AW MEDIA'S RELATIONSHIP MARKETING

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Abstract

This is a study into the potentials of AW Media to achieve greater levels of profits by pursuing higher degrees of focus on the firm's relationship marketing efforts. AW Media is a Danish online marketing agency based in Copenhagen.

The study walks through the relationship marketing approaches on how AW Media's current customers can be made more profitable to the firm, how AW Media's future customers will be linked and managed, how to sustain customer retention efforts, and how to gather data and information to achieve these objectives.

This author hope the ideas from this study may, at least, capture the imagination of readers searching for venues to boost profits for firms not too dissimilar to AW Media of Copenhagen and to serve as sources of inspiration.

Keywords : relationship marketing, current customers, future customers, customer retention, boost profits, sources of inspiration.

Approved by

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1. Introduction

1.1 Motivation for choice of problem

My motivation for choosing to focus on AW Media's relationship marketing is that I have gotten the impression that there is not much focus on this area in the company. Therefore, there is potentially a large unredeemed potential within the company.

In most cases, AW Media services are only available as subscriptions, so in most cases, there is a longer relationship with the customer. Therefore, it is possible to influence the customer along the way. Optimizing this process will therefore make good results for AW Media.

AW Media delivers competitive products and has experienced great growth since its launch in 2008. As the company is quite young, it has focused more on finding the right products and services.

In 2016, AW Media made a profit analysis of the individual departments, and then decided to phase out web management, website development, etc[1]. This means that AW Media's products currently consist of managing Adwords campaigns, Search Engine Optimization (SEO) and lead generation. All three products are related to Google's search giant.
Adwords is Google's paid advertising, which can be found at the top and sometimes on the right of a Google search. SEO is the organic search results, that is, the search results Google comes up with under the sponsored links in the top. Lead generation works in such a manner that AW Media utilizes its strengths in handling Google to acquire qualified leads (customers) to other companies paying for this service.

Since AW Media is still in a transition phase with the phasing out of some product types while sharpening other products, it's a good time to stop and look inside the company. AW Media has found that their core competencies are within the handling and sales of adWords and SEO, and have also combined these two to sell leads.
So while the transition phase is still under way, and before it's focused 100% on creating growth within these three categories, it's worth assessing how the business can improve. This may include analyzing customers in order to improve customer retention, and to find the most profitable ones. It will give a good foundation to act on the basis of the future. Similarly, the company's internal processes could be looked into to see if some activities could be implemented or improved.

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[1] Appendix 1

1.2 Problem definition

The problem in the task is whether AW Media through more focus on relationship marketing could create more profit over time. AW Media profits by increasing awareness of the internet for their customers. The purpose of this is of course to create growth and profit for the customers. AW Media's services / products are usually sold in subscription form, and therefore it is largely a "collaborative" service, rather than a more "transactional" service. That means there is always a relationship between AW Media and the customer they serve. Therefore, it is very relevant to AW Media whether this relationship can be handled better. The difference between whether a customer extends cooperation or choosing another solution may be small but has a major impact on AW Media's earnings. This means that small changes in relationship marketing could potentially create major results at AW Media.

AW Media competes in an industry with very low switching costs, as it does not cost a customer to switch between two online advertising agencies. Therefore, it is the relationship (and of course, delivering results) to maintain the customer. AW Media does not have an overall statement of customer retention, but in the SEO department there is an inventory showing that 9 customers are no longer SEO customers. The 9 customers had a turnover of DKK 24,300 per month. At present, AW Media has 36 SEO customers with a total revenue of DKK 173,125 per month.[2]

The importance of maintaining customers is best illustrated by the leaky bucket theory. It explains that focus has generally been on acquiring new customers, but that it is equally important to maintain the current ones.[3] It is also a truth in the AW Media industry, especially as the switching costs are so low for customers.

Relationship marketing contains many approaches and ways to be performed. In this task, the focus will be on how current customers can be made more profitable, how future customers will be linked and managed, how to maintain customer retention and how information can be collected and used for this.

By analyzing AW Media and its current customers, I want to investigate which customers are most profitable, what common characteristics these customers have, how the customer relationship is handled and why customers do not prolong collaboration. Can any direct conclusions be drawn on these issues, AW Media has the opportunity to become a more efficient company. This will give a better chance of gaining an overview of the current customer portfolio, as well as providing a better basis for prioritizing future customers. The analysis will also provide a basis for assessing which characteristics of AW Media are prioritized by customers.

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[2] Appendix 10
[3] Relationship Marketing page 73

1.3 Problem Formulation

Based on the above motivation and issue, I will investigate the following:

• How can AW media increase their profitability through greater focus on relationship marketing?

To answer this question, I will use a number of questions that will help define how AW Media will handle this issue.

- How can current customers be made more profitable?
- How can customer retention be improved?
- Which segments are the best for AW Media in the future?
- How can internal processes be improved?

1.4 Delimitation

I will refrain from segmenting the entire market for AW Media's customers. The segmentation could otherwise provide an answer to which segment AW Media would focus on in the future. This happens partly because it would have a very large extent and that all relevant information would not be available. Instead, it is based on AW Media's existing customers.

The task will also restrain from going too much in depth with the technical execution of SEO, adWords and lead generation. An optimization of these could create more customers for AW Media, but the focus of the assignment is more on dealing with relationships.

1.5 Method section

1.5.1 Scientific approach

I want to use interpretivism. Interpretivism advocates the need to understand the difference between people in our social roles. This is emphasized by the difference between investigating people socially, or examining, for example, machines. We understand social phenomena differently from the value and role we give it. Eg. We interpret the social roles of others in accordance with our own opinions.

Using interpretism, it is important that the researcher has an empathetic attitude, that is, getting into the world you are studying and trying to see it from the investigated point of view.[4]

That's exactly what's happening along the way, and it's helped on the way that I've been part of the company.

I do not use the positivist approach, because the task and the data are too complex. The positivist approach can be used more widely in connection with the natural sciences, where the collected data can be placed in boxes. Many critics of positivism argue that insights into such a complex world as the

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[4] Research methods for business students, page 137

marketing world would be lost if data were reduced to being just a number of law similar generalizations.[5]

The same can be said to some extent about realism. Realism is also often used in situations, in connection with a more scientific study where the data cannot be interpreted in many different ways.

Eg. Would these two approaches not be used to interpret the interviews from AW Media customers or to understand the changes AW Media has to implement.

However, the positivist approach is used in the segmentation of AW Media's customers, as there are very tangible data.

1.5.2 Data collection
The data collection in the task will consist of both primary and secondary data.

1.5.2.1 Primary data
The primary data will be collected using semi-structured interviews.

Interviews internally in AW Media will be with CEO Mark Thorsen, Production Manager Claus Bermann, and SEO Manager Glen Michaelsen. Interviews internally in AW Media will deal with customers, relationships, internal processor, market selection and CRM system. In connection with the interviews, an interview guide has been prepared from the start. The interviews are based on this guide. Semi-structured interviews are characterized by gathering qualitative data. Semi-structured interviews are often called depth interviews because it is possible to speak freely about topics. They are preferred because it is also possible to cover items that come up along the way and are good at explaining less solid items, such as, a process or buying behavior.[6]

Primary data from AW Media's customers will also be gathered in the form of interviews conducted in the same way as the above. It will concern the customer's purchase process, priorities, evaluation of cooperation, etc.

The primary data internally from AW Media will be collected to help chart how AW Media manages their customer relations, how they evaluate their customers and how their internal systems and processors work. The data from AW Media's customers will be used to analyze how customers see AW Media, how their buying process is and how AW Media can improve their customer management.

The interviews will be transcribed and enclosed as an attachment. The information will be taken into use continuously in the assignment and will not have its own separate sections.

The report will also use the observation's "observer-as-participant" technique. By this technique you observe the outside world without participating in it yourself. Similarly, the "participant-as-observer"

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[5] Research methods for business students, page 137
[6] Research methods for business students, page 375

technique will be used, where the observer participates in what is being observed.[7] These cases will be referred to as non-participatory observation and participatory observation.

1.5.2.2 Secondary data

The report will also make use of collecting secondary data to illuminate and investigate the report's issue. The advantage of secondary data is that it has already been collected, saving some time in the process of compiling the report. However, one must always be critical of the fact that the collected secondary data is reliable, since you have not acquired the written knowledge yourself. Secondary data is also not prepared exactly for my task, so you should of course be critical of how it is used.

The secondary data for use in the report will consist of internal customer sheets from AW Media, an example of a letter with a customer, a table of differentiated services, and a table of customer types breakdown. In addition, data from Denmark's statistics are obtained, in the form of a table of internet trade. Most of the secondary data used will be in quantitative form as it will mainly be customers and their turnover. The customer letter used is of a qualitative nature.

Secondary data found on the Internet will also be used. This data will mainly be downloaded from AW Media's own website and Google Partners website.

This data will include Be used in the preparation of the analysis of AW Medias and its customers.

1.5.3 source criticism

The secondary quantitative data can be considered to be of high validity. Statistics from Denmark Statistics have a very high level of credibility. The customer sheet used in the customer analysis can also be considered very reliable, as AW Media has prepared it for its own use in its analysis work. The customer sheet dates from 2016, and therefore does not contain completely updated information. However, the SEO customer sheet is updated.

The Customer Letter, The Differentiated Services Table, and the Breakdown of Customers Table are also considered to be of high validity as they are used in the company.

