

---

MANAGEMENT SUP  
MARKETING - COMMUNICATION

# Marketing: 10 Case Studies

Case studies with solutions



**Claire Garcia**  
**Jean-Louis Martinez**

DUNOD

Le pictogramme qui figure ci-contre mérite une explication. Son objet est d'alerter le lecteur sur la menace que représente pour l'avenir de l'écrit, particulièrement dans le domaine de l'édition technique et universitaire, le développement massif du photocopillage.

Le Code de la propriété intellectuelle du 1<sup>er</sup> juillet 1992 interdit en effet expressément la photocopie à usage collectif sans autorisation des ayants droit. Or, cette pratique s'est généralisée dans les établissements

d'enseignement supérieur, provoquant une baisse brutale des achats de livres et de revues, au point que la possibilité même pour

les auteurs de créer des œuvres nouvelles et de les faire éditer correctement est aujourd'hui menacée. Nous rappelons donc que toute reproduction, partielle ou totale, de la présente publication est interdite sans autorisation de l'auteur, de son éditeur ou du Centre français d'exploitation du

droit de copie (CFC, 20, rue des Grands-Augustins, 75006 Paris).



© Dunod, Paris, 2013  
ISBN 978-2-10-058833-6

Le Code de la propriété intellectuelle n'autorisant, aux termes de l'article L. 122-5, 2° et 3° a), d'une part, que les « copies ou reproductions strictement réservées à l'usage privé du copiste et non destinées à une utilisation collective » et, d'autre part, que les analyses et les courtes citations dans un but d'exemple et d'illustration, « toute représentation ou reproduction intégrale ou partielle faite sans le consentement de l'auteur ou de ses ayants droit ou ayants cause est illicite » (art. L. 122-4).

Cette représentation ou reproduction, par quelque procédé que ce soit, constituerait donc une contrefaçon sanctionnée par les articles L. 335-2 et suivants du Code de la propriété intellectuelle.

*The case studies presented in this book have been written by students reading the “Marketing et Stratégies Commerciales” Masterdegree at the ESG Management School (2012), closely supervised by their professors. The amount of data provided has been considerably useful in the drafting of this book. We are grateful to these students.*



# Table of Contents

<b>Foreword</b>	VII
<b>Case 1 – MPO Fenêtres</b>	1
<i>How to succeed in the PVC window market?</i>	
<b>Case 2 – Renault</b>	23
<i>How to launch a crossover in the European market?</i>	
<b>Case 3 – Sequovia</b>	48
<i>How to become a facilitator of sustainable development?</i>	
<b>Case 4 – Lacoste</b>	76
<i>How to organize a sponsorship operation to take over the Moroccan Golf Open?</i>	
<b>Case 5 – PhilaPoste</b>	100
<i>How can we attract the general public to philately?</i>	
<b>Case 6 – La Grande Récré</b>	120
<i>How to remain in the top 5 of the toys industry?</i>	
<b>Case 7 – Samsung</b>	142
<i>How best to launch its first Netbook?</i>	
<b>Case 8 – Siemens</b>	166
<i>Which strategy to implement in launching the Xpress offer to SMEs?</i>	

## Table of Contents

<b>Case 9 – Under Armour</b>	190
<i>How to launch the brand in France?</i>	
<b>Case 10 – SNCF</b>	219
<i>How to optimize the Real Estate activity of the SNCF?</i>	
<b>Bibliography</b>	245
<b>Index</b>	249

# Foreword

Every day, business life involves making decisions based on evidence, which in turn allow the company (and all its employees) to move forward and make further decisions. This approach, known as a process chain, has implications for the long-term survival of a business. Such facts are compiled in a “company diagnosis”.

The concept of “diagnosis” can be explained simply: it is the production of knowledge based on observation of the actual and available facts. The available data is systematically analyzed in order to produce a coherent business strategy and to determine the means to implement this strategy at the practical and operational level. Such diagnoses are based on relevant factors: political, economic, socio-cultural, etc. However, they are necessarily conducted at a specific point in time and can therefore rapidly become outdated if the industry is dynamic. Further, these diagnoses usually rely on a set of facts (which are more or less accurate), opinions (more or less valid), and a certain bias of analysis (even if everything possible is done to limit this). Making a decision based on such a diagnosis alone may have important and unintended consequences for the future of a company.

A company diagnosis is a necessary component of any business strategy. Nevertheless its importance must be put into perspective. On one hand, economic systems are dynamic and situations can change rapidly, so the actors of these systems must continually adapt themselves to the new conditions and adjust their behaviour, needs and expectations accordingly. On the other hand, a manager cannot be sure that the chosen solution will be the best one, nor that the decision will be good.

