SEGMENTATION AND CUSTOMER RELATIONSHIPS AT SAPA

School of Business, Society and Engineering

Authors: Jakob Koziczynski, Márcia Hammarström
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Tutor: Edward Gillmore
Examinator: Charlotta Edlund
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ABSTRACT

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Authors Jakob Koziczynski and Marcia Hammarström

Tutor Edward Gillmore

Examiner Charlotta Edlund

Title Segmentation and Customer Relationships at Sapa

Research question What influence does Sapa’s segmentation have on customer relationships?

Key words Market Segmentation – Market/Customer Orientation – Customer Relationship Management

Purpose The purpose of the thesis is to study and analyse inter-dependence between market segmentation and customer relationships, in particular whether market segmentation undertaken by B2B companies, like Sapa, has any influence on customer relationships.

Method To fulfil the purpose of this thesis a single descriptive and qualitative case study was conducted. The theories on market segmentation and customer relationships management were confronted with empirical data collected through interviews and other company data, such as corporate presentations.

Conclusion Market segmentation has certain impact on customer relationships. The segmentation criteria used by B2B organizations, like Sapa, are limited. Market application and demographics of customers are the main variables used to determine whether certain relationships shall be maintained and developed.
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GLOSSARY

Customer Relationship Management a customer-oriented approach to strategy development, value creation, channel and media integration, information management, organizational structure and culture, performance assessment and underlying processes and measures;

Market Segmentation a process of dividing customers sharing similar needs into groups or segments based on certain criteria;

Marketing Concept a shift in orientation from production efficiency to meeting customer needs;

Market Orientation the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization-wide responsiveness to it.

LIST OF ABBREVIATIONS

CRM – Customer Relationship Management
B2B – Business-to-Business
B2C – Business-to-Consumer
OEM – Original Equipment Manufacturer
STP – Segmenting-Targeting - Positioning
1 INTRODUCTION

This chapter provides the background information in order to clarify the topic of this study. It also sets forth the problem formulation, the research question and the purpose of the study.

1.1 Background

Business organizations are inter-connected in various networks and each company is interdependent with many other actors, for example, the relationship between a supplier and a customer is affected by the relationships between the supplier and its own suppliers as well as those between the customer and its own customers (Ford, Gadde, Håkansson and Snehota, 2011). No company can serve the entire market. Therefore, companies need to identify and subdivide a market into customer groups that share similar characteristics based on various criteria, such as demographic, behavioural or geographic differences (segmentation) and then decide which segments offer the greatest opportunities, and shall be the company target markets. Segmentation becomes a powerful tool if and when a company is able to tailor its market offerings to such profitable segments with distinct competitive advantages (positioning). Once made, segmentation becomes the basis for allocating resources to various parts of the organization, such as product development, manufacturing, marketing and sales, logistics and service (Bain & Company Guide, 2013, p.1).

The cornerstone for successful business in any sector of the industry is creating and maintaining strong customer relationships. As emphasized by Levitt (1983, p.2) “the purpose of a business is to get and keep a customer”. To achieve that companies use (or should use) marketing, which is “the art of attracting and keeping profitable customers”. (Kotler, Keller, 2012, p.29). Companies need to win, keep and develop loyal customers by connecting with them, listening to them, understanding their needs and then actively responding by providing adequate value propositions that can satisfy customers’ needs and solve their problems.

Building customer value, satisfaction and loyalty are the key elements in a holistic marketing process. Only thereby may companies create a competitive advantage and outperform its competitors (Kotler, Keller, 2012, p. 80-81). Companies need to constantly evaluate and properly manage their customer relationships by analysing (i) the current and potential customer relationships; and (ii) the technological resources of its own and of the customer. The most efficient tool in creating and maintaining strong relationships with customers is adequate Customer Relationship Management (CRM) (Kotler, Keller, 2012, p. 80-81). Continuous analysis of customer relationships enable companies to create and adjust their segmentation of customer groups based on their current and ever evolving problems and
uncertainties. Thereby, a company should be better equipped to provide adequate solutions to customers in each segment that the company chooses to target.

1.2 Problem Formulation

Many relationships affect customers’ buying patterns. Suppliers need to be more customer focused and infuse customers’ and market’s perspective into their decision making process. By acquiring and analysing knowledge about its customers and their needs through Customer Relationship Management tools (CRM), suppliers are enabled to take educated decisions on which segments they wish to serve and which segments constitute the most profitable ones. As the business of both the customer and the supplier evolves, active and proper use of CRM also serves as the basis for decisions whether further adjustment of the segmentation and target markets is needed. (Brown, 1999)

In order to conduct the research for this case study, an analysis of the segmentation process of the Sapa group of companies (collectively “Sapa”) and its impact on the existing customer relationships shall be undertaken. Sapa is the global supplier of aluminium solutions for Business-to-Business (B2B) customers for practically any application in various sectors of industry. This study shall concentrate on the segmentation process seen from the perspective of the representatives of the Sapa marketing, global key accounts and sales teams.

1.3 Purpose

The purpose of the thesis is to study and analyse inter-dependence between market segmentation and customer relationships. The research aims to study whether market segmentation undertaken by B2B companies, like Sapa, has any influence on customer relationships. Although studies have been conducted on both subjects, the understanding of the impact of segmentation on customer relationships in B2B companies, if any, is not, sufficiently or clearly illuminated. Further, it is uncertain whether and how B2B companies actually use the knowledge gained through CRM in order to determine, implement or adjust their respective market segmentation and whether market segmentation, once established, have any influence on customer relationships.

1.4 Research Question

In order to fulfil the purpose described in section 1.3 above, this case study shall illuminate and answer the following research question: “What influence does Sapa’s segmentation have on customer relationships?”
2 THEORETICAL FRAMEWORK

This chapter presents the theoretical views and concepts, which are relevant for the study. These theories form a framework for the analysis of the collected data.

2.1 Market Segmentation

Segmentation is (in addition to targeting and positioning) one of three key steps in a marketing strategy process known as S-T-P marketing (Malhotra, 2009, p 75). Market segmentation in the B2B context is used for the purpose of making adequate targeting and positioning decisions. The goal is to segment groups of potential customers with similar wants and demands that may respond to a particular marketing mix. Thereby, companies can adequately prioritize new product development efforts, choose specific product features, establish or add appropriate service options, develop customized marketing programs, determinate appropriate product pricing, design or a distribution set up (Bain, 2013, p.1). The most commonly used variables in the B2B marketing, as presented in Figure 1 below, include: geographic location, business /customer type /technology application (sometimes referred to as demographics), behavioural/operating practices, culture and personality of buyers and organizational goals (Weinstein, 2004).

Figure 1. Adopted From: Weinstein, 2004

The segmentation process often starts with establishing where the company operates (country or region) and then controlling whether the company has multiple locations. If this is the case, then different measures might be required for different locations. Thereafter, it is
important to verify in which type of business the company is active in, what mix of the products is sold and what technology and equipment are required to support the business. Important factors are also the size of the company and its financial position. (Weinstein, 2004, p.61)

Further, it is important to scrutinize the set up and operating practices of the buying organization. B2B organizations often have complex decision-making units. Elements, such as, centralized or decentralized decision making processes may have substantial impact on the company’ behaviour in the market place. Organizational goals indicate what the company in question perceives as important, for example, the brand equity. Aggressive expansion goals may indicate that the customer is in need of support by global suppliers in various jurisdictions. Finally, the culture and “personality” of the buying organization cannot be ignored. Even within B2B organizations, purchasing decisions are made by individuals who have their own sets of value and beliefs and who, in addition, are influenced by the organizational culture and values. For example, if the organization is an early adopter, it might be willing to invest more in R&D – related activities, whereas a market follower usually concentrates on the price element. Nevertheless, B2B buyers are considered as more rational than consumers. “B2B buyers generally buy what they need rather than what they want”. (Hague, P., & Harrison M, 2015, p.1).

B2B target groups are usually smaller than consumer target groups. In most of B2B markets, the customer distribution follows the Pareto principle or 80:20 rule (Wilson et al, 2008 p. 162), which means that a relatively small number of customers stands for most of the sales and profit. Therefore, most businesses usually only have a few (4-5) segments. The volume of data to be reviewed for the purpose of segmentation does not allow companies to effectively handle more. In addition, the behaviour and/or needs of business buyers usually vary less than that of consumers. B2B buyers tend to be long term buyers since purchased products often consist of capital equipment, components and continually used consumables. Some of such products also require after-sales service. Businesses’ repeated purchases require ongoing expertise and services in terms of delivery, implementation, maintenance, which is less likely to be demanded by consumers (Weinstein, 2004, pp. 97).

There are several models for market segmentation. According to the Wind and Cardozo (1974, p. 153-160). B2B market segmentation should be based on two-step classifications of macro-segmentation and micro-segmentation. Macro segmentation helps the business to develop general marketing strategy and focuses primarily on the characteristics of the buying organization, such as geographic location, purchasing situation, decision making stage or benefit segmentation (indicating the product’s economic value to the customer). Micro
segmentation, important for the implementation of the decided marketing strategy, focuses on issues that are important in the daily business, such as, for example, product quality, delivery, technical support, price, supply continuity (Hutt & Speh, 2001).