In the context of interviews that act as primary qualitative data, it is important to keep in mind that the interviewed people have a relative subjective attitude.

Some of the recommended sections are based on estimates. For example, that relevant people have assessed how long a particular process would take. Eg. In the section dealing with ZOHO CRM, Glen Michaelsen considers that it will take a certain number of hours to introduce the new system. It is the closest I can get to a number of hours to use on the new system, but it cannot really be known until it has been implemented.

In terms of gathering primary qualitative data from AW Media's customers, there has been limited access. This means that only two interviews have been made. Several interviews could help to provide a more differentiated insight into the customers and their assessment of AW Media.

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[7] Research methods for business students, page 345

1.5.4 Structure of the report

The report can be divided into 4 main phases.

• Introduction
• Analysis
• Recommendation
• Conclusion

The introduction describes the background for choosing the task, what the problem is and the whole way it will be tackled. The analysis consists of an internal analysis of AW Media and its customers, and will be the basis of the recommendations that follow in the upcoming section. In the recommendation section, I provide my suggestions on how the problem can be solved, as well as an evaluation of these proposals. In conclusion, the final response to the problem formulation is summarized and perspectives on the effects the recommendations will bring with them.

Structure of the report

Introduction

- Motivation
- Problem formulation
- Problem statement
- Method

Analysis

- Analysis of AW Media
- Analysis of AW Media's customers

Recommendation section

- Recommendations
  - Description
  - Economic importance
  - Evaluation

Conclusion

- Conclusion
  - Perspective

1.5.5 Application of theories and models

To understand and analyze AW Media, "Components Of A Business Model" is used. The model consists of the 4 components: Customer Interface, Core Strategy, Strategic Resources and Value Network, and the 3 Bridges Customer Benefits, Configuration and Company Boundaries.

The model is used because it reaches all the way around AW Media, and all the processor and actions that are interesting, in comparison to answering the problem formulation.

The model will include "Porter's five forces" and "A Model Of Interfirm Relationship Marketing". Porter's five forces briefly describe the proximity of AW Media. It is very relevant in analyzing the industry in which AW Media competes and what factors to consider in their consideration. Eg. The low switching costs and entry barriers.

A Model Of Interfirm Relationship helps analyze what creates a good relationship. The model is used to recommend AW Media how to handle their customer relations.

To gather all the information from the Business Model, the SWOT analysis is used. SWOT is primarily used to get an overview of the most important points from the analysis.

The customer analysis uses selected segmentation relationships and an analysis of the typical acquisition phases a customer enters.

Below the segmentation section is a reason for the choice of segmentation criteria that have been preferred. In the same section an alternative layout of the whale curve is used, which helps to point out the difference between the customers.

To explain a customer's buying behavior, the section "The Organizational Buying Process", which relates to the 8 acquisition phases, typically uses a business. It is used to gain an insight into a customer's typical purchasing behavior and what is prioritized in connection with the start-up and extension of cooperation.

In the recommendation section, the section dealing with Relationship Marketing Programs is used. The section comes as a natural extension of the Relations Processing and Customer Analysis, and tells about how AW Media will handle their relationship marketing prospects.

The recommendations themselves are divided into 3 phases. A further explanation is included under the section.

1.5.6 Methodic criticism

Compared to the recommended section, no precise description of any budget is specified. Therefore, it is difficult to relate to what the recommendation really entails. A decided budget is omitted because there is no background and information enough to set it up. Likewise, both the costs and the profits are of abstract size, as they, for example, Consist of working hours and increased customer retention.

2 Internal analysis of AW Media

2.1 Introduction of AW Media

AW Media is a Danish online marketing agency based in Copenhagen. AW Media started up in 2008 selling adwords "packages". At that time, the agency started up with 4 employees, but has now expanded the business to 15 employees.

The stafff can be divided into a production department and a sales department. The production department consists of an SEO department and an adWords department, in addition, there is also a programmer and a web designer attached. The sales department is divided into a lead department and an SEO / AdWords account.

On the product page, adWords is still the dominant product, but the product range is expanded to include SEO and lead generation. There is also a little web- and design management.

The lead generation part of AW Media is quite young, it has started in 2016. In lead generation, SEO and adWords is combined to provide leads / customers, and are sold to external partners.

In 2016, AW Media performed a profit analysis on the individual departments of the company, and on the basis of it, some strategic decisions were made. This meant, among other things, that the development of websites and web management was lowered, these are being phased out by the company. Now, instead, focus is on the three core areas of business, adwords, SEO and lead generation.[1]

2.2 Analysis of AW Media

To analyze AW Media, I will use the "Components of a business model" model[2]. The model is very useful to understand the company's business concept. The model reaches around areas such as customer management, mission, core competencies, resources and networks. It should help shed light on AW Media's internal situation and the opportunities, strengths and weaknesses the company has.

The model consists of four components and three "bridges" between these.

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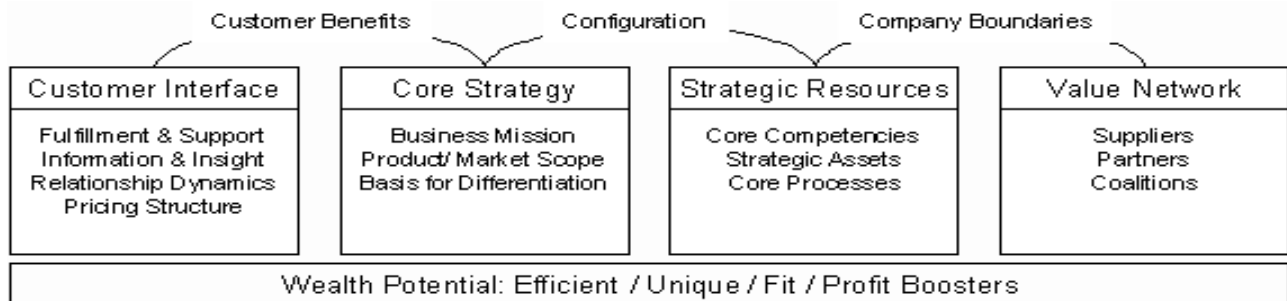
[1] Non participating observation
[2] Business marketing management:b2b page 123

Figure 1 Components of a business model[3]

The components are used to describe and analyze certain parts of the business while the bridges are used to connect them.

2.2.1 Customer interface

Customer interface consists of four sub-points:

• Fullfillment and support

• Information and insight

• Relationship dynamics

• Pricing structure

Fullfillment and support refers to AW Media's channels for business, that is, how they are in contact with their customers and what service they deliver.

At AW Media, the most commonly used method of contacting current and potential customers are phone calls. Such customers are mainly contacted initially, and it should lead to a possible personal meeting in the future. Current customers are also maintained over the phone and also by e-mail. Phone calls / meetings have the advantage that it requires few resources to meet with customers individually. In addition, AW Media has customers throughout Denmark, and it will lead to less efficient time and resource consumption if employees had to go all over Denmark.

Before a customer signs a final subscription to either SEO or AdWords, there is a personal meeting or a conference call, with one or more employees at AW Media. At such a meeting, the customer expects a match and details of future cooperation will be explained. Personal meetings are also used to maintain contact with some of the current customers. The highest priority customers may be for monthly meetings, but this will be tailored to the needs of each customer.[4]

Table 1 shows what services the different customers receive and how often they are expected to be in contact. The information is from an internal memo and is used only as guidance for the employees. As a matter of fact, how a customer is actually maintained is very individual, but the table can help to get an overview of how much time and how many resources there ss being used for customer maintenance.

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[3] Business marketing management:b2b page 123
[4] None participating observation

Differentiated Services	A++	A+	A	B	C	D	E
AdWords control frequency	Min 3/week	Min 3/week	Min 3/week	Min 2/week	Min 1/week	Min 1/two weeks	Min 1/month
Free SEO report	yes	yes	Yes	No	No	No	No
Free setup of Analytics reports	yes	yes	yes	yes	No	No	No
Service call frequency	1/week	1/week	1/week	1/two weeks	1/three weeks	1/month	1/two month
Frequency of counseling sessions (in person)	6/year	6/ year	4/ year	2/ year	1/ year	1/ year	0/ year
Frequency of counseling sessions (on the phone)	12/ year	12/year	12/year	6/ year	4/ year	2/ year	1/ year

Table 1 - Differentiated Services

Table 2 shows how customers are sorted by revenue per month as follows:

Customer type	Revenue per month
A++	+ 30,000 dkr.
A+	29.999 dkr. - 20.000 dkr.
A	19.999 dkr. - 10.000 dkr.
B	9.999 dkr. - 4.000 dkr.
C	3.999 dkr. - 2.000 dkr.
D	1.999 dkr. - 1.000 dkr.
E	999 dkr. -

Information and insight refers to how information about customers is collected and to what degree it is used to create more value.

The collection of customer information is initially done at the first personal meeting. Here, we discuss what the customer wants to get out of the cooperation, who the competitors are, what industry they are in, who the target group is, etc.
This information is primarily used to get an understanding of the customer and to be able to set a reasonable sense of expectation. The information forms the basis for knowing exactly how the customer's product should be. By knowing what competencies and products the customer emphasizes by themselves, it is possible to customize the product they are delivered. Eg. Can a customer sell a lot of

different products, but prefer to sell one product rather than another product. By knowing this, AW Media can target, for example, an adwords campaign against this particular product. In this way, AW Media creates more value for that customer. See example of what information is gathered when starting a new customer in appendix 6.

