6.000	€ 6.000	€ 6.000	€ 24.000
Communication (corporate profile/leaflet)	€ 1.500		€ 250		€ 1.750
Distributor training				€ 1.000	€ 1.000
Bonus for the distributors (2% of sales)				€ 72.398	€ 72.398
Total marketing budget	€ 9.500	€ 6.050	€ 6.300	€ 79.448	€ 101.298

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2018
Online product catalog	€ 50	€ 50	€ 50	€ 50	€ 200
Contract manager	€ 6.000	€ 6.000	€ 6.000	€ 6.000	€ 24.000
Communication (corporate profile/leaflet)	€ 250		€ 250		€ 500
Distributor training				€ 1.000	€ 1.000
Bonus for the distributors (2% of sales)				€ 75.845	€ 75.845
Total marketing budget	€ 6.300	€ 6.050	€ 6.300	€ 82.895	€ 101.545

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2020
Online product catalog	€ 50	€ 50	€ 50	€ 50	€ 200
Contract manager	€ 6.000	€ 6.000	€ 6.000	€ 6.000	€ 24.000
Communication (corporate profile/leaflet)	€ 500		€ 250		€ 750
Distributor training				€ 1.000	€ 1.000
Bonus for the distributors (2% of sales)				€ 79.293	€ 79.293
Total marketing budget	€ 6.550	€ 6.050	€ 6.300	€ 86.343	€ 105.243

### 4. Overhead budget

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2016
Overhead costs (5% of turnover)	5% € 50.000	€ 50.000	€ 50.000	€ 33.750	€ 183.750

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2018
Overhead costs (5% of turnover)	5% € 50.000	€ 50.000	€ 50.000	€ 42.500	€ 192.500

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2020
Overhead costs (5% of sales)	5% € 60.000	€ 50.000	€ 50.000	€ 41.250	€ 201.250

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## Explanatory list of words

**HVAC:** heating, ventilation and air-conditioning.

**VAV:** variable air volume.

**UAE:** United Arab Emirates.