However, only larger companies with several customers are able to draw the advantage from the implementation of a full-scale macro- and micro-segmentation. Consequently, the two stage segmentation model of Wind and Cardozo was further developed into a multi-step nested approach by Bonoma & Shapiro in 1984. In order to allow flexibility in the selection process, five general segmentation criteria were suggested, arranged in a nested hierarchy. First, the demographic factors of a customer, such as industry, company size and location, should be evaluated. Then, various operating variables, such as company technology, product/brand use customer capabilities, should be assessed. Important for segmentation is also understanding of how the purchasing function of the customer is organized, what purchasing policies exist and who the decision maker is. Thereafter, details about the relationship between the buyer and the supplier, the personal characteristics of the buyer (his character and approach) as well as factors related to the situation at hand, such as the urgency and size of orders or product applications, should be analysed (Weinstein, 2004, p. 113). Due to its flexibility, this model has become one of the most used models in the market. It usually serves as a framework for segmentation which is adopted based on relevant managerial judgments (Webster, 2003, p. 103).

2.2 Market Orientation

Market segmentation and the marketing concept are closely related. The marketing concept emerged in the 1970s and meant a shift from organizations’ product efficiency to meeting customer needs. (Kotler, 2013, p. 43). The key element of the marketing concept is to be better than competitors in creating and delivering value to selected customers. To achieve such a position, an organization needs to define and implement four pillars, namely: (i) target market, (ii) customer needs, (iii) integrated marketing, and (iv) profitability (Kotler, 2000).

The major challenge in this context is to implement the marketing concept. Such implementation process is generally known as “market orientation”. A market-oriented organization is the organization whose actions are consistent with the marketing concept and emphasize a customer focus. According to Kohli and Jaworski (1990, p. 6), market orientation includes the following elements: (i) the organization- wide generation of market intelligence, (ii) dissemination of the market intelligence throughout the organization; and (iii) the organization’s responsiveness to the market intelligence.
To generate market intelligence, organizations need to consider (i) exogenous market factors (for example competition, governmental regulations, technology) that affect customers’ needs and preferences, and (ii) current as well as future needs of customers. (Kohli, Jaworski, 1990, p.3) However, businesses can no longer only rely on customer surveys. They also need to use other, formal and informal, means to gather information and collect data from both primary and secondary sources. Participating in fairs, exhibitions, discussing with trade partners in trade associations, studying trends and forces in industries (for example, an importance of providing “green” products”), visiting customers, organizing “open house” visits to its plants and training sessions for customers, reading trade press, analysis of sales reports, searchers in global databases are a few examples of mechanisms that may generate relevant market intelligence.

However, the mere generation of market intelligence and obtaining customer opinions is not enough. The generated market intelligence needs to be carefully analysed, interpreted and then disseminated across the whole organization. All departments in a company (R&D, manufacturing, purchasing, marketing and sales, finance, top management) should know the company customers. Further, even if a company generates and disseminates intelligence throughout the entire organization, very little can be achieved if the company does not respond to the generated market intelligence. The organization needs to be driven by what the customers want and to take actions to tailor products and services as well as marketing efforts around customers’ needs. (Kohli, Jaworski, 1990, p.6)

### 2.3 Customer Relationships Management

Customer Relationships Management (CRM) is “a method used to decrease costs and increase profitability by strengthening customer satisfaction, loyalty and support”. (Roberts-Phelps, 2001, p.21). CRM is used to assist organizations to understand the needs, behaviors and values of their customers in order to develop stronger relationships (Roberts-Phelps, 2001). The creation of long-term relationships among customers and suppliers has been developed through “a relationship paradigm” (Osarenkho and Bennani, 2007, p. 139), which describes “the activities entailed in establishing, developing and maintaining successful relational exchanges” (Osarenkho and Bennani, 2007, p.139-164).

Suppliers in a B2B environment need to understand the nature and circumstances of their customers in order to be able to customize their services, products and price. To keep and develop a loyal customer base, suppliers need to develop individual relationships with their customers (Rauyren and Miller, 2007, p.21). CRM proposes ways to effectively increase the acquisition and retention of profitable customers through three key elements, namely:
initiating, building and maintaining appropriate relationships (Payne and Frow, 2006, p.135-168). These main elements are shortly described below.

2.3.1 Initiating Relationships

As mentioned, CRM includes diverse aspects of the interactions brought out between the company and its customers (Nguyen et al., 2011). The relationships can include sales or service depending of the company’s business character. CRM enables companies to comprehensively understand their customers and thereby bring about better and clearer customer experience. First and foremost, the company has to initiate a closer relationship with the customer and this can be done through delivery mechanisms that match such customer’s needs and interests. Long term customer relationships, as described by Nguyen et al., (2011), are the fundamental building essentials of a true success of businesses. Researchers as well as practitioners have for a long time recognized the tremendous effects of good customer relationships, eventually determining the financial performance of a company.

2.3.2 Building Relationships

Building customer relationships has been referred to as one of the fundamental elements that ought to be included within the CRM strategy in order to enhance customer service. The goal of CRM should not only be based on customer service but also include establishing good relationships with customers that foster company success. Miller (2014) emphasizes that powerful business relationships are not just formed in a day. It is a successive process that includes establishing strong networks as well as comprehensive mechanisms that shall ensure that the company stays on a successful path. Some of the ways in which this can be achieved is through building a business network with colleagues, professionals and the existing customers. It is important to turn the business contacts/prospects into customers and find a way of retaining them.

2.3.3 Maintaining Relationships

Having a good relationship with the customer base is necessary for a proper performance of a business corporation. Customer loyalty is the most important factor in this context. Maintaining relationships with customers that are willing to stay with the company for many years is crucial (Miller, 2014). This task is difficult and has to be done in a right manner. Miller (2014) suggests that customers’ loyalty gives the company a competitive edge within
the market. Businesses that strive to maintain successful customer relationships perform well over time and are appreciated actors in business networks. In order to maintain relationships, the businesses should make referrals. It is important to have a clear understanding of the needs, budgets as well as the capabilities of customers and other players in a particular sector of industry. Only then, companies may know how they can effectively maintain customer relationships.
3 CONCEPTUAL FRAMEWORK

This chapter presents a conceptual framework. The aim is to explain how the various concepts as described earlier connect to each other.

The purpose of this chapter is to explain how the various concepts as described above connect to each other. The below framework aims to illustrate the relationship process in a B2B context.

![Conceptual Framework - B2B Relationships Process](Source: Authors Own)

As shown above, there are three phases in a business-to-business relationship: formation, management and outcome. The formation phase shows elements and activities important for initiating interactions and building relations with customers, such as, among others, (i) defining of value offerings and roles in a relationship; (ii) segmentation of the customer base; and (iii) process for handling the established customer relationships. (Bolton & Tarasi, n.d)

The management stage of CRM has been defined (Lee & Yang, 2014; Pettijohn, Schaefer, & Burnett, 2014; Treacy & Wiersema, 1997) as consisting of a cycle in which a business
(a) measures customers’ needs, behaviours and values; (b) uses these measurements to develop engagement with the customer; (c) quantifies the success of customer engagement; and (d) uses measures of customer engagement success in order to inform subsequent episodes of business-customer interaction. CRM is therefore an on-going, cyclical and dynamic process driven by the business’s actions, the customer’s responses and interaction between them. The management stage of CRM, if it succeeds, increases customer satisfaction that generates loyalty, which in turn generates a long-term commitment. The arrows connecting formation, management and outcome relationship create themselves a cycle, since the outcome stage feeds information to both the formation and management stages. The key principles of successful CRM are alignment (meaning the existence of logical connections among all the stages of the process) and precise measurement. If such alignment exists and can be measured, then the company is able to learn, adapt and then refine its market segmentation process for handling of its customer relationships.

As explained under section 2.2, market segmentation and market orientation are closely related. A market orientation requires that an organization generates, disseminates and responds to market intelligence. Such market intelligence includes information about customers current and future needs and preferences as well as external factors that influence those needs and preferences. Assessment and analysis of customer needs and other relevant factors constitute the cornerstone of a market orientation. Consequently, the generated market intelligence also forms the basis for the market segmentation as well as for activities related to establishing, developing and maintaining successful long-term customer relationships (thus, various CRM-related activities. The said process are thus inter-related.
4 METHOD

This chapter describes the research approach, the method and the choice of the topic. The chapter also describes planning and execution stages and explains how the data was collected and analysed. The validity and reliability of data as well as the delimitations of the study are presented.

4.1 Research Approach

In order to obtain knowledge from the surrounding world, the researcher needs to determine a proper method of evaluation. Such method is needed to be able to distinguish the truth from the false. The study of methods of acquiring knowledge, answering the question: “How do we know?” is called epistemology (Landauer, Rowlands, 2001, p.1). There are two ways in which information about the world can be interpreted: realism and nominalism. Realists believe that the world exists objectively and people can learn about it objectively. Realists often use comparative studies to identify similarities and differences between features of such studies. Contrary, nominalists believe that the reality is a product of our minds with no independent existence. Research conducted by nominalists is not about facts, it is about describing what, how and why people say about the subject of the research. (Johnson, Duberley, 2000)

As indicated by Fisher (2010), most of researchers in the field of business and management use the realism based interpretation. Similarly, in this thesis, the realist interpretation of the market segmentation and CRM concepts has been used. Further, it shall be pointed out that there are different approaches to research. The inductive approach first gathers empirical data and analyses the data in order to develop a theory from such data, meaning that the reasoning moves from the specific to the general. On the contrary, the deductive approach is concerned with developing propositions from existing theories and testing them in the real world meaning that the reasoning moves from the general to the specific (Bryman & Bell, 2011). According to Saunders et al. (2006) the approach chosen is often the most relevant to the desired starting point of the author in relation to the theories. The approach chosen for this study is the deductive approach, supported, to some extent, by the elements of the systematic combining, as described below. In this case, the research has been initiated by developing the theoretical framework, Thereafter, the concepts derived from the theoretical and conceptual framework have been tested in reality. Such testing was done through the verification of the theoretical concepts against the data collected through the interviews with the representatives of Sapa. The verification has resulted in a slight re-direction of the study as explained below.
4.2 Research Method

Case studies are often used in industrial network research (Dubois, Gadde, 2002, p. 553). In this thesis a single case study was chosen as a research form. More specifically, this research study can be categorized as a single descriptive case study (Yin, 2009) since the study aimed to identify and analyze the inter-action between Sapa’s activities related to segmentation and customer relationships. To some extent, the deductive approach was supplemented by the elements of the research method used for case studies in industrial networks and known as systematic combining (Dubois and Gadde, 2002, p. 554). It is a process where the theoretical framework, empirical findings and analysis thereof are developed simultaneously. In practice, this means that the original framework of the case is successively modified as a result of both empirical findings and theoretical insights gained through the research process.