For the ongoing advisory meetings, some information is also gathered. It is very individual which areas are discussed for these meetings and the information from these meetings is documented differently depending on the amount and importance of the information gathered. In general, it is said that much of this information is not documented in writing, but that it is by every customer manager.[5]

Relationship dynamics refer to the nature of the relationship and interactions between AW Media and their customers.

To analyze this point, I will use "A model of interfirm relationship marketing". The model is used to describe how strong links can be established between customers and AW Media. As AW Media competes in a low cost switching business for customers, AW Media has a need to create a relationship with the customer so that the customer feels connected to the company and cannot easily change. This is primarily by creating results for the customer, but also by building a strong relationship with the customer, which cannot be overcome by competing companies.

The results of this model will later be used in the recommended part of the assignment. Here it will be the basis for recommending what kind of relationship marketing program AW Media will benefit most from.

The model consists of three relationship drivers:

- Relationship breadth
- Relationship quality
- Relationship composition

These three drivers lead to an understanding of relationship strength (quality x breadth) and relationship efficiency (quality x composition). It together constitutes the effective relationship with the customer, thus determining the seller's final performance.[6]

Relationship quality deals in short with commitment and trust between the parties. In this context, engagement is about how motivated both parties are in maintaining and strengthening the relationship, and trusting in the trust of the other party. If there is great trust between the parties, more and more vital information can be exchanged that allows the seller to make a better performance.

At AW Media, customers can first and foremost be divided into two categories according to which product they buy. Adwords and SEO in one category and lead generation in another. At adwords and SEO customers, a high relationship quality is needed for the collaboration to work optimally. If AW

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[5] None participating observation
[6] Business marketing management:b2b page 80

Media has access to all information, it will be easier to provide optimal service. Conversely, it requires the customer to trust AW Media, so confidential information is not misused. In most cases, the quality of the relationship will increase in line with the length of the relationship. The interview (Appendix 5) with AW Media's largest customer, Kipling Travel, shows how trust has been built over a row of years through communication and results. As a result, while Kipling has not been fully satisfied with AW Media's performance during the first 8 months of 2016, they still choose to stay as customers. They do so because they are confident that AW Media will improve their efforts in the future, and they admit that they have not performed optimally during the period.[7]

In the case of lead generation, a high relationship quality is not as vital. Lead generation works after "no cure - no pay", which means that it depends only on the results delivered. It is more of a transactional sale.

Relationship breadth is about the number of personal relationships between the companies. It is especially important if there are with customers to do, which has a major replacement of employees.

Most of AW Media's customers are small and medium-sized companies.[8] Many of these companies do not have a large marketing department, and there is often one or only few people who make the decisions.[9] Therefore, it is difficult to get many personal relationships and strengthen the relationship that way.

In the case of lead generation, there is often only contact with a person, so it is not possible to build a broad personal relationship.

Relationship composition is about which contacts you have with your customer. Are the contacts with great influence it is positive for AW Media. If you are in direct contact with the decision maker, you have a much greater chance of influencing this person and thus winning the sale.

As written, AW Media has many small and medium-sized businesses as customers, and here typically there are not long command lines. So the decision maker is probably reasonably available. In Appendix 4, an example is that AW Media lost a customer for a period because the contact lost its decision-making power. Later, however, it appeared that the contact person could influence the decision maker strongly enough to return as AW Media customers.[10]

These three relationship drivers form the basis of relationship strength and relationship efficacy.

Relationship strength is a combination of quality and breadth of cooperation and relationships. Relationship strength says something about how a relationship can survive conflict and stress. Are the two factors strong, the strength of cooperation increases naturally. At AW Media, there are often not many personal relationships, so the quality of the collaboration is extra important. If the customer

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[7] Appendix 5
[8] Appendix 7
[9] Appendix 4-5
[10] Appendix 4

experiences problems with AW Media, it is important that they trust the company so that the cooperation is not dissolved after a single problem. Again, reference can be made to the situation surrounding Kipling Travel, where the strength of the relationship came to the test.[11]

Relationship efficacy is about what contacts you have with your customer and the quality of the relationship. Is the *cooperation* of good quality, but you do not have contact with decision-makers, it can be difficult to change the terms of the cooperation into a more positive agreement. This makes it difficult to make the most of the cooperation. For AW Media, it is about establishing good relations with the customers to the very right contacts. As a matter of fact, AW Media's customers are small and medium-sized companies, so it's probably easier to get in touch with the right decision maker.

The conclusion of AW Media's A model of interfirm relationship marketing is that, in most cases, the company is unable to create many different personal contacts with its customers. On the other hand, in many cases, the customer will be the right decision maker. For AW Media, it means that relationship quality is the parameter that one can best change. This means that commitment and trust in the cooperation is incredibly important. Thus, it is true for AW Media to be a reliable partner that the customer trusts. As mentioned, this analysis will later be used to recommend what concrete actions AW Media can take to improve the relationship with its customers.

Pricing structure refers to the price structure of AW Media products. How it is determined and negotiated with the customers. AW Media has products in 3 categories, search engine optimization (SEO), adwords and lead generation. In the following sections, the pricing structure of the 3 products will be described.

SEO services are divided into 3 "packages".

	SEO counselling	SEO basic	SEO pro
Start – up	3000 dkr.	3000 dkr.	6000 dkr.
Monthly payment	1000 dkr.	3000 dkr.	9000 dkr.
Content	Start-up Phase • Start-up meeting • Pre analysis of website and rankings Continued efforts • Monthly SEO report • Quarterly review of:	Start-up Phase • Start-up meeting • Pre analysis of website and rankings Continued efforts • Authoring • Link Building • Quarterly review of	Start-up Phase • Start-up meeting • Analysis Continued efforts • Link Building • Authoring • Uploading texts to the website • New content:

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[11] Appendix 5

	Results, Analysis and Reports • Priority and sparring around areas of action	analysis: • Priority areas • Sparring • Monthly SEO report	• Video, infographic or additional text formatting • Technical optimization • Google+ business page and two updates per. months. • Blog and one blog post per. months. • Priority areas • Sparring • Annual status meeting • Quarterly review of analysis • Monthly SEO report

Table 3 - SEO Services[12]

Although the three packages each have their content, it is possible for the customer to make them more custom. It is for example possible to include some hours of textualization in SEO counseling, even though it is not in the package by default. Of course it happens for a fee.[13]

Google AdWords is divided into 4 packages.

	Counselling	Basic	Medium	Pro
Price	1000 dkr.	3500 dkr.	7500 dkr.	10000 dkr.
Content	Advice / sparring about your AdWords campaigns - from 1,000 dkr. per months.	The basic administration of AdWords - from 3,500 dkr per months.	The expanded AdWords administration - from 7,500 dkr per months.	The large and comprehensive administration of AdWords - from 10,000 dkr per months.

Table 4 - AdWords Services[14]

Like the SEO packages, the adwords packages are flexible. It is again possible to purchase work hours or extended service for the individual packages.[15]

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[12] http://www.aw-media.dk/sogemaskineoptimering
[13] Appendix 1
[14] http://www.aw-media.dk/googleadwords
[15] Appendix 1

AdWords thus works as a payment to AW Media to manage the campaign, and then the actual cost-per-click (CPC) is paid to Google. The price included in the above table is exclusive payment to AW Media.

Lead generation works according to the No Cure - No Pay model. Payment is made "per Lead" that is being created. In this context, a lead should be understood as a diversion of an interested customer.

The leads has a fixed price, but it varies according to which industry a lead comes from. Production Manager Claus Bermann explains that "Lead Generation Drives For" No Cure - No Pay ". There is therefore payment after each lead that we get a business. How much a lead costs varies greatly depending on the industry, the competition, the number of buyers and what we consider a lead to be worth the buyer."[16] To illustrate this, there are 2 examples.

Example 1 Tent Rental: AW Media has been contacted by a customer who wants to rent a party tent to 100 people. This information is provided to 4 companies who can deliver a party tent of the desired size and on the right address. They each pay 100 DKK for this lead. The companies also pays, although they may not get the customer in the end.

Example 2 Eye Surgery: AW Media has been contacted by a customer who is interested in having an eye laser surgery. Again, this information is passed to 4 eye clinics that can deliver the desired treatment. This time, the clinics pay 450 DKK each.

The two examples illustrate that the value of a lead is different. For an eye clinic, a lead is potentially worth 25,000 DKK, while for the tent owner it is only 5,000 DKK worth.

2.2.2 Core strategy

Core strategy deals with how AW Media chooses to compete and wherever they choose to do it. Between the components customer interface and core strategy are the bridge customer benefits. The bridge is the direct link between customer needs and AW Media's strategy.

Core strategy consists of 3 points:

• Business mission

• Product / Market scope

• Basis of differentiation

Business mission must describe the overall objectives of the strategy, and set a course against this. At the same time, measurable criteria must be defined, so that development can be measured along the way.

AW Medias describes their focus as follows: *"Our fundamental focus is to deliver value-creating solutions and take responsibility for our customers' online success."[17]* With this focus, AW Media is really about to

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[16] Appendix 1
[17] http://www.aw-media.dk/om-aw-media

do anything about online management. However, AW Media offers far from everything in online management, but for one reason or another has chosen to focus on their current product categories. A business mission is also a broad statement, and this does not prevent AW Media from exploring its possibilities in relation to other products or services online.