Systematic combining involves two processes: firstly, matching theory and reality, and, secondly, direction and redirection of the study as shown in Figure 3 below.

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Figure 3. Systematic Combining, from Dubois, Gadde, 2002, p. 555

Matching is about going back and forth between the chosen framework, data sources and analysis. The theory and the reality are continuously confronted with each other throughout the research process. Both the framework and the case are evolving in that process. Direction and redirection relate to the data collecting activities, where multiple sources should be used. Using multiple sources contribute to revealing aspects that are unknown to the researcher, whereby new dimensions of the research problem may be discovered. Such new discoveries may result in re-direction of the study. (Dubois, Gadde, 2002, p. 556)
4.3 Choice of Topic

When planning a research project and selecting its topic, there are several criteria that need to be taken into consideration. These selection criteria include: topic interest and relevance, strength and relevance of research questions, durability of research, topic adequacy, ease of access and resources (Fisher, 2010, p. 10). Some of these criteria are discussed below as they have proved to be more useful to the authors than others.

The main reason for selecting the topic of this research study was the shared interest of both authors for relationships in business markets. Both authors expressed a strong preference for writing their thesis in cooperation with a large industrial player, where the whole spectrum of various aspects of the market segmentation and customer relationships comes to play. The topic and fields of research were also chosen as they conform to the academic need for the research project. Preliminary discussions with the representatives of Sapa confirmed the relevance and importance of the subject area. Contacts were established with the representatives of Sapa from its marketing and sales teams in Sweden and France. These representatives have been chosen since they on a daily basis work with customer relationships.

4.4 Literature Review

The literature review was initiated by reviewing books related to the marketing management in general in order to obtain insights into the basic concepts and to understand the terminology. Thereafter, the research continued to develop a deeper understanding of the theories related to market segmentation and customer relationship management. A good starting point for the research was found in three books, namely: Managing Business Relationships by Ford et. al (2011), Business in Networks by Håkansson et. al (2009) and Principles of Marketing by Kotler (2013) well as in the article by Kohli and Jaworski Market Orientation: the Construct, Research Propositions and Managerial Implications (1990). The method chapter was developed based, to a large extent, on the article by Dubois and Gadde (2002), Systematic Combining: an abductive approach to case research, which proved to be a very interesting and helpful tool for the purpose of this case study.

Thereafter, the research for literature was conducted mostly through the use of the Internet search engines. In order to delimit the findings, key words, such as, industrial or market segmentation, segmentation criteria, customer relationships or B2B networks, were used. In some cases, the name of authors important for the subject matter were used. In order to increase the reliability of the sources found, several sources mentioning the same key words
were referred to in order to verify whether the statements and opinions were coherent with those found in other sources.

4.5 Theory Collection Process

The theory collection process is necessary for each research study as it provides the researcher with the necessary background and terminology, it enables the researcher to develop a better and deeper understanding of the research problem and, finally, to discover academic gaps and inconsistencies in the existing materials. In this case study, the theory collection process provided the necessary framework, which became the starting point for further investigation. The theory directed the search for empirical data and helped, in accordance with the systematic combing approach, to identify certain weaknesses in the research question, which in turn brought about a need to slightly re-direct the study. The theories about market segmentation, market orientation and customer relationships were used as a guide to interpret and analyse the collected data.

For the purpose of this research, the theoretical concepts were primarily collected from the books, academic articles, from databases, such as, for example, Discovery (a database provided by the Mälardalen University Library) and from the Internet via the Google search engines. In order to delimit the scope of the search, various search strings and keywords were used, for example, business markets/segmentation/segmentation criteria/customer relationships. The usage of the said search strings and keywords resulted in a very large number of hits. These results were analyzed and irrelevant data was eliminated.

4.6 Data Collection

An important part of each research study is the data collection process. Such process provides a useful framework and a broader perspective in which the study can be placed. There are two ways in which evidence can be collected to support a research study, namely primary data is derived from primary sources and secondary data is derived from secondary sources (Creswell, 2003). Primary sources provide direct or first-hand evidence about an event, object or person and include, for example, eyewitness accounts, interviews, results of experiments, statistical data or pieces of creative writing. Secondary sources describe, analyse, summarize and process primary sources. Secondary sources include journal articles, books, encyclopaedias, dictionaries, reviews, newspaper articles, specific essays, etc. (Ithaca College, 2015, p.1).

Further, there are two types of methods to collect research data: quantitative and qualitative. The quantitative research involves the analytical study of an issue through numbers and
statistical data, whereas the qualitative research involves an interpretative study (Farrel, 2011). For case studies the qualitative analysis is a better method for collecting data since it allows to present the perspectives of the participants and to interpret the feelings and meanings thereof. Further, case studies, like the one undertaken here, cannot build on statistical inference and have to rely on analytical inference. (Dubois, Gadde, 2002, p.559)

In this thesis the qualitative method for the data collection was used and both primary and secondary data were collected. Interviews were used as the main means for gathering the primary data. Semi-structured interviews were conducted in order to provide an in-depth understanding of the customer relationship management and the segmentation process at Sapa.

An overview of the data collection and processing of such data as undertaken for this case study is visualized in Figure 4 below.
SEGMENTATION AND CUSTOMER RELATIONSHIPS AT SAPA

Figure 4. Organization of Data Collection, Source: Authors Own

- Review of time schedule
- Establishing preliminary contacts
- Drafting preliminary interview and questionnaire questions
- Testing questions with respect to content and comprehensibility
- Editing final versions
- Sending out requests for meeting to SAPA

- Theory collection process
- Secondary data collection
- Contacting representatives of SAPA by e-mail and phone for preliminary discussions and planning of sessions
- Collecting primary data (interviews)
- Monitoring progress
- Preliminary analysis of collected primary and secondary data
- Discussing results
- Confrontation with the theoretical framework

- Drafting preliminary version
- Receiving feedback on draft versions
- Implementing changes
- Re-drafting the framework and research questions
- Collecting of additional primary and secondary data (online, via phone, e-mail, meetings)
- Generation of new insights
- Monitoring usability of responses and sources
- Search for complementary theoretical concepts
- Verification of data and results
- Further development of the conceptual framework
- Checking the theoretical framework against gathered empirical data
- Receiving feedback on draft versions
- Editing and improving the text
- Writing the final version
4.6.1 Primary Data Collection Process

The main benefit of collecting primary data is a possibility to more precisely address the research question, to adjust the depth and the scope of the research as well as to meet specific needs and preferences of the researcher. Collected data is original, unbiased and give deep, and, sometimes, unexpected insights into the subject matter. However, the collection process as such is time consuming, often provides large volumes of data that need to be analysed and requires resources and skills (Creswell, 2003).

Upon completion of a rather extensive theory collection process and midway of the secondary data collection, a need emerged to confront the theoretical framework with the reality. It became evident that primary data had to be collected in order to move the research forward. Primary data was compiled from the first hand sources and tailored to the specific requirements of the study. For this research, the primary data was collected through interviews with the employees of Sapa and from the Sapa corporate presentations. Along the way, the writing process was conducted with several draft versions that were gradually improved and re-written as the research progressed.

4.6.2 Interviews

According to Gill et al. (2008), there are three types of research interviews: structured, semi-structured and unstructured. In structured interviews, informants answer pre-determined questions and there is no room for variations or follow up questions. Conversely, un-structures interviews invite to an open discussion and informants are allowed to talk freely. Semi-structured interviews contain pre-determined key questions in order to define the subject area of the discussion.

For this case study the semi-structured interviews with the pre-determined questions were used as the main primary data collection vehicle. Thereby, the subject area for the interview could be defined and at the same time the informants were given time to reflect upon the questions and prepare for the discussion. The advantage of the interview format as such was the direct interaction with the participants. It was easier to explore important issues emerging during the interviews. The starting point was the use of the same questions for every informant in order to be able to analyse the research questions from different perspectives. Nevertheless, during the discussions, other supplemental questions were also posed in order to eliminate misunderstandings or go deeper into the subject. To some extent, the interviews were supplemented by further communication carried out through e-mail, telephone and repeated interviews in order to clarify ambiguities.
Most of the interviews were conducted as the face-to-face interviews at the Sapa offices in Stockholm. Some interviews with the representatives of Sapa located in other countries, for example in France, were conducted by telephone or the Internet, due to time and distance constraints. The interviews were recorded using an iPad and then written down. The interviews were made with the consent of informants. The informants were also offered an option of anonymity that was rejected by some interviewees but required by others. The interview process is summarized in Table 2 below.

<table>
<thead>
<tr>
<th>Informants Names</th>
<th>Informants Role</th>
<th>Date and Time and Duration of the Interview</th>
<th>Form of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informant A</td>
<td>Business Development Manager, Marketing Extrusion Europe</td>
<td>April 16, 2015 13:30 90:00 minutes</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>Informant B</td>
<td>Director Automotive Roof, Rails and Trim</td>
<td>April 15, 2015 11:00 46:00 minutes</td>
<td>Telephone conference</td>
</tr>
<tr>
<td>Informant D</td>
<td>Director Consumer Electronics Global Key Accounts</td>
<td>April 21, 2015 11:00 60:00 minutes</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>Informant C</td>
<td>Director Global Key Account</td>
<td>April 16, 2015 15:00 60:00 minutes</td>
<td>Telephone and mail</td>
</tr>
<tr>
<td>Informant E</td>
<td>Market Manager</td>
<td>April 24, 2015 16:00 47:00 minutes</td>
<td>Telephone Conference</td>
</tr>
<tr>
<td>Informant F</td>
<td>Sales Area Manager</td>
<td>May 5, 2015 14:30 May 6, 2015</td>
<td>Telephone and mail</td>
</tr>
</tbody>
</table>

Table 2. Interview Process, Source: Authors’ Own

4.6.3 Secondary Data Collection Process

The search for secondary data was focused on searches related to the research questions, primarily with respect to the topics of B2B market segmentation and customer relationships management. The secondary data collection process conducted for this research study proved
to be more convenient, less time consuming and cost effective as compared to the primary data collection process.

However, as indicated by Cresswell (2003), secondary data was collected by other researchers for other purposes than the purpose of this research study, which entails that the secondary data needed to be thoroughly scrutinized in order to eliminate, or at least, minimize the risk of relying on data that could be irrelevant, incomplete, biased, outdated or simply organized in a way impossible to adapt for the current research study. Consequently, many of the secondary sources were only used for the purpose of acquiring a deeper understanding of an overall theoretical framework. The information used to provide an overview about Sapa was mainly obtained through the company's own website and corporate presentations.

### 4.7 Data Analysis Method

According to Yin (2009), a case study requires an analytical strategy, which defines the ways in which the collected data should be analysed. The analysis of qualitative data involves three simultaneous activities, namely: (i) data reduction, (ii) data display; and (iii) conclusion drawing and verification. During the data reduction the researcher simplifies and organizes data in order to compile conclusions. In the data display process, the gathered data is divided into categories and organized in order to facilitate the conclusion drawing. In the final stage, the data is interpreted, described and explained (Miles and Huberman, 1994).

#### 4.7.1 Theoretical Framework

The starting point for the data analysis was the theoretical framework, as presented in Chapter 2 above. During the research, the authors gained more understanding of the concept of the market segmentation as well as mechanisms steering customer relationship management in the B2B context. However, the authors soon realized that the theories describing the market segmentation or customer relationships do not provide any clear answer whether the established market segmentation in a B2B supplier organization, like Sapa, influences its customer relationships and if so, to what extent. Thus, it became clear that the theoretical framework established for this case study had to be confronted with the empirical data obtained through the interviews.
4.7.2 Transcribing Interviews

In parallel with establishing the theoretical framework, the fieldwork started. Empirical data was collected through the interviews. The interviews were transcribed using the denaturalism mode and, consequently, certain “unnecessary” or “habitual” words and utterances edited away. (Oliver et.al., 2005, p. 1273-1274) In addition, certain minor grammar adjustments were made. Further, the results of the interviews were coded so that these results could be used in the writing process without a need to listen to the whole recordings or reading the whole transcripts. The coding categories used were: segmentation approaches, market orientation/CRM and customer relationships.

Thereafter, the preliminary data was compared with the theoretical framework. In this matching process, the theoretical framework, data sources and analysis were compared by going back and forth (Dubois, Gadde, 2002, p. 556). As the interviews progressed and more understanding of the subject matter was gained, it became clear that more focus should be put on direction and re-direction of the study. After a preliminary analysis of the collected data, two themes emerged, namely: (i) that the market segmentation of Sapa is aluminium application-oriented and stable over time, and not many activities relate to segmentation as such; (ii) that the research question as originally formulated in this case study should be reversed, and read as follows: What influence does segmentation have on customer relationship? Consequently, the study has been re-directed and the research question has been re-written.

4.8 Validity and Reliability

Case study research has over the years been questioned as a proper scientific method since case studies are too specific and not appropriate for generalization (Weick 1969, p. 18). However, despite certain weaknesses, case studies are often used as a research tool. Depending upon the nature of a problem, research may be based on multiple case studies that provide more breadth, or a single case study, which provides more depth. Single case studies that allow the researcher to analyse a specific problem deeper are often recommended for complex structures with many variables (Dubois and Gadde (2002, p. 558). However, relationships and patterns in complex structures usually cannot be tested. Thus, in order to ensure the credibility of such studies, it is important to use logical coherence, meaning the adequacy of the research process and empirical grounding of theory. (Strauss and Corbin, 1990)

This research had been based on a single case study where the aim was to obtain a deeper understanding of the subject matter. The research process was focused on an appropriate
matching between the theory and the reality. The data collected during the interviews was reviewed in detail to secure that the collection was accurate, properly understood and logically coherent. However, in line with what was explained above, verification and checking the accuracy of data was not really possible. Instead, in order to achieve proper matching between the theory and reality as well as to achieve construct validity of data, multiple sources of evidence were gathered through primary and secondary data. Multiple interviews gave different perspectives and contributed to better reliability. However, being a single case study, the research allowed more depth, but not more breadth.

### 4.9 Method Critiques

Due to the very broad scope of Sapa’s global activities, this case study was limited to certain parts of the marketing and sales organization of Sapa, which entails that the presented findings give a fragmented picture. The main concern is that the sampling process was rather short and not continuous enough in order to provide “an appropriate matching between reality and theoretical constructs” (Dubois, Gadde, 2002, p. 559). Since the research only covered certain activities of the Sapa sales and marketing organization, related primarily to certain selected key accounts, the findings could provide limited use to other key accounts or sales teams of Sapa.

Further, due to time and resource constraints, the collected data is limited. Due to difficulties in combining the schedule of the Sapa representatives participating in this research with the time schedule set forth for the purpose of this study, the number of interviewed persons had to be limited and it was reduced from originally ten persons to six persons. In addition, some interviews were conducted via telephone or e-mail, which made the communication less interactive and, in some case, difficult to interpret. Certain interviews were conducted in the English language, others in the Swedish language, so possible language barriers and misunderstanding should also be taken into account. Parts of the information provided by Sapa is strictly confidential and could, consequently, not be described in detail. The authors had signed the confidentiality pledge and are restricted from a disclosure of the information of such nature. Further, a few of the interviewees expressed the wish to remain anonymous and thus, the analysis of the empirical data and results of the study are presented in more general terms in order to avoid any breach of confidentiality.

This research study has also a time boundary. The case study came to an end on May 6, 2015, whereas the marketing and sales processes of Sapa in the real world continue. Thus, the findings of this case study and their interpretation could be subject of a modification over time.
5 EMPIRICAL FINDINGS

This chapter includes a short overview of the company and its activities. Further, the authors present the empirical findings that were collected through the research process. These findings are based on the relevant themes drawn out in the theoretical framework as set forth in Chapter 2 relating to market segmentation, market orientation and CRM.

5.1 Company Overview

The Sapa group of companies (“Sapa”) is the world leader in aluminium solutions. Sapa is a global private company with 23,500 employees working in the production and sales sites in more than 40 countries. Since September 2013 the mother company of the Sapa group of companies, Sapa AS, is a 50/50 joint venture owned equally by two Norwegian companies, both listed on the Oslo Stock Exchange, namely Orkla ASA and Norsk Hydro ASA. The headquarters are currently located in Oslo, Norway but were located in Stockholm for many years until the merger of 2013 (www.sapagroup.com/en/about-us/history/ March, 2015).

According to information on Sapa’s website, the Sapa organization, as it stands today, is based on a 100 years of common knowledge of the aluminium extrusion industry merged into one company. A short summary of its history is shown below:

Source: www.sapagroup.com, 2015
According to the information presented on the Sapa website, the company's operations cover development, manufacturing, value-added and sales operations of aluminium extrusions, extrusion-based building systems and precision tubing. Sapa’s offering consists of extruded aluminium solutions for B2B customers for practically any application in various sectors of industry. Such applications include customized extrusions in different shapes and sizes that can be used in furniture, masts for boats, masts and power stations for telecommunication, consumer electronics, platforms and components for trains, components and structural parts for trucks, cars and marine vehicles, building systems for windows, facades, sliding doors as well as tubing solutions for automotive and industrial heat exchangers and air conditioning systems.


Sapa’s purpose is to shape a sustainable future through innovative aluminium solutions. In order to achieve that the Sapa organization is committed to act according to its five values, namely: (1) customer first; (2) trustworthy; (3) one company; (4) entrepreneurship; and (5) accountability.

To adequately position itself in the market place and to meets the needs of its customers, both locally and centrally, Sapa has divided its operations into five business areas, namely: Extrusions Europe, Extrusions Americas, Extrusion Asia, Building Systems and Precision Tubing. The common denominator for all these business areas is the use of aluminium metal. The extrusions business areas cover general extrusion operations in Europe, Americas and Asia and also serve also as the internal supplier of aluminium profiles to the building systems business area that supplies window, facades and sliding doors solutions to the building and construction industry. Precision Tubing is a niche player that delivers welded and extruded tubes primarily for automotive applications. Sapa distributes its products primarily through its own sales forces, organized as a combination of local and global teams. Global customers
are served through the global key account (GKAM) organization (the interview and www.sapagroup.com, 2015).