In relation to objectives, AW Media is currently in a transition phase, where parts of the product range are being phased out. This means that there is greater uncertainty about the measurable results. AW Media is working on budgets on a monthly, quarterly and annual basis. There is greater uncertainty about these while the transition is taking place.

In addition, smaller sub-goals are being worked for both sellers and production.

Product / market scope defines where AW Media competes. The section will describe the industry in which AW Media competes and what conditions may prove to present threats or opportunities. As well as who the buyers of AW Media products typically are.

To describe the industry AW Media competes in, Porter's five forces will be taken into use. The model consists of 5 components:

• The threat of new intruders

• The threat of substituting products

• Customer negotiation strength

• Supplier negotiation strength

• Rivalry among current competitors

The model is used to shed light on AW Media's micro environment, and what market conditions apply in their situation.

The threat of new intruders is really infinite, since anyone can do SEO and adWords on their own. It does not require any approval, licenses, company or similar to start. SEO consists of search engine optimization and it can be carried out to a greater or lesser extent, but all companies' websites are ranked by Google. An adwords campaign also takes just a few minutes to boot and can start for a few hundred DKK. Another thing, however, is to make it successful. To accomplish SEO and adWords successful, a lot of special knowledge and experience is required in this area. The knowledge and experience is difficult to achieve to the same extent as that of AW Media.

The same goes for lead generation. Lead generation is basically just about getting interested buyers to an external company. It can be done to the best of its ability, but again requires both experience and knowledge to accomplish it successfully.

The threat of substituting products is difficult to define for AW Media. SEO really applies to all search engines, but the different search engines may not rank the pages all the same. AdWords is a Google

product, and is used only on Google. Therefore, it can be argued that the threat of substitute products consists of competition from other search engines, such as Microsoft's Bing. At present, there are no statistics for the number of Danish users each search engine has. Statistics from ComScore show that Google has about 66.5% of the market, while Bing and Yahoo have approx. 30%.[18] However, it is estimated that Google's market share is significantly larger in Denmark. Production Manager Claus Bermann believes that approx. 95% of Danes use the Google search engine.[19]

Customers' negotiating strength must be considered reasonable because of the ratio between the number of buyers vs. the number of providers. Eventually, many offer advisory services in SEO and adwords, but the number of customers using the tools is also increasing, reports Claus Bermann. The percentage of people purchasing via the internet has also been rising rapidly over the last few years.[20] Customers' negotiating strength increases as in many other cases with the size. In general, AW Media's customer magazine shows that customers can be all kinds of companies. Customers spread over many different industries and are available in all sizes.

In relation to lead generation, customers also have reasonable small negotiating power. In most industries AW Media conducts lead generation, there are many customers, so it does not matter to AW Media if a single company chooses not to cooperate anymore. In industries with smaller customers, the negotiating strength of buyers is slightly increased.

Suppliers' negotiating power is difficult to describe, as AW Media as such does not have a supplier. AW Media uses Google's tools, but as such it does not have a true customer-supplier relationship. A later section will analyze how the relationship between Google and AW Media is handled.

Rivalry between current competitors is fairly high. There are a number of agencies and individuals offering consultancy and adwords and SEO management.[21] At the same time, it is difficult to differentiate, as everyone offers close to the same. The product itself is the same, but there can be a big difference between how well it is done. For companies without knowledge of SEO and adWords, it can be hard to distinguish between a serious agency and a single individual. Many companies also choose to integrate a SEO and adWords department into their current IT department.

Buyer's switching costs are economically non existent, so it is easy to switch between different providers.

For lead generation, AW Media has been the first mover in many industries. In many of the industries AW Media sells leads, there is often direct contact between the company and its customers. So the lead generation itself is new in those industries, and there are not many companies offering the same product / service.[22]

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[18] http://www.madwiremedia.com/blog/bing-vs-google-search-engine-market-share-how-many-people-use-bing/
[19] Appendix 1
[20] Appendix 2
[21] Unstructured reference – Claus Bermann
[22] Unstructured reference – Claus Bermann

Conclusion on porter's five forces

The model reveals both possible threats, opportunities, strengths and weaknesses AW Media must be aware of the future. A possible threat or possibility is the use of the search engine Bing. If Bing becomes a major competitor for Google, it means more users move on to their search engine. This means that AW Media must be prepared for this change and acquire skills within Bing's tools.

Another threat is the industry's low entry barrier, coupled with the difficulty of differentiating from its competitors. This means that AW Media may potentially drown slightly in the many smaller companies offering the same product or service. At the same time there are no switching costs for the buyers, and they can very easily switch between providers. This may be an advantage as it is easier to get new customers, but a disadvantage as current customers will be able to change.

A positive element is that sales via the Internet are increasing. It's positive news for an online advertising agency. It is expected that the trend will continue, and more companies will make use of the online media.

The basis for differentiation deals with how AW Media can distinguish itself from its competitors. In order for AW Media to create more value for its customers than competitors are able to, they need to differentiate their products and services from competitors.

To understand what opportunities AW Media has to differentiate from its competitors, will include a description of the products and services they provide.

Description of products

AW Media is an online advertising agency that bases its products and services on managing Google's capabilities and tools. In all of AW Media's products, the use of Google is used, and it is utilized in different ways relative to Google and the wishes of customers. Google largely consists of two types of search results, the organic results and the paid results.

SEO

SEO stands for Search Engine Optimization and deals with Google's organic search traffic. In Appendix 3, the difference between the organic results is visible and the results paid are visible.[23] What location on Google may seem like a smaller detail, but there are big differences between the locations and traffic you get on their website. Research shows that traffic is thus distributed over the top results:

1. 32.5%

2. 17.6%

3. 11.4%

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[23] Appendix 3

4. 8.1%

5. 6.1%

6. 4.4%

7. 3.5%

8. 3.1%

9. 2.6%

10. 2.4%

That means more than 90% of users select search results from the first page on Google and that there are big differences between the individual top positions.[24]

SEO deals with a lot of aspects, and there are many opinions about how it is performed best. Google search results are based on a search algorithm that takes over 200 different parameters in their calculations when it ranks a website in its search. Moreover, the parameters that apply and which matters most are secret. These parameters are updated on a regular basis, so SEO needs to be tailored to the development of the search engine. Some of the things that AW Media does to optimize SEO is for example.

• Keyword Analysis

• Customize words, titles, subtitles, meta titles, etc.

• Authoring

• Link Building

• Technical optimization

• Setup of Google +, Google Maps, blogs, etc.

In addition, all results are tracked and reported through Google Analytics.

Google adwords

Google AdWords is Google's paid results and advertisements. In Appendix 3, see where the paid results are visible in a search. The three ads in the middle are placements from 1-3, while the ads to the right are placements 4-10[25]. To rank high in the placement there are 2 important parameters.

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[24] http://searchenginewatch.com/article/2276184/No.-1-Position-in-Google-Gets-33-of-Search-Traffic-Study
[25] Appendix 3

1. How well your landing page matches what you try to rank on.

2. How high the same maximum click price is set.

Google adwords works in the way that it is paid per. click. It does not cost anything to be shown, but it costs when someone clicks on the ad. The price depends on the competition on the word and the minimum price the competitors have put.

Therefore, adWords can quickly be a bad investment if it is not handled by experts. The importance of conversion rate also increases by adWords. If customers do not convert, it costs money where SEO does not cost money per. click.

However, AdWords is not just the regular search results. It also contains, for example, banner ads. For example, banner ads can be used in remarketing / targeting where the advertisement is meant to come up the moment you need it. It can also work in such a way that the advertisement "pursues" the user. I.e. if you have first visited a particular website or viewed a particular product, advertisements will appear on other websites as well.

Lead Generation

Lead generation is a reasonable new initiative from AW Media. Lead generation is in short action to provide customers to external companies. AW Media utilizes its SEO and AdWords skills to self-procure customers and then pass them on to the providers of the product the customer was looking for.

The following is an example of this:

A customer wishes to have an eye surgery. The person searches his information online, for example. To apply for "eye laser surgery". On this search, Clinic Match appears on the first page. Clinic match is owned by AW Media, and offers free consultations and to make an offer for a potential operation. If the customer chooses to fill in the contact form, AW Media has a lead. The customer enters his information, and AW Media provides this information to his collaborators for payment. The eye clinics contact the person with an offer and the person may choose to accept one of these or reject the offers.

In this way, Clinical Match works just as an intermediary between the patient and the eye clinics. Because AW Media has more expertise in SEO and adwords, this can be done.

AW Media has lead generation pages in various industries. At present, AW Media has the following page:

Klinikmatch.dk - Plastic surgery

Rental price.dk - Holiday rental

Internationalflytning.dk - International relocation

Expert choice - B2B products like cash machines, telephone systems, copiers, cash registers, etc.

Greenmatch - Insulation, solar energy, heating

Miconomy - Private economy

Reputation and experience

AW Media has the ability to distinguish itself from some of its smaller competitors by displaying its previous results for customers, in the form of cases and the like. AW Media has been working in the industry for 9 years, and has built a reputation as a professional and performance-oriented company. Having collaborated and creating results for large companies creates a great deal of trust for potential customers.

AW Media is also certified Google Partner, which creates great credibility. These are companies with specific experience and specific consumption, etc. Which can become a Google partner.

Service

To take care of the relationship is an important parameter for AW Media. It is important that there is a prompt response to customer inquiries. With regard to the performance of SEO, adWords and lead generation is not a huge need for fast response time as it is a longer process to accomplish this. The fast response time is more important with handling of websites and the like. For example in those situations where AW Media is webmaster of a webshop.