5.2 Empirical Data

The empirical data collection process started with conducting interviews with a few selected representatives of Sapa. As indicated in Table 2 above, the persons interviewed represented the Sapa marketing department and sales teams (both on a local or regional level. In order to gain more understanding of the content of the conducted interviews, certain information was also collected from Sapa’s corporate presentations (not attached here due to confidentiality).

5.2.1 Market Segmentation

The collected empirical data regarding market segmentation related primarily to the types of criteria used by Sapa in the segmentation process. The common denominator, emerging from the interviews, is that the starting point for the market segmentation is the usage of aluminium. According to Informant B, in this process “Sapa looks where aluminium is used the most”. By looking at the industry sectors in which the use of the aluminium extrusions is high, such as building and construction, mass transportation, automotive, thermal management and electrical engineering, Sapa is able to determine which target markets are interesting to be further screened and segmented. “We do not segment according to our products, but we segment according to how the market looks like” (Informant A).

Informants B and F comment and agree that in terms of segmentation the Nordic countries, especially originally Sweden, have always been an example: “it’s where it has been a big usage of aluminum”. It is also where the history of Sapa began in 1963. However nowadays, the Nordic and other European markets have matured and the usage of aluminium is instead growing in developing economies, such as China. Informant D explains: “One big user of aluminium is building and construction. For example, in China, it stands for more than half of the consumption of aluminium, while in Sweden is not so big comparing to Asia. I don’t have the numbers but I am guessing that it is still important but not as in Asia”.

According to Informant D Sapa starts the segmentation process “from the market application point of view”. All informants confirm that at first the business description of customers (. industry, product mix, technology) and demographic factors, such as location, are evaluated. Informant A points out that a good basis for Sapa’s evaluation on how to “place” a customer, in other words to determine whether the customer is an automotive customer or a B&C (building and construction) customer is to review various codes used by
the European Aluminium Association and to build an internal list of prospects /potential customers with assistance thereof.

Informant A presents the Sapa market segmentation process in the following way:

**THE MARKET SEGMENTATION PROCESS**

Source: Informant A

Firstly, it is important to identify and map the targeted market for a better understanding of its size, growth potential and customer needs. The second step is to find out why and how much of aluminium is needed in order to understand the customer value and a potential for Sapa. As the third step in the segmentation process, Sapa is trying to answer the question: Why Sapa? This is needed to be able to create the best value proposition for the customer /customer segments in question. Understanding of the value creation process is important.

Most of the informants agree that one of the characteristics of the extrusion industry is a need to ensure the proximity between the supply source and the delivery point, since transportation and logistics costs can be prohibitive and make any transaction with customers located far away from Sapa’s plants difficult or impossible. This creates a need to segment customers into local, regional and global customers. Informant A indicates: “the aluminium market has been traditionally very local. One buys from the manufacturer who is closely located. Ten years ago, all trade was local/regional. There was no global or pan-European market. Each Sapa plant/ country took care of its own local market/proximity area”.

Informant C confirms that traditionally Sapa had a customer segmentation based primarily on geography and that the customers were managed separately by each plant in a diverse set
up. He points out that “in the past ten years market segmentation by industry was established with teams working in a central matrix; these segments were mass transportation, marine, automotive, industrial products keeping basically the customer segmentation by plant”. Informant D explains further: “before there was rarely more than one segment. In Europe there were local sales for each plant or each country and three main business segments: automotive, mass transportation/marine and thermal management. Segmentation was more local. Segmentation now is more complicated because you are not considering a local market but you are dealing with an application which is not easy to implement. The point is to gather resources and concentrate know-how in one specific segment and you build technical competence around that specific application”. Informant D adds that segmentation is based on criteria, such as, characteristics and size of the customer, sales /purchase approach, potential volume, potential revenue, but definitely not according to geography.

Following its expansion into different markets around the globe and expanding its presence in various jurisdictions, Sapa has started to develop a platform for serving its global customers. Informant A states: “Today, Sapa is not present in Africa or Australia. But we have followed our customers around the world, for example, Ericsson to China or Nokia to India. Such growth results from the mergers”.

Informant C explains: “For top revenue customers with global presence, segmentation is made by dedicated sales teams organized in the so called GKAM (Global Key Accounts). All other customers are segmented by region/country by local Sapa plants. These are served in a very diverse structure. It’s up to each local market department to segment in their own way”. According to Informant A, serving customers under the GKAM is also rather decentralized and every country has its own strategy, marketing organization and own production. The GKAM organization serves primarily large companies, like IKEA, Bombardier, but also smaller companies which are global and strategically important, for example, Hewlett Packard. The top revenue customers are screened from the profitability perspective, but overall there is often not enough attention to profitability; instead a possibility of selling volumes is often used as an argument (Informant C).

Informant E indicates that important for segmentation are also various operating variables, such as technology, product mix /applications and equipment. The customer’s and Sapa’s respective technology and equipment draw a frame relevant for the targeted markets and the conducted segmentation processes. During such process investment needs are often revealed and at times Sapa is willing to invest in new equipment in order to meet the customer
requirements if the underlying contract is long enough (for example, logistics solutions for the IKEA PAX wardrobes, (Informant A)).

Most of the informants state that customer relationships do not really impact the segmentation process; what is decisive instead is rather what customers do, and which type of business they are active in, application of their products and a potential use of aluminium by the customers. Informant B and F emphasize: “The segmentation influences the relationships, not the other way around”. Informant B explains that this is “because of the perception of the image that you become an expert that brings solutions that bring values to the customer”. However, Informant A adds: “this has been changing during the recent years with the Internet and social media, this can spill over on segmentation where one can use social media in order to split customers to even individual level”.

The segmentation approaches /criteria used by Sapa as described by the informants in the interviews can be summarized as follows:

<table>
<thead>
<tr>
<th>Informant A- Business Development Manager, Marketing</th>
<th>Informant B- Director Automotive, Sales and Engineering</th>
<th>Informant C- Director Global Key Accounting Management, Automotive</th>
<th>Informant D- Director Consumer Electronics Global Key Accounts</th>
<th>Informant E- Market Manager</th>
<th>Informant F- Sales Area Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRITERIA</td>
<td>Industry</td>
<td>Geography /Location</td>
<td>Geography/ Location</td>
<td>Characteristics of the customer / Industry /Size</td>
<td>Market</td>
</tr>
<tr>
<td></td>
<td>Geography/ Location</td>
<td>Market</td>
<td>Sales/ purchase approach</td>
<td>Sales/ purchase approach</td>
<td>Geography /Location</td>
</tr>
<tr>
<td></td>
<td>Characteristics of the customer / Industry</td>
<td>Potential volume /potential revenue</td>
<td>Profitability / Size of the customer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Segmentation Approaches, Source: Authors own

5.2.2 Market Orientation

In the interviews most of the informants mentioned customer focus and profitability as elements important for Sapa’s business management philosophy. Most of the informants also referred in this context to the Sapa values, among them especially to the values: customer first and entrepreneurship (as presented below under section 5.2.3), as elements important
for developing Sapa’s market orientation. These values are seen by all the informants as positive contributors in this process.

Informant A and F emphasize that Sapa works actively with generating market intelligence through various channels, both formal and informal, and disseminates information about possible aluminium applications to customers. Most of the informants confirm that Sapa participates in international fairs, exhibitions, is a member of the European Aluminium Association, visits customers and invites them to various workshops regarding aluminium applications. Sapa participates in various conferences, for example, the Global Automotive Lightweight Materials Conference, to understand coming trends, governmental regulations and to promote the use of aluminium solutions by, for example, the automotive industry. Customers are invited to Sapa’s events and conferences and Sapa is awarded various prizes by its customers, for example, recently Sapa Slovakia and Sapa Belgium were nominated as the 2014 suppliers of the year by the customers ContiTech Vibration Control and Stihl, respectively (according to Sapa’s website). Sapa’s conferences and internal communication channels (intranets) include stories of successful customer co-operations. Sapa offers technical support and training sessions for customers, uses trade press and available sales reports to learn as much as possible about its target markets, its customers and trends. Sapa also issues and distributes among customers the “Shapes” magazine (in 18 languages) that includes various articles on aluminium applications and solutions.

Informant A explains that there is a corporate organization and a regional organization. The regional organizations are autonomous. The corporate organization does not decide on how the regional organization shall handle their P/L and the regions are responsible for their results. The corporate organization has an overall responsibility as regards Sapa’s general strategy, image, brand, graphic profiles. There are also various corporate directives, available through the Sapa intranet, on how to handle media, contracts and investments. Sapa has its own code of conduct to guide its business practices. The corporate finance department collects reports from all the regions and compile these to reflect the total financial situation for Sapa but each region is responsible for its own activity. External communication is handled by the corporate communication department. “Sapa does not have any sales strategy decided from the headquarter level. The understanding and investigation of customer needs is decentralized, done on the local level” (Informant D).

Every region also has its own intranet for communication purposes. “There is so to say a corporate and regional communication” (Informant A). “Information goes both ways. From bottom to top: information, such as improvements in production, can come from a plant and climb via regional offices up to the corporate. Then this information or other
corporate information goes out to the bottom again. Then other parts of Sapa can gain from the information” (Informant B). Informant C points out that the exchange of information among the departments in one region works well, the exchange of information among the regions needs a lot of improvements as the regions are managed disconnected from each other. Informant D and E confirm that the horizontal cross-regional communication and the information exchange between departments is rather poor, ad hoc and not coordinated. Sometimes, business is lost since requests for quotation, directed to one of the regions, which cannot be met due to, for example, capacity limitations, are not forwarded to other regions for consideration (Informant E).

Informant C points out that the matrix departments, like finance or marketing, are disconnected from customers. Informant D also confirms that the functional areas of Sapa are not integrated into the customer service. Market intelligence is mainly gained regionally and integrated in regional strategies suitable for regional objectives. Sapa has a regional focus, which “makes Sapa blind for global developments, like transitions of volumes and trends from one region to the next, and must be first at keeping the regional interest up by all means” (Informant C).

The customer interface is always the seller. Usually, customers have two contacts: the main seller and the inner seller. There is also a sales desk who is always available. There is a CRM system, called Sales Force, that contains information about customers, their business, potential, substitution possibilities. In each country/region there are application engineers who support the sellers towards their customers. “The engineers work a great deal through networking. In Europe, for example, there is team of twelve design engineers. They participate in developing products all over Europe. Within the team they have different expert competence”. Similar engineer teams support other regions (Informant A, D, E, F). Sapa conducts customer surveys and learn through these surveys about how Sapa is perceived and about customers’ needs. These surveys are sent to operations in order to make improvements (Informant B). However, Informant C points out that these surveys are not conducted on a regular basis and often not followed up.

Informant A points out that Sapa is closely watching development in various markets and tries to respond to trends. Informant A emphasizes that Sapa spends a lot of resources on generating market intelligence in various markets to find out where the future growth is and which companies are leading in each segment. “We always have to keep an eye on where the market is heading and how it evolves. A good example are LED lamps, which is a market that has exploded since it became prohibited to produce (old) lamp bulbs. There we have
started to make cooling flangs for the back of the led lamps. This is a market growing by 25 % per year right now”.

Informant A describes the overall process of generating and using market intelligence as follows:

Informant D describes the Sapa process in a similar way: “We want to contribute with developing the market, develop new products or rather assist our customers in developing new products. The market itself in fact does not grow. We use three steps in order to find new markets: The first is to map the market, the second is to find out why do they need our product? What are our trigger points? What can we improve for potential customers and offer them? and the third one is to know why they would choose us?” Informant B adds: “We want to stay in the driver seat to understand how we can substitute materials, how we can bring into the market solutions that are trends in terms of energy, environmental or social aspects”.

Informant A emphasizes that Sapa markets its products as being “green metal”, “fully recyclable”. One example of a potential growth identified by Sapa, given by Informant A, is the market for electricity vehicles, where Sapa works closely with and supplies components to Tesla, the manufacturer of premium electric vehicles. As stated by the informant, this market is relatively small today but is expected to be substantial in some twenty years-time. By working with Tesla, Sapa wishes to stay ahead of its competition.

As confirmed by the informants, the Tesla example has been disseminated across the organization through various conferences. Informants give further examples of how Sapa responds to customers’ needs of ECO – friendly solutions, namely by (i) by developing
components to cars, where steel can be replaced by aluminium and, as a result the overall weight of a vehicle can be reduced, and (ii) thereby developing windows and façade systems for the first power house built in Kjörbo, Norway.

Informant A further explains that Sapa is continuously looking at various market sectors, such as, for example, transportation, automotive, off-shore marine, renewable energy and electrical engineering, to see where these sectors are heading. As an example of how Sapa is screening the market and evaluating its possibilities to develop the business, Informant A mentions buss and truck manufacturers. Currently, Sapa is serving Volvo and Scania in Sweden, but it would also like to develop business with the Europe’s biggest buss manufacturer, Daimler-Bentz.

Informant D points out that Sapa does not have any organization-wide sales strategy coming from Sapa’s headquarters. The corporate function more focuses on setting forth an overall direction, developing the brand and core values. Informant C indicates that each plant has its own ways and initiatives and there is little synchronization of actions taken in various parts of the organization. “Solutions often exist but are not widely known across the regions”. There is no or little coordination between various parts of the organization on how to respond to the market intelligence.

However, Sapa works with its value “one company” in order to enhance more cooperation among the regions, to be more competitive but also in order to exploit the competences existing in various places. Informant A explains: “one example is a factory in France that is very successful in certain technology. However, they only sell in their own region. We want to circulate their concept in order for us to find new markets. And make new deals.” Nevertheless, it is difficult to make all small regions that look like small entities to feel as parts of one global Sapa. The problem is to communicate within the company in a way that by helping others you also help yourself”.

5.2.3 Customer Relationships

“Everything we do is the product of our customers, (...) we make what our clients want us to do. We have to listen closely to what the market is asking for, what they want us to do”, explains Informant A. For Sapa it is important to match: “Ask and listen and then compare with our ability to produce what the customer is asking for” (Informant A). However, the sales approach used by Sapa differs among the regions. “In the US customer relations are important (personal contacts). It is also important in Sweden but not as important as in Germany and absolutely not important in China” (Informant A). Informant D adds: “Even if
we have “customer first” as part of our core values, I must admit that in a daily life very often other aspects pre-dominate, like price and volume”.

“Bring us your ideas and together we will develop the best solution!” markets Sapa itself on its website and this message echoes through the conducted interviews. It is important to work “towards solutions”, in other words, it is important not only to deliver a profile but to also deliver a component, a solution to a customer problem. “A customer does not buy a product but what it does for him. The value created for a customer has to be experienced as higher than the price” (Informant A). The informants in the interviews confirm that Sapa is good at developing new parts/solutions for its customers. The informants also indicate that Sapa actively works with R&D and product innovation in order to satisfy its customers’ current and future needs. The informants refer to Sapa’s purpose as stated on its website, namely: “Shaping a sustainable future through innovative aluminum solutions” as the leading star and confirm that Sapa’s corporate values, as presented below, are important pre-requisites for building and maintaining customer relationships.

From all the interviews it is evident that add value sales are focus areas for Sapa. Sapa wants to avoid commodity “because we cannot make profitability business. We prefer to develop solutions” (Informant B). Informant D emphasizes in this context: “if you really want to go into add value sales, you really need to build the relation with customers at different level and work with their R&D, product development and really work proactively. It is not easy to make a customer change from steel to aluminium overnight”. Informant B emphasizes: “We focus hard on what add value we bring to the customer, to build a solution that both the client and us gains from and gives a long term relationship. It can be fabrication,
solution for logistics”. Basically, Sapa can provide all technical features, which “is of course a competitive edge as one-stop-shop” (Informant C).

According to Informant C the current customer portfolio include a lot of “small customers, rather than high volume consumers with low prices”. Sapa is always first to address even small volumes of extrusions, as opposed to other extruders who only sell to certain customers. Informant C points out that the current set up of the sales organization aims for the quick and easy sales success. Sales teams work with “open portfolios”, meaning that it is relatively easy for a plant /a sales person to “exit” a customer relation and compensate it with a new prospect. Sapa “suffers” from a continuous new prospect philosophy. Only GKAM teams work with a closed portfolio of customers and need therefore find solutions for a given customer problem. Decentralized sales teams tend to think about what is good for the plant and their own target (now and short term) rather than what is good for the group as such (mid and long term) (Informant C).

Nevertheless, most of the informants confirm that Sapa values and tries to develop long term relationships with existing customers. To emphasize that Informant A repeats after Kotler: “it is seven times easier to grow an existing customer than finding a new one”, and then adds: “it is easier and cheaper to maintain existing customers than finding a new and therefore we depend on creating long-term contracts with customers”. Informant A adds: “it is expensive to find new customers and expensive to penetrate new markets”. Informant D says: “We always look for long term engagement. On the part of the customer it is an investment. Investment in tools, in a relation and in logistics. Together with us of course. The main criteria is profitable added value on the top of the basic extrusion product. High complexity with high margin, of course”. Informant B emphasizes: “we always want to keep the old ones, but since we are leaders in this industry we always have to be open to new markets and new customers. The customer gets a solid long-term partnership with an understanding and inventive partner”.

Informant A points out: “Trust is crucial. Our clients must be able to rely on us. That we deliver in time and with the right quality. If we can bring these two aspects under control, we don’t need much “customer intimacy. Then trust is created automatically. If this does not work (…), the client will demand some kind of compensation”. Informant C adds that the following elements are also important in the context of providing good service to customers: “OTD (on time delivery), response time for quotes and best possible conditions to make the deal”.
Informant A further explains: “Trust does not mean friendship. Companies do not want friendship relations because in the long run, they do not benefit the company; someone might feel obliged to buy a product despite the fact that it does not represent the best price or quality”. Informant B emphasizes that Sapa manages its customer relationships “by giving the customer full access to (...) resources and support and by showing transparency”.

Informant C is of a different opinion and states: “Due to the diverse structure of a patchwork with many plants and the competition between the sales groups, plants and regions, Sapa is doing customer shopping and one deal targeting rather than maintaining a long customer relation”. Informant D indicates that sometimes clients became a routine, “for example, this customer bought 100 x amount last year and this year he needs 120 x amount and there is no understanding of why he would buy more”. Informant D further explains that “We sales people are not thinking enough about what we need to make customer happy and what I need to keep him long term”.

Most of the informants point out that there is a difference in the customer approach between the Swedish part of the organization and the rest. Sapa started its business in Vetlanda, Sweden and Informant A states: “Yes, in Sweden we have a tradition since the 60-ies that we assist the customer to develop his product to a readily assembled product. Added-value. Instead of making 6 meter long aluminium pieces for customers, we punch and bend the pieces according the wish of the customer. This is something we have been doing here since many years and this is almost unique for Sweden and we work hard in order to make other parts in the Sapa group to implement the same thinking in the rest of Europe and other countries”. However, Informant C is skeptical and points out that “the Swedish success story of close customer relations working out the best solution for the customer is not possible to copy outside of Sweden. Often price is key and strong competition does give no environment to find the best and smartest solution”.