Likewise, a good sparring is part of good service. Is there a sensible sparring on campaigns, and good recommendations, etc. then the cooperation is built up.

Results

The result is the most important parameter after all. If AW Media creates better results for its customers than its competitors are able to, it is of course a basis for being chosen over them. AW Media has specialized a lot in demonstrating its direct impact with customers, trying to make the cooperation as transparent as possible.

2.2.3 Strategic resources

Strategic resources deal with how AW Media gains a competitive advantage through its competencies and resources. Between strategic resources and core strategy is the bridge configuration. Configuration is the way in which resources, assets and processes relate directly to a particular strategy. Strategic resources consist of 3 points:

• Core competencies

• Strategic assets

• Core processes

Core competencies deal with AW Media's capabilities, systems and technology that they use to create value for their customers.

AW Media's core competencies consist in their great knowledge of SEO and adWords and the performance of this. The great knowledge and experience in the field means that AW Media is able to create greater value for a company than they are capable of on their own. AW Media has employess who are both AdWords and Analytics certified. In addition, as mentioned above, the company is also an official Google partner. In addition, AW Media has both a web designer and a programmer employed. This means that there are competencies in all areas of internet management, and it is especially useful in connection with its own lead generation websites, where these competencies are used to build and develop the websites.

Strategic assets are the tangible resources AW Media has to create value for its customers.

As mentioned, AW Media's strength is the official partnership with Google. It can be used for marketing, but it also allows you to attend courses, trade shows, etc. The cooperation with Google will be further elaborated in the "The Value Network".

AW Media has a large link network, which they have cultivated for a while. The Link Network is a huge force within SEO, meaning that AW Media can link building incredibly fast compared to competing companies. The network constitutes the bulk of SEO work for the customers and on the lead generation pages.

A link network is a collection of domains used in blog form. From here, you can link to one's SEO customers.

Core processes are what methods and routines AW Media uses to transform its competencies and resources into value for the customer.

The core process at AW Media is how the work is performed and maintained. Eg. AW Media has a routine how and how often adjustments are made to an adwords campaign. It is important to always ensure the quality of the work.

Another major and important process is the creation, processing and updating of customer data. It is important that all relevant data is collected systematically. In this connection, it is also important to allocate and record work tasks associated with a customer. This information is currently gathered in three systems. They are called Internal, Mon rep and Zoho projects. Internally used mainly by the sellers, in connection with the entry of master data, invoice information and the like.

Mon rep is used to keep track of the current agreements. It includes Start data, end date, months, amount, and budget estimation associated with adwords. It is used by both sellers and in production.

Zoho projects are used mainly in the SEO department, for the distribution of tasks and the time recording on these. Timer registration is very useful in terms of getting an overview of how many hours spent on each SEO client.

2.2.4 The value network

The value network is about whether AW Media can use its partners to gain better skills and create future opportunities. AW Media has only one big business partner, and it is Google's search giant. As a matter of fact, AW Media's products consist of managing adWords, SEO and lead generation, all based on Google.

As mentioned above, AW Media has achieved partner status. Google has certain requirements for companies wishing to achieve partner status:

- **Certifications:** Show that you and your colleagues are experts in AdWords, being certified in AdWords.
- **Best practices:** Show that you maximize your customers' results by implementing the recommended best practices.
- **Consumption:** Show that your agency has a reasonable activity level to meet the requirements for usage across your managed accounts.
- **Company Profile:** Configure and complete your agency's profile in Partners.[26]

In this way, Google ensures that it is only companies that have experts in their tools that can become partners. Google describes it as follows, "Google trusts your business, which means potential customers can do the same.[27]" Becoming a partner with Google thus helps create confidence in one's business. Potential customers can see that you have trained staff and some experience in using Google tools.

The practical benefits of being a partner are as follows:

- **Offers**: Get promotional offers from Google AdWords and take Google certification exams free of cost.
- **Get certified free of charge**: Access the latest product training and study guides, and get certified in AdWords.
- **Join beta testing**: Help Google's engineers create the future AdWords and other business solutions from Google, and be among the first in the world to try new features and products.
- **Get insight**: Stay up to date with industry insights, case studies and new marketing resources directly from Google.
- **Connect with leads**: When your business earns the brand, your business will be introduced to potential customers through Google's unique partner search engine: Google Partnersearch.
- **Using Google Badge**: Partners can use Google Badge on their website.[28]

Being a Google Partner can therefore be used in both marketing, employee qualification, meeting potential customers, and updating industry insights.

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[26] https://support.google.com/partners/answer/3126965
[27] https://support.google.com/partners/answer/3126965

[28] https://support.google.com/partners/answer/3125774?hl=da

2.3 SWOT analysis

Strenghts	Weaknesses
• Employee skills • Google Partner • Experience and reputation • Transparent results • Blog Network	• CRM system • Collection of information
Opportunities	Threats
• The Search engine Bing • Increasing internet trade	• The search engine Bing • Multiple providers • Low entry barriers and change costs

2.3.1 Strengths

AW Media's greatest competence lies with its employees. AW Media's employees possess qualifications within AdWords, SEO, web design, programming and sales. It is all the qualifications it requires to perform adwords, SEO, lead generation and sales of this. With its 9 years in the industry, AW Media has built up a lot of industry experience and know-how and a sensible reputation. AW Media's focus on delivering measurable results also helps to differentiate them from their competitors.

The partnership with Google strengthens AW Media with the development of employees, in the form of free certifications in their tools, and invitation to various fairs, etc. In addition, it is possible to meet potential customers through the Google Partner Program.

For a number of years, AW Media has managed to build a large blog network. The Blog Network is a great resource in SEO, and can be used both to conduct SEO to customers, but also to lead generation websites.

2.3.2 Weaknesses

Weaknesses for AW Media consist of their use of 3 different CRM systems that do not work together. It hurts daily work and causes more administrative time than it should. At the same time it is not possible to find all customer information in the same place. The lack of coherence between systems causes intermittent mistakes and may cause unsatisfied customers.

The 2016 Customer Sheet contains much good information, and provides a clear indication of which customers should be prioritized. Similarly, a previous profit analysis has been used to determine which products and services AW Media would offer. The information has thus been of great benefit to AW

Media. However, since then, information collection has not been followed to the same extent. Since the information proved very useful then, it is supposed that they would be it now.

2.3.3 Opportunities

The search engine Bing has approx. 30% market share in other countries. If Bing is as widely used in Denmark, there are equally good chances of earning money on their search engine as in Google. The SEO work that is being carried out now extends to other search engines to a very large extent. Bing has a pendant to Google's adWords, which AW Media has the opportunity to specialize in, thus earning money.

Internet commerce is increasing, and it can therefore be assumed that the money spent on online marketing has the same trend.

2.3.4 Threats

Just like the search engine Bing is an option, it can also be a threat. At this time, all AW Media products are based on Google, so you must be aware of the strengths between Google and Bing. If Bing becomes popular in Denmark, AW Media must at least be prepared to trade, or they may lose customers.

There are more SEO and adWords consultants. This means that there are more competitors on the market. Compared with the current challenges, with no barriers to entry or switching costs, this is also a threat in the future.

2.4 Analysis of AW Media's customers

The analysis of AW Media's own customers is done to find the most profitable segments. If they exist, the current customers in this segment may be prioritized higher, and future sales efforts can be focused more.

The customer analysis will also include the considerations a customer makes in connection with the collaboration with AW Media. This is done to investigate what a customer prioritizes when starting a collaboration or when the cooperation is to be resigned.

2.4.1 Segmentation of own customers

Segmentation of AW Media's own customers is being conducted to see if there is common feature between the most profitable customers. If successful segments can be identified, which are more profitable than others, future sales efforts can be more targeted and effective.

At present, AW Media does not segment its customers in any systematic way. Owner Mark Thorsen describes it as follows:

 "The market is chosen according to where the advertising money is large. It's the supposed "ad spend" that's important, too, there are industries where we have a lot of resources. Many resources mean that

we have a vast knowledge of the industry internally in the company. Eg. Within the travel industry and gradually also within financial institutions."[29]

I.e. that the outbound sales are done in a reasonable random way, based on past experience and the know-how that accompanies it.

The disadvantage of segmenting after AW Media's own customers is that new types of customers will not show up. Therefore, there will be no new potential market that AW Media may try to conquer. It is not possible to gather enough information about a potential segment to argue precisely that one segment should be better than the other.

By using AW Media's own customer sheet, there is a lot of data that can be analyzed. Using this data makes it possible to make a reasoned choice of a particular segment.