Informant C further explains that there are two levels of strategy as regards customers: “One is local and the other one global and that means that Sapa has always been organized as a company which is built on local facilities. Close relations with customers are developed in three big segments: building and constructions, transportation and automotive, (...) as driven by the local operations with their own sources and strategy built around this according to the usage of aluminum in the country, which can be quite different, for example, between Sweden and I don’t know, maybe Italy”.

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The informants confirm that important factors in deciding whether to maintain and develop the relationship with the customer are the profitability and length of contracts. Informant D says that the choice between trying to obtain new customers or keeping the old ones “depends on the profitability. If it’s not profitable, then we have to exit the market and look for new ones. If you find that it is not so bad, you can try to manage them and develop a new one”. Some informants emphasizes in this context that Sapa avoids low profitable markets, called by informants “rotten markets”. Informant A mentions aluminium ladders as an example. According to Informant B, there are three elements that define if a customer can be profitable: “The first element that Sapa measures comes from our expertise, the productivity we can get from the extrusions; the second element is the added value the customers can get from them, and the third, which for Sapa is the “element of decision”, is the contract conditions”. However, there is not always enough visibility as regards the profitability, sometimes Sapa just wants to serve its customers, not necessarily always profitable. Sometimes selling volumes is important, even if recently there has been more focus on margins (Informant E, F).

Sapa wants to distinguish itself from competitors by creating added value propositions for its customers and by the combination of its global presence and the local service. “Despite the fact that we are all over, it is the close local contact and the service that are most important. Also our added value offer, we are unique” (Informant A). “Big companies chose us because we are big and able to deliver but there are also customers that consider us too big and believe that we don’t think they are big enough. It that way our size can be both an advantage and a disadvantage. Small customers might get an advantage from the fact that we exist locally in many places and therefore it can be easier to order from us despite our size”. (Informant A). Other elements important for Sapa’s competitive edge are: being global player, financial stability and application design support (Informant E). Informant D adds that “one thing that singles out Sapa from its competitors is the ecological footprint (always bearing eco-friendly systems in mind). We also try to differentiate value propositions. Our ambitions is to be ahead in R&D because then you can differentiate product development”.

Nevertheless, despite efforts to re-position Sapa towards a more customer–oriented organization, Sapa is still product oriented to a substantial degree, “since our whole activity is built on what we can do with our presses. We care more about that our presses are made to work” (Informant A). “Sapa often develops what Sapa thinks is good for the market rather than developing what a specific customer or customer group wants” (Informant C).

In addition to developing existing customers, Sapa makes plans for future growth by developing customer relationships as presented by Informant A in the picture below.
Important factors are in this context: (i) developing of new products /innovation so that future needs of existing or potential customers can be met and (ii) developing new markets.

Source: Informant A

6 ANALYSIS

This chapter presents an analysis of the empirical findings as described above and discusses the patterns that have emerged from the collected data. The basic structure of the analysis is based on the theoretical and conceptual frameworks as described in Chapter 2 and 3.

6.1 Market Segmentation

The empirical data from the investigation of the market segmentation process found a broad mix of segmentation approaches in the investigated parts of Sapa. It is clear from the interviews that the Sapa organization engages in various activities that aim to achieve segmentation of its customers. The interviewed representatives confirm that Sapa overall finds the segmentation process important for the business. Nevertheless, it is also evident that the segmentation process is rather fragmented and conducted differently by different parts of the organization, with little guidance from the corporate.
It is also clearly stated in the interviews that there is a difference in the segmentation approaches between the local/regional parts of the organization and the global GKAM teams. Since the aluminium market has been traditionally been very local, the proximity between the supplier and the customers was originally a decisive factor for market segmentation. With the internationalization and global expansion of Sapa, this traditional approach has changed, to some extent, but only with respect to customers that require global supplies. A lot of the Sapa business is still very local and in these parts of the organization, segmentation is still primarily based on the demographics of a customer, where the location of the customer is an important, if not a decisive element. The informants representing GKAM teams state that the segmentation is definitely not based on the location or the geographic spread of customers. The decisive elements are instead the business characteristics of the buyer and the market application.

Furthermore there is, or has been for historical reasons, a difference between the segmentation approaches between various regions and countries, especially between the Swedish organization stemming from the origins of Sapa in Vetlanda, Sweden, and the remaining parts of the organization that grew over the years through a combination of green field establishments and mergers executed in order to grow in different markets around the world. In the Swedish part of the organization, the culture and personality of the buying (but also selling organization), promoting strong and long term customer relationships, are important elements in the segmentation process.

Despite the differences in approaches, there is one common denominator for all the segmentation activities of Sapa, and that is the usage of aluminium. Sapa starts its segmentation process from the market application point of view. Only markets and customers within such markets that use, or could potentially in the future through various substitution activities, use aluminium, are interesting for Sapa. Elements, such as product mix, application, underlying technology, equipment that are available at the customer and Sapa, are also important in this evaluation.

Referring back to Figure 1 in the theoretical framework as presented in Chapter 2.1, the most important elements that the Sapa organization starts with in its segmentation process relate to the various measurements set forth in the second column, namely the business description. The informants in the interviews refer to these elements also as the characteristics of the buyer. While evaluating the markets and customers, Sapa studies closely which type of business customers are active in, why aluminium is, or could be, interesting for such customers and to what extent, both currently and in the future. The
empirical data also confirms that the segmentation based on the market application influences the customer relationships, not the other way around.

There are industrial trends to substitute, for example, steel with aluminium, to manufacture lighter vehicles, which consume less petrol and thus pollute less, or to promote other environmentally friendly solutions, such as electrical cars or energy positive power houses that can generate energy instead of using it. Consequently, Sapa uses these cultural /personality elements of buying organizations in its segmentation process to some, still rather limited extent, to find partners in companies who are also interested in ECO-solutions, such as Tesla or the Norwegian collaboration of enterprises in the building industry.

From the empirical data we can see that Sapa regional organization uses the market segmentation concept and criteria as described in Chapter 2.1 to develop certain marketing strategies for its global customers handled by the so called GKAM teams, but this is done with a lot of regional focus. In this context, Sapa focuses on serving a few clearly defined groups of customers that Sapa sees as the most promising. However, as regards the remaining parts of the sales organization for example local plants, it is difficult to see any consistent approach to segmentation. It is primarily based on the demographics of the customer.

However, when comparing the empirical data with the theoretical as regards market segmentation, it can be noticed that Sapa’s segmentation process includes various elements of the macro – and micro segmentation, as described in the Wind and Cordozo model, combined with a few elements from the Bonomo and Shapiro model, coming from the outer nest with the demographic and, to some extent, the operating variables. Further, the macro segmentation, focussing on the characteristics of the buying organization, is only to some extent, used for and by the GKAM teams. In this respect, variables such as benefit segmentation, (the product’s added value to the customer) or the customer’s purchasing situation (for example, a modified re-buy, of components for a new car model) may come to play. As regards the local parts of the organization, there seems to be no general comprehensive or co-ordinated segmentation approach. Local sales and marketing teams use primarily the first outer nest from the Bonomo and Shapiro model and they primarily evaluate the demographics of a customer. The elements of the micro segmentation important for the daily business, such as buying decision criteria in form of price, product quality, on time delivery, and technical support, are also important.

### 6.2 Market Orientation

As explained in the theoretical and conceptual frameworks in Chapters 2 and 3, a market orientation refers to “the organization-wide generation, dissemination and responsiveness
to market intelligence” (Kohli and Jaworski, 1990, p. 4). In order to stay ahead of its competition, organizations need not only gather information about customers’ needs and preferences and disseminate such information internally, they also need to act upon it.

The empirical data collected in this research confirm that Sapa is active in generating market intelligence in various ways. Sapa monitors exogenous market factors, such as governmental regulations, environmental forces, technology developments and competition as well as analyses the needs and preferences of their customers through different channels. By investing in R&D, developing the competence of its engineers Sapa is trying to also anticipate the future customer needs. For example, Sapa teams working across the organization investigate the possibility of substituting various materials, such as steel or copper, with aluminium, thereby enabling Sapa to approach customers who today do not even know that they might need aluminium solutions in the future. At the same time, due to Sapa’s organization structure, a lot of market intelligence is done regionally and then integrated into the regional strategy, which, often is suitable only for a particular regional objective and does not necessarily coincide with the objectives in the other parts of the Sapa organization. Nevertheless, overall, the empirical data confirms that the first element of market orientation, being generation of intelligence, works pretty well in the Sapa organization.

As regards the second element of market orientation, namely the dissemination of intelligence, the empirical data confirms that Sapa uses its website as well as the intranet for the purpose of telling stories about customers and their preferences. Programs of various Sapa conferences often include, as a topic, success stories, which present how Sapa manages to successfully develop solutions for its customers. The recent example thereof is the nomination of Sapa Slovakia and Sapa Belgium as the 2014 suppliers of the year by the customers ContiTech Vibration Control and Stihl, respectively. In some cases, the customers are invited to the Sapa events to talk about their needs. R&D and technical teams work actively to explain technology and process to make advantages of using aluminium solutions visible for the customers. The interview informants also confirm the importance of spreading the success story of the Swedish organization from its early days, even if they point out difficulties in implementing the Swedish approach in the remaining parts of the organization. At the same time, the empirical data indicate that there are flows in the horizontal communication that occurs within and between regions and departments. The information exchange usually works well within one region but not between the regions and local plants. Matrix departments, such as the finance and marketing departments, are often entirely disconnected from the customers. In addition, even if customer surveys are conducted, these are not followed up continuously.
Finally, as regards the third element of the market orientation, namely responsiveness to market intelligence, the picture that emerges from the empirical data is a bit unclear. On one hand, Sapa is driven by what the customer wants and is keen on being an agile and good service provider, even if at times these response actions may have negative effect on the profitability of the customer account. At the same time, Sapa’s approach to responsiveness seems rather unsophisticated for such a big organization. According to the theoretical framework, responsiveness to market intelligence should take form of selecting target markets, doing research about customers’ needs, designing and offering products/solutions based on such research, and then consistently producing, distributing and promoting the products/solutions in a way that “elicits favourable customer response” (Kohli, Jaworski, 1990, p.6). In Sapa this process works relatively well as regards the customers served by the GKAM organization (but even here with a regional rather that overall corporate focus). In the remaining parts of the organization there is no common approach. Through the interviews, it has become clear that responding effectively to market needs would require the participation of all departments (i.e. R&D, manufacturing, purchasing, sales, marketing and finance) as well as coordination and alignment within and between the regions in order to avoid treating a good customer in one region as an unknown or unwanted one in another region.

6.3 Customer Relationships

As indicated in the theoretical and conceptual frameworks described in Chapters 2 and 3, management of customer relationships (at any stage of their respective maturity, being forming, maintaining and developing) is an ongoing, cyclical and dynamic process. (Lee and Yang, 2014, Pettijohn, Schaefer and Burnett, 2014). Throughout the formation, management and the outcome stages of the customer relationship management process, information is gained about the customers’ needs, wants and values and their respective engagement in the relationship. The generated information needs then to be fed back into a cycle in order for the organization to be able to act upon. The key principles for success in this process are alignment and precise measurement. The ability of coordinating efforts throughout the organization as well as the ability to define a desired outcome of these efforts with a relatively high degree of precision are the key blocks for keeping existing customers happy and loyal and developing new prospects. Often companies want to provide all customers with excellent products and with excellent service, but organizations generally find that customers differ in their relationship value and it is neither profitable nor possible or practical to meet all customer’s expectations and needs (Wilson et al., 2008, p-162-164).

The empirical data collected in this research study indicates that Sapa is very good in developing new parts, have competent and active engineering teams working with R&D and
product innovation. Sapa is in general always keen on helping customers with new solutions. Sapa wants to be an agile and good service provider. At the same time Sapa wants to have profitable customers, proving aluminium solutions with high added value, high complexity and high margins. Since a few years back, Sapa is in a process of re-positioning itself from being a product-oriented manufacturer of aluminium components to a more customer oriented organization, interested in anticipating and satisfying customer needs wherever they are. However, this process is ongoing and there is still a lot of product focus instead of a customer focus in the organization.

As indicated above, Sapa wished to develop co-operations with, for example, Tesla and other car manufacturers (both OEM, like Jaguar, and Tier 1 and Tier 2 players in the automotive industry). The purpose is to develop lighter components for personal vehicles, thereby contributing to these customers’ interest and need in creating ECO friendly solutions.

However, empirical data indicate that that to the extent that coordinated activities exist, these are run, to some extent, on a regional level and there is no corporate guideline in this respect. As indicated in the interviews, only the GKAM organization works with a “closed portfolio”, concentrates on a few selected strategic customers and therefore needs to find solutions for the given customer problem. The remaining parts of the organization (as put by one of the informants) “suffers” from a continuous new prospect philosophy, which creates a rather low growth. It is clear from the interviews that Sapa has a local or regional focus, which makes Sapa often “blind” for global developments, like transition of volumes or trends coming from one region to the next. The empirical data also confirms a lack of alignment between various parts of the organization and a lack of a more sophisticated approach to analyse and measure customer tiers more precisely.
7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

The aim of this thesis was to study and analyse whether market segmentation undertaken by B2B companies, like Sapa, has any influence on customer relationships. The empirical data collected during this research confirm that market segmentation has certain impact on customer relationships. The implemented market segmentation is rather stable over time and it takes to time to “bear fruit”. The underlying technology creates a framework for the segmentation process.

Customer relationships do not have any noticeable impact on the implemented market segmentation, except for unique market related changes that would significantly affect the market application of aluminium. Although, this research has been conducted on a small scale and does not cover the whole Sapa organization, it shows that the market segmentation process follows, to some extent, the theories on the market segmentation, although in a rather fragmented and inconsistent way. There is an underlying focus on the market application of aluminium throughout the organization and a more comprehensive approach is applied by the GKAM teams both as regards market segmentation and handling of customer relationships. At the same time the organization lacks a comprehensive approach to segmentation and handling of customer relationships on the local and/or regional levels. Further, there is a lack of synchronization of efforts as regards market orientation activities throughout the group. There are “pockets of excellence” related to market segmentation, CRM and handling of customer relationships, but it is clear that the organization would gain if these pockets of excellence would be combined, coordinated and aligned to really make a difference. This means at the same time that there is plenty of room for further improvements in these areas, and thus, also a lot of potential.

7.2 Practical Implications

Through this study, several factors were observed from the empirical findings that could possibly prove useful for Sapa or other B2B organizations. These suggestions would be helpful when conducting market segmentation, developing CRM systems but also when forming, maintain and developing customer relationships.

It is evident from the empirical data that activities undertaken by Sapa in all above mentioned areas differ across the organization and that there is little alignment or comprehensive approach to the said activities. With the exception of the GKAM teams, which have a selective scale, there is no strategic global program on how to segment customers, consistently
disseminate and respond to the generated market intelligence, nor how to align the organization to properly serve profitable customers. There are also difficulties in analysing customer tiers from the profitability perspective. Conducting a comprehensive study of, for example, 100 top customers of the entire group, including the information gathered from all the regions, could be a good tool to check whether the existing system of GKAM teams could be extended to cover some other customers in a more aligned way. The suggestion would also be to introduce sophisticated CRM systems across the organization to enable entities in the group to properly evaluate profitability of the customer accounts before any response to market intelligence is taken. Involving all departments and improving horizontal communication between regions would help to properly streamline activities and better allocate the company resources and efforts.

7.3 Recommendations For Further Research

After conducting this research, several factors became apparent for further research in this subject area. As such, this research was confined to only certain parts of the Sapa organization and conducted over a short time period. Thus, replicating this study with a larger number of informants could allow for a more sophisticated analysis and greater generalization.

Further, expanding the research into other parts of the Sapa organization to also obtain independent views from representatives of the local and regional teams, would enable the researcher to present a more complete and sophisticated picture of the underlying processes. While conducting this research, it would be recommended to restrict data collection by shortening a list of questions. Such questions should focus on the very core of the market segmentation and customer relationships. In addition, it would be recommended to use written online questionnaires as the first round and thereafter follow up these questionnaires by personal interviews. This approach would streamline and speed up the process, at the same time offering a possibility of getting deeper insights into certain chosen concepts or chosen responses.

Finally, a follow up study on how Sapa is progressing in its re-positioning strategy to become a global provider of aluminium solutions instead of a provider of aluminium products, and whether such strategy proves successful, would be interesting.
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SEGMENTATION AND CUSTOMER RELATIONSHIPS AT SAPA


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APPENDIX 1

Questions - Sapa

1. The corporation history within the customer segmentation. How did they start?

2. How does SAPA automotive segment it’s market? Is it based on:
   - The size of the customer
   - The characteristic of the customer
   - Geography/By region
   - Market (US/Asia)
   - Sales/purchasing approach
   - Development towards ECO-friendly solutions
   - Other aspects?

3. By what criterias does Sapa quality (define/judge?) if a potential customer can be profitable? Lengths of contracts, manufacturing batch size and how complex the SKUs (stock keeping units) are to manufacture?

4. Is there any difference between the Swedish market and other markets in terms of segmentation?
   Which positive or negative aspects can be found in dealing with these segments?

5. How does Sapas strategy look like when they want to understand a customer’s needs?
   Which parts of Sapas organisation are involved in the investigating process and what kind of information are they looking for?

6. Does Sapa try to develop a long lasting or one deal relationship whit its customers?
   -Why?
   -How?

7. As suppliers, which are the internal aspects that the company consider most important in order to provide a better service?

8. How does Sapa position itself from its competitors? Adding what unique value proposition to it´s customers?

9. Does SAPA automotive try to obtain new customers or keep the old ones?
   -Are there any guidelines regarding what an employee is entitled to do in case of a customer
complaints, (for example late delivery)? Where is the limit?
- If no, then how is the decisions taken in case of a customer complaints?
- How does Sapa´s size affect the customers choice?

10. How are the functional areas of Sapa (marketing, production, sales, financial) integrated into customer service?

11. How does the exchange of information work between departments?

12. How is SAPA´s relationship towards customers that need help developing new alloys/parts vs.
- Customers that already know what they need?
- Customers that are willing to help with solutions?
- Support for developing new parts?
- Solutions that already exist for customers that dont know what they need?

13. What do customers get from developing a relationship with SAPA automotive?
- What kind of relationship?
- How does Sapa manage this relationship?
- How does Sapa measure customer satisfaction?
- What is the perception of that value and satisfaction

14. What is the strategy for competitive advantage?

15. How does Sapa create value for customers?
Does the culture and values of Sapa interfere in the formation of relationship with the customers? How?

16. How does Sapa monitor market changes? Is this monitoring important for planning actions that lead to Sapa being the market leader?
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