Figure 2 clearly shows that there is a difference between AW Media's most profitable customers and the least profitable customers. About 20% of the "workload" brings about 50% of the accumulated earnings. This means that AW Media's best customers account for a much greater share of earnings, versus workload compared to the poorest customers. Could it be changed so that AW Media had more of the most profitable customers, the company would have a much greater profit.
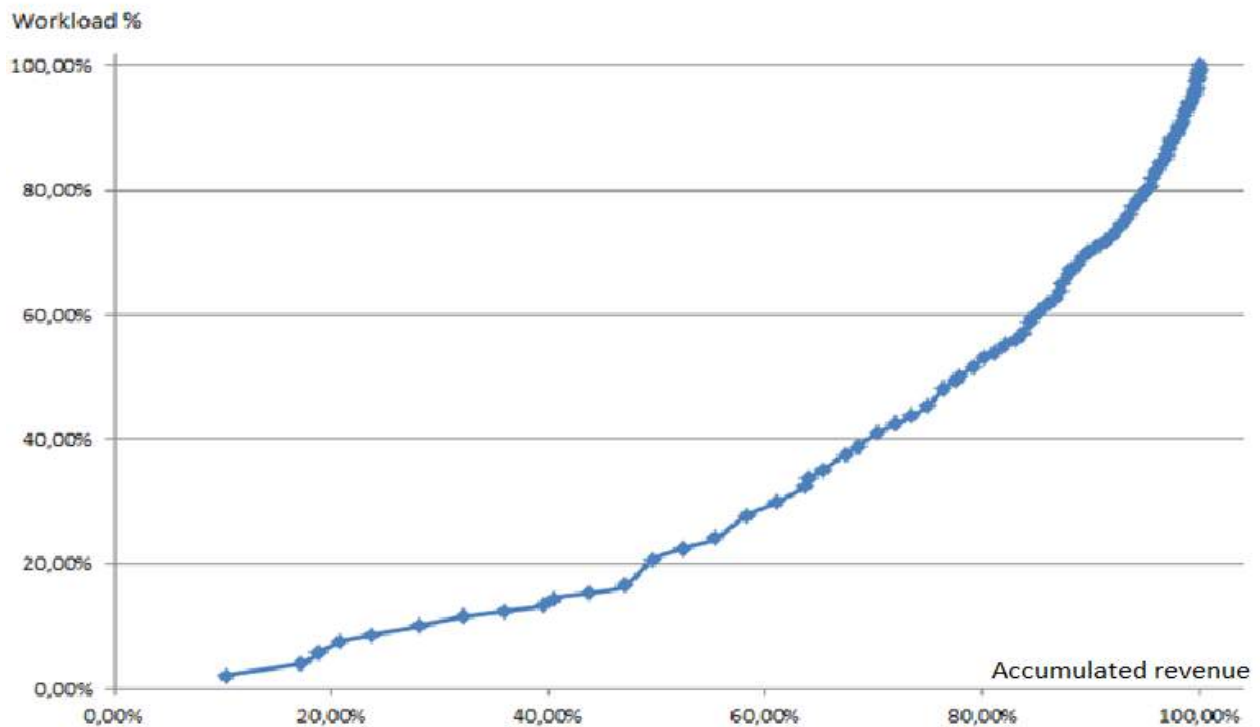

Figure 2 - Accumulative revenue % vs. Accumulated Workload % Source: Own Creation

Compared to the general whale curve, where accumulated profit % vs. Accumulated number of customers %, this curve stands out by relocating to "total workload" instead. It does, since the used data

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[29] Appendix 1

does not include costs per. Customer, but instead an index for "total workload" per customers. The total workload is calculated by asking the production staff to assess the workload (weighted 1), the difficulty of the assignment (weighted 0.5) and the sensitivity of the contact (weighted 0.75) on a scale from 1 to 5. The sellers should assess the workload (weighted 0.5) and Customer sensitivity (weighted 1), also on a scale from 1 to 5. In summary, it gives the total workload.[30]

However, the point with the model remains the same. It shows that a very large part of AW Media's profit comes from a small amount of effort distributed to a few specific customers.

To segment AW Media's customers, their customers will be used as of 2016. AW Media has already ranked their customers on the sheet. The ranking has taken place after the "Contribution margin / contribution index / workload index". In fact, it means that an index has been made for revenue per. Customer, and an index of labor consumption per customer. The 2 index numbers are divided with each other, and the result shows a ranking of which customers are working a little, versus how much they pay.

Client	contribution margin (year)	Months	contribution margin (avg./month)	Total workload	Workload (avg. = index 100)	Contribution margin (avg./month) (avg. = index 100)	Contribution margin /contribution index / workload index
Kipling Travel	480.265	12	40.022	18,25	189	740	3,92
Visit Greenland	320.400	12	26.700	17	176	494	2,8

Table 5 – Customer, Contribution margin /contribution index / workload index Example

The criteria that are segmented will be the industry, whether it is a Danish or foreign company, and if the customer sells a physical product on the page. These three criteria will be used because information is available; it is information that you have the opportunity to acquire. The industry is an interesting criterion because the future sales work could be very specific targeting selected industries. Danish or foreign because it may also help with which companies are interesting. If the customer sells a physical product on the page or not, because it is an easy parameter to measure. This means that AW Media can up or down priorities webshops.

Was information available either about the number of employees, the turnover, or the optimal online advertising consumption, these would be good criteria's to segment after also.

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[30] Reference - Claus Bermann

In Appendix 8 you can see the raw data used.

2.4.1.1 Conclusion on segmentation

Segmenting by industry among AW Media's customers has not given any unambiguous answers to which particular industry to focus on in the future. Both good and bad customers are spread across a wide variety of industries. There are several examples of where similar companies have completely different rankings. The clearest example is with the two travel companies Kipling Travel and Intertravel. These are two travel companies that sell virtually the same travel, to the same destinations, in much the same way. Nevertheless, they rank very differently at AW Media. Kipling Travel is by far the largest customer, while Intertravel ranks in the 2nd worst group. There are several similar examples in both the craftsman industry and education.

It can be argued that the industries could be divided more generally. However, it had not given a clear answer. Customers simply spread across different industries and offer many different services and products.

The segmentation, on the other hand, showed a clear trend towards customers with webshops. With a single exception, all webshops are in the less profitable end. Of the total 14 webshops, 4 of them are in the lower ranking. In the two subsequent groups there are also 4 webshops in each group.

In relation to whether a customer is Danish or foreign, there are not enough foreign customers to conclude a clear trend. AW Media has 4 non-Danish customers, and it is not enough to provide a definitive answer. However, the survey shows that 3 out of 4 foreign companies are ranked high.[31]

Not surprisingly, the survey also showed that there is a clear connection between the ranking of a customer and the turnover the customer provides AW Media. Needless to say, it did not have to be because a customer could get a big deal to AW Media, but for example, Require too many extra hours. But the 6 companies that rank in the top teams are all found among the 11 companies that give the largest turnover. Similarly, the 16 companies ranked in the lower level are also among the 28 companies that earn the lowest earnings.[32]

2.4.2 Customers' purchase behavior

In this section, the customer's purchasing behavior will be considered in connection with the start of cooperation and the extension of cooperation. This is done to gain insight into the customer's thoughts and the needs and criteria that will be prioritized. This is based on the 8 phases describing an

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[31] Appendix 8
[32] Appendix 7

organization's typical purchasing process[33], supplemented with interviews from the Munkebjerg group and Kipling Travel.

The 8 phases are as follows:

1. Problem recognition

2. General description of needs

3. Product specifications

4. Supplier search

5. Gathering and analysis of offers

6. Supplier Selection

7. Selection of order routine

8. Performance rating

In the case of Kipling Travels, they carefully examined this order. They knew that they should be represented on the internet and what needs they had in that regard. Then they made a supplier search and presented their needs for them. Then they analyzed the offers and chose the company that they felt best suited to meet their needs. Subsequently, the presentation will be assessed continuously.[34]

In Munkebjerg's case, the course was quite different. Munkebjerg did not actively look for an online agency, but became aware of AW Media when an employee pointed out an error in their adWords campaign. Then the campaign was taken over and the cooperation was later expanded.[35]

The two examples show that there can be a big difference in how a collaboration can start. In Kipling's case where the classic model is followed, they describe the choice as follows: It should be a company that could lift the entire task online. There should be a balance between price, budget and expected result, and sales should not be too "slick".[36]

In Munkebjerg's case, it was a statement of the result. AW Media could show better results than they could on their own, despite the extra management amount. The transparent results, and work directly on their own account, were prioritized.[37]

From the examples you can learn that there may be far different things that are prioritized, and not necessarily, by the same procurement companies. The important thing about starting a collaboration is to quickly identify the customer's priorities and needs, and then go hard to fulfill it.

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[33] Business marketing management:b2b page 35
[34] Appendix 5
[35] Appendix 4
[36] Appendix 5
[37] Appendix 4

By prolonging cooperation, there are two possible types of purchase: straight rebuy and modified rebuy. *Straight rebuy* is routine, in many cases, the search for alternatives does not take place. With established customers, buying leads is often a routine purchase. Does AW Media have a lead, the customer just takes it, without really considering anything.

Since straight rebuy is such a regular routine, it is important that the supplier always deliver as promised. As the buyer may start to consider alternatives, and thus change company. If the seller lives up to his obligations, the buyer will probably not consider other companies.[38]

At a modified rebuy, buyer is considering options. One can say that they are back in phases 4-6. If you are the selling company, you must as soon as possible find out if the customer is unsatisfied and why. What is it for example? What needs do you not live up to. It is for the seller to resolve the issue as soon as possible and get the buyer over to the straight rebuy category, where alternatives are not considered in the same way.

At AW Media's subscription customers (SEO and AdWords), there may be either straight or modified rebuy. In the vast majority of cases, there will be a dialogue and new expectation before the cooperation is extended, but not necessarily a look at alternatives. Both Kipling and Munkebjerg extend cooperation in the new year, without offering any offers from other companies. However, that does not mean that it is just a straight rebuy, as the tasks of the collaboration can be changed as well.[39]

From the examples you can learn that straight rebuy is incredibly important to meet expectations. You have to do with a customer who does not consider other options as long as you deliver. This probably means that it really requires a little effort to maintain the customer. Which is often equal to a good relationship between earnings vs. workload.

By a modified rebuy it is important to quickly identify if the customer is unhappy with something and then solve it as soon as possible. You already have the customer, and it is significantly easier to keep a customer than it is to find a new one.[40]

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[38] Business marketing management:b2b page 38
[39] Appendix 4 - 5
[40] Appendix 1

3 Recommendation section

The recommendation section consists of a number of split recommendations. The recommendations will be divided so that it is possible to get a separate overview of each single proposal.

The recommendations are divided into 3 sections:

1. Description

2. Economic importance

3. Evaluation

The description will include an explanation of the recommendation. It includes what the recommendation effects, how it should be implemented and how it should be performed.

In economic terms, what the recommendation is expected to have of economic consequences is included. It is difficult to deliver a real budget calculated in precise DKK. Only in one of the recommendations is a real expense, the rest of the costs are associated with working hours. Likewise, the profits are hard to make up in precise DKK. Instead, a description will be given of the expected working hours the recommendation will require and the significance it will have.

The evaluation will be based on a worst case scenario. So it is possible to see what impact the recommendations have if they get the desired effect or what the disadvantages of the recommendations could cause.

In this way, the reader gets a full overview of the recommendations and the possible consequences it will have for AW Media in the future.

3.1 Selection of relationship marketing program

3.1.1 Description

AW Media's choice of marketing program is important in terms of maintaining customers. Happy customers come first and foremost through good results, but as can be seen in the section on Relationship Dynamics, the relationship also has a big impact on how successful customers can be maintained.

There are three different types of relationship marketing (RM) programs that AW Media can use to strengthen the relationship with its customers:

• Social RM programs

• Structural RM programs

• Financial RM programs

AW Media has the opportunity to take advantage of all three options, but not all will have the desired effect. Here's a review of the three possibilities, and the way AW Media is best able to utilize the individual programs.

A social RM program can be conducted by for example to take the customer to sports events, or go to the golf course or take them out for dinner or that sort of thing. There are only a few of AW Media's customers who can justify such consumption. Customer spending is simply not big enough for this kind of RM to pay off.

Social programs can also be conducted by communicating frequently. The frequent communication should help to personalize the relationship. Communications must be highly customized and make the customer feel in a valued position. At the same time, frequent communication also leads to a deeper understanding of the customer and what they want from the relationship and how it is best performed. With the frequent communication, there will typically also be deeper trust between the parties, which is so important for the quality and durability of the relationship.

One way for AW Media to make the customer feel valued is to bring more employees to the personal meetings. Eg. If a customer buys SEO, the SEO manager can also be included in the meetings, instead of only being the key account manager. It may also be useful to take the customer manager or CEO to meetings, just to show the customer that they are therefore highly prioritized. However, it is a consideration of the importance of the customer in terms of how much time is invested in the relationship. Appendix 5 shows a situation where the customer feels increased commitment from AW Media's side, as CEO also participates in the meetings.

A structural RM program is designed to increase the productivity of the collaboration and make the relationship more efficient. For example, By making a more efficient ordering system. Is the order system for example electronically, and it can be arranged quickly and efficiently creating value for the customer. At the same time, it will also make the collaboration more effective for AW Media. It can also be automatic reporting, or similar actions that the customer appreciates.

A structural RM program typically does not have a high rate of return in the short term, but is a longer-term action. Is there for example if first introduced a better electronic ordering system, there is not a big change in efficiency, but the improvement is permanent and has streamlined this process for the rest of the life of the relationship.

As mentioned in the customer interface, AW Media already uses ongoing written reporting to specific customers. It takes the form of setting up Analytics reports, SEOMOZ reports and SEO reports. Analytics and SEOMOZ only require setup once, while SEO reports must be compiled by themselves.

A financial RM program is being made to give the customer financial benefits. There may be discounts, free hours, extended payment periods or similar things.

One problem with the financial RM programs is that it is easy for competitors to match. If you lower the price by 10% over a period, it is very easy for competitors to do the same. If so, the result is that both have received 10% less payment.

A financial RM program is a more short-term solution, and can help maintain some customers in the short term, and even get some new ones in, but it does not give a company a sustainable advantage over its competitors.

When AW Media has to decide which RM types to use, it is important to consider how resources are used best. Some customers are more receptive to RM efforts than others, so it is important to find these. The customers who are very interested in building a strong relationship are the company with high relationship orientation (RO). Studies show RM efforts against companies with high self-reported RO have the biggest impact. The same study also points to another important element. It points out those companies with a low RO want efficiency. According to the survey, customers with low ROs were willing to switch 21% of their operations to another company with the same product, if all was done automatically through electronic systems.[1]

Therefore, at the first information gathering, AW Media should determine a customer's RO. Although it may seem like a strange question from the customer's point of view, the survey says that there is a big difference between customers and it is important to target its RM efforts. The answer to this is an important contributing factor to AW Media being able to decide which RM efforts they should provide towards individual customers.

For customers with a high RO, it is recommended to run a social RM program. The social RM program must consist of frequent communication with the customer. Communication should consist of continuous evaluation, reporting of results, budgeting, exchange of ideas, future action plan and the like. As mentioned, it should lead to increased understanding of the customer and the building of trust between the parties. There are two things that are not easily copied by a competitor.

In order to strengthen the relationship, relevant employees can also be brought from production. Eg. customer manager or CEO to show that the customer is prioritized highly. However, it is important to consider how much time to invest in the relationship. Eg. Weighting in - time spent / return given. Is it for example a customer with high RO, but only with an order of 5,000, it is too much to meet up with 4 employees.

For companies with low RO, a structural RM program is the best solution. Here it is prioritized that the collaboration works efficiently without any waste time. With SEO and Adwords customers, things like automatic reporting are weighted high.

AW Media already has a well-functioning reporting system, and it should only be maintained.

Generally, for lead generation customers, RO will be lower, as cooperation is more of a transactional nature. Lead generation customers are therefore slightly different, and should not have the same

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[1] Business marketing management:b2b page 83

reports, but efficiency is still highly prioritized. Increased efficiency can be achieved by providing AW Media's customer with all the customer information(lead information) they need to make an offer at the customer's request.

Example from udlejningspriser.dk, which leases parties, services, tables and chairs, etc.: In order for a landlord to give a precise offer for the rental of equipment for a party, the landlord must have specific information about:

• Address

• Number of persons

• Size of the tent

• Use for service

• Use for tables and chairs

• Use of music systems, etc.

• Use floor

• Other wishes

Can AW Media provide precise information about the customer so that the landlord does not even need to contact the customer, this will be appreciated. This will save the customer a lot of time by not having to contact the customer and obtaining this information.

The improvement of the information will be by expanding the questionnaires to the leads when they are typing in their information. What issues to be included can be determined in cooperation with the lead takers, and by looking at the questions the leads typically state.

To many of the lead generation customers, for example. Here at tents, this is a routine purchase from the landlords. The shoppers lead month after month, without the need for a lot of effort from AW Media. There is therefore a good relationship between work and profit. Therefore, it is essential for AW Media to deliver this information as accurately as possible and that the lead has as good quality as possible so it remains a routine purchase.

3.1.2 Economic importance

In this case, it is impossible to make a real budget. In the end, the benefits should be better customer satisfaction, which leads to better customer retention and thereby increase in revenue. The costs will consist of several working hours for AW Media employees.

The costs that can be expected are that the social program will take more communication with the customer, which will require more working hours. How many hours to be spent exactly cannot be set at the overall level. As mentioned above, there is something to be considered for each customer.

To improve lead generation, better information about leads must be gathered. So that the questionnaires for the leads should be elaborated, this will require working hours to complete.

In order to measure the effect of customer retention, it requires that you have a starting point to start from. For example, if AW Media Knew that 10% of their customers did not extend the cooperation, a target could be set that this should be improved so that only 5% of customers did not extend the cooperation.

3.1.3 Evaluation

This proposal will lead to some improvements. By asking the customer about its RO, it will be easier to determine which type of RM program should be directed to each individual customer. This makes customer management better suited to every customer. This will lead to better customer satisfaction, thus increasing the level of customer retention.

Turns out that some SEO and adWords customers have low RO, working hours can be saved in less communication. These customers want an effective relationship and will be pleased with the written reports.

Improving the information gathered by lead generation will also improve customer satisfaction, thereby increasing the chances of maintaining lead customers.

In the worst case scenario, this proposal will lead to additional hours without increasing customer retention. Work has been done in vain to increase customer satisfaction, and if it is without a effect it has made work more inefficient.

3.2 Introduction of a new CRM system

3.2.1 Description

The introduction of a new CRM system is the most tangible change of the recommendations. This will affect the workflow of all employees in AW Media, and make them use a new program every day.

The introduction of the new CRM system will mainly take place in order to get away from the use of the three independent systems used today.

The new CRM system will be ZOHO CRM. In order for ZOHO CRM to be implemented successfully, it requires that all customer data will be moved to the new system from the old one. In addition, testing of the new system will be necessary.

Practically, the switch is made to ZOHO CRM by opening an account at ZOHO CRM. ZOHO CRM is a cloud service and has all its information online. The actual relocation of all relevant customer data is estimated to take about 80 - 100 hours. Some of the move can be done by AW Media's programmer who can draw some data between the old and new system. The rest of the move will be done manually and will be simple copy paste work.

In addition, there will be both a test period and a period of rehabilitation. Testing the system is done to find out the exact features desired by the system. The testing of the system is estimated to take 20-25 hours and will include CEO, Production Manager and SEO Manager.

The time it will take to get use to the new system is difficult to assess on a timely basis. Adoration to a new system will always require a period to get use to new system and will reduce efficiency for a period. It is estimated that adoration to the new system can take about 3 hours per Employee[2].

After ZOHO CRM has been implemented, it has a lot of benefits. The probable greatest benefit is that it is expected to reduce administration time by approx. 30%[3]. Since all data can now be found and entered in the same system, it will be easier for all employees to navigate the system. Now that all data is collected in one place it will also cause fewer mistakes in communication between the sales and production department. This will help to increase the quality of the work they deliver.

The system will also make it easier to record time spend on each customer, and thus the cost per Customer could be more accurate.

ZOHO CRM also has the advantage that it works with Google Drive, which is the daily work system in AW Media.

In general, the purpose of ZOHO CRM is to facilitate administration, but also provide a better overview of both customers and the entire AW Media organization. This may help to highlight issues or opportunities previously unknown to AW Media[4].

3.2.2 Economic importance
As mentioned, there are some costs involved in implementing ZOHO CRM. There is the tangible entry of 110 dkk. It is estimated that AW Media currently will need 10-12 users on ZOHO CRM. So the monthly expense of between 1100 - 1320 ddk.

In addition, working hours must be devoted to testing, data transfer and refurbishment. The test is estimated to take between 20 - 25 hours, data transfer 80 - 100 hours, and 3 hours per employee. It provides a total of 100 to 125 hours for testing and data transfer, and 45 hours for rehearsal[5].

The benefits of the new CRM system are first and foremost the savings in administration time. It is estimated that each employee at AW Media, uses approximately 1 hour daily on administration. That is about 75 hours a week, distributed among the 15 employees. Reduces this time by 30%, it corresponds to 22.5 hours each week.[6]

In addition, there are other benefits described earlier, but it's hard to make a precise price on these.

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[2] Appendix 9
[3] Appendix 9
[4] Appendix 9
[5] Appendix 9
[6] Appendix 9

3.2.3 Evaluation

The implementation of ZOHO CRM may potentially have a number of advantages and disadvantages.

In a best case scenario, the implementation runs smoothly. The testing, relocation and rejuvenation of the new system has taken place within the planned number of hours. The faster navigation inside the system means that administration time has been significantly reduced. This means that working hours have been released for other tasks.

The relationship between the sales and production department has been improved and there is no errors in communicating a customer's tasks. This will improve customer satisfaction.

The improved registration of working hours and customer management has provided a better overview of tasks for each customer, the needs they prioritize and the amount of costs associated with serving them. It helps to provide a basis for better internal analysis, and future decisions will be taken on the basis of more well-documented information.

Also included in the evaluation is that the shift to ZOHO CRM is a permanent step. The working hours used to switch systems are only done once, while the improvements are permanent.

In addition, the amount of customer data grows daily. Therefore, a postponement of the shift will only add additional data to be moved.

The implementation of ZOHO CRM can also have a number of unfortunate consequences. The testing of the system and the transfer of data does not proceed in a timely manner. It will cost considerably more hours to get the system done.

The system has not improved anything but has secured a fixed cost of between 1100 - 1320 dkk per month.

3.3 Information collection and customer data

3.3.1 Description

Information collection is a minor point in most companies, but it is important to make the right decisions. With the right information available, AW Media has better opportunities to analyze its customers and their own processes. With a fair amount of money, AW Media could gather and use their data better.

The ease with this recommendation is that AW Media already has the information, they just need to be assembled in such a manner that it can be used in a sensible way. Previously, AW Media has made both a profit analysis of the individual departments and a ranking of their customers (Appendix 7), and based major decisions on them.

With their own information useful information could be provided on the following:

• Which product is most profitable?

• Which customers are most profitable?

• How many customers do not resign the cooperation?

• Which sales channels work best?

Profitability of the products must be calculated according to working hours / returns. In order to calculate this, better timer registration is required. It requires employees to record how much time they spend on each customer. In the performance of AW Media's work, there are no fixed costs as such.

The improved time registration will also mean that profitability can be calculated on individual customers. This will mean that AW Media can see clearly when a customer no is profitable.

To compare the number of customers who do not resign their contracts is just printing out the statistics. It is already registered who are customers and therefore it should only be registered if someone doesn't resign their contract. The result could be used to see if there is something strange to note and if one's efforts to improve customer retention work.

It is also exciting for AW Media to see which sales channels their customers are from. Simply register it when the customer is started up. It will not necessarily create some groundbreaking information, but can be used to better understand the customers, and if some sales channels are ineffective.

So the only daily extra administration will be the time registration of working hours. The analysis could be made every quarter or half year, according to what is considered most useful.

3.3.2 Economic importance

In connection with the extra time registration, a little administration time is used. The SEO department is already registering time. It takes about Between 5 - 10 minutes, to record the work daily[7]. A similar number of minutes can be assumed to apply to remaining employees.

There is no direct profit associated with information collection, but it can be used to make more informed decisions in the future.

3.3.3 Evaluation

In the best case scenario, information collection is easy and does not reduce the daily work. At the same time, the overall information can be used to make good decisions. The information has helped AW Media get a better understanding of themselves and their customers and shows which customers and actions are profitable.

In the worst case scenario, it just adds an unnecessary bureaucratic action. Time registration is difficult and lowers your daily work. At the same time, the information is not used for any purpose and therefore has no real benefit.

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[7] Participating observation

4 Conclusion

AW Media is already a successful company that has experienced growth since its launch in 2008. The question is then whether they could become more successful by focusing more on relationship marketing.

AW Media already has some relationship marketing efforts and also has insight into what it matters. However, the effort is not particularly well organized, and much of the effort depends on the key account manager's feelings about the specific customers.

Efforts can be organized more if it is more closely investigates what the customer's exact needs are. This may include asking the customer's own statement, relative to the extent to which they are relations oriented (RO). If a customer has a high RO, an important parameter in choosing which relationship marketing program is to be directed to a customer.

To customers with high RO, must be conducted in a social marketing program. Emphasis must be placed on frequent communication, including dealing with exchange of ideas and actions. It is important to find out what the customer prioritizes in the cooperation and what distinguishes one from the competitors. E.g. Illustrated by Munkebjerg prioritizing transparent results and good sparring, while Kipling prioritized that the entire assignment could be lifted and there was an honest dialogue.

Customers with lower RO prioritize that the relationship is effective and the waste is minimal. If a subscription had a low RO, AW Media should emphasize the written reports. This would mean saved working hours in the form of less communication, as all communication needed is done by written reporting.

For lead generation, the information gathered must be optimized to ensure that leads of persistent high quality, increasing customer satisfaction, and buying a lead remains a routine purchase.

The initiatives will together mean that customer satisfaction will increase, and thus also the chances of retaining customers better.

To handle all this information, a new CRM system must be introduced. The current system causes unnecessary administration and navigation time. While the information is spread out, the lack of correlation between the information and the departments can cause mistakes. Errors mean that work tasks are impaired and may result in reduced customer satisfaction.

With ZOHO CRM, administration time can be reduced and all information can be collected in the same program. This means more efficient working hours, and less mistakes between the AW Media departments.

An increased focus on collecting and using internal information can also help AW Media make better decisions in the future. This will lead to a better understanding of the individual customer's profitability, the profitability of the individual products, and the retention of customers. This may help to shed light on possible issues or opportunities in the future.

Combined with ZOHO CRM, the information collection will require a minimum of resources.

In terms of selecting future customers, it has proved difficult to find outstanding/profitable segments. The segmentation showed that there should be no focus on any particular industry as no similarity could be drawn between profitability and a particular industry. On the other hand, the segmentation showed that webshops are often bad customers.

Customers with a high turnover at AW Media are also good customers. It is no surprise that there is a clear correlation between revenue and the ranking a customer has at AW Media.

4.1 Perspective

All the recommendations for AW Media are long-term. In the short term, AW Media will not experience becoming a more profitable business. The most tangible change is the introduction of ZOHO CRM. The change will mean that a new system is to be worked daily and there will be an introductory phase for this, which will not make working time more efficient. After the introduction of the system, working time is expected to remain more effective permanently.

Should AW Media grow and get more customers, it will also mean a poorer overall overview. ZOHO CRM creates a better overview, and there is still the opportunity to keep track of the individual customers, despite the fact that there are more.

The increased information gathering has meant a little more administration time per. employee. However, the results can be used, to see if customer retention is improved, which customers are profitable and when a customer stops being profitable. The information can also be used to analyze the individual departments, which can lead to more efficiency.

The use of relationship marketing programs has improved the understanding of the customer. It has helped to identify the exact needs and criteria a customer prioritizes. This means more efficient handling of individual customers and better customer satisfaction.

Overall, the changes have meant that AW Media has been better prepared in terms of how customers should be handled forward, while the CRM system has made the day-to-day workflows more effective. The changes have meant that AW Media has a greater opportunity to handle growth in the future and maintain its successful development.

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5.3 Interviews

Interview with Mark Thorsen and Claus Bermann (Appendix 1), Location: AW Media Offices

Interview with Glen Michaelsen (Appendix 9), Location: AW Media Offices

Telephone interview with Kipling Travel (Appendix 5)

Telephone interview with Munkebjerg Group (Appendix 4)