Strategy is, by definition, a dynamic domain. A situation can be approached from multiple perspectives, and there is not always one sole solution to an issue faced by a company: numerous solutions may be possible, each having its own strengths, weaknesses, and efficiency. Thus, the diagnosis is just one element (among others) guiding the formation of a business strategy. This strategy aims to identify actions that, when implemented, will facilitate the resolution of actual problems. Finally, the decision-making process is the result of a discipline of mind, based on specific thinking processes and mechanisms.

It is in this context that the case study method becomes relevant. This method allows the reader, first, to train him or herself to analyse situations and environments, and secondly, to develop these thought processes so as to enable proposals for action in various areas of marketing, which together help to reduce the uncertainty faced by businesses.

The case studies examined in this book build on a diverse range of real life situations, and enable students to decide on action based on real information and data. A case can be focused on a specific issue (whether technical, human, financial, marketing, competitive, or industrial-related) but it is important to note at the outset that no issue is ever really isolated from the other aspects of a company, the situation of a company being the result of the overall balance (or imbalance) of all its services.

In practice, the data available in a case study will never be complete and sufficient. Also, not all information provided will necessarily be needed to resolve the case, but may be included so as to give a wider view of the company's context and its environment. Thus, the reader is encouraged to learn about the company and the relevant market to enable a comparison between the data provided and the data gathered and compiled, which will ensure the validity of the information and improve the decisions taken. As in any real-life situation, the proposals developed must always take into account the human context within which the firm operates. One must also bear in mind that, in business, there are no ideal decisions, only reasonable solutions!

The case study method aims, through real life examples, to generate open discussion among participants by providing a realistic illustration from the business world. The method requires intellectual rigour and discipline. It reverses the classic learning mechanisms taught at schools and universities. Whereas the latter approach relies on theory to derive practical applications, case studies require students to analyse and interpret the available data in order to decide which actions to implement. At a later point, the results may be generalized so as to apply to other situations; then links with theory, or new theories, may emerge.

This learning method should be used by teachers and lecturers as it enables students to capture better, and to analyse faster and more effectively, the problems involved in managing a business.

This method has two major advantages. First, active research and analysis by students enables them to acquire knowledge more easily and in greater detail than teaching methods based purely on theory; in the latter case students remain completely passive in the learning environment. Secondly, the analytical skills acquired and developed in the context of a real life business situation are far more important for making decisions than purely theoretical knowledge.

The case study method enables specifically to work on these two axes. Marketing is a complex yet fluid field: multiple factors must be taken into accounting any decision. Unfortunately, it may be difficult to quantify many of these factors, and this makes the case method particularly suitable for education in marketing. The case study method, more than any other, requires judgement and intellectual rigour, analytical and decision-making skills: all these are essential in the field of business.

This book presents ten company case studies, taken from various fields of business: the motor industry, the fast moving consumer goods (FMCG) industry (Netbooks, toys), specific sectors (sports, real estate), and the B to B industry. The studies illustrate the implications of analysing an environment, which will enable the identification of its most important elements, and thus the choice of a corporate strategy and finally of its implementation. The book is aimed at undergraduate and postgraduate students of business, marketing and strategy. The cases are designed to be accessible to beginners and others, involving concepts usually covered during the second or third year of a marketing or business degree. Those studying for business or professional degrees, or short courses such as BTS and DUT, will find this book useful when learning about the specific application of the case study method, which is a frequent feature of examination questions.

Each Chapter below follows the same structure. The case study is presented, describing the environment of the particular company, and providing all the data needed to identify the issue faced by the company. Additional information is provided in several appendices, giving a wider view of the company's context and environment. A set of exercises guides the reader, helping him or her to construct a solution, based on his or her analysis. The second part of each Chapter suggests answers: the exercises are reviewed one by one, and the most important elements for inclusion in the answers are cited, bearing in mind, as stated above, that several solutions are often possible. However, all the case studies start with analyses of the company's environment and the industry within which it operates, on one hand, and the company's skills and competences, on the other (external and internal analyses).

To conclude, we suggest a specific method for using this book and its contents. First, the reader should absorb the contents of the case study by reading carefully the first part of each Chapter: this will enable the identification of the salient facts and issues of the environment in question. The data and information provided should

next be classified, compared and synthesized (using tables, graphs, etc.) The student will then be able to complete the exercises suggested at the end of each case study: at this stage it is important to highlight those elements which help to resolve the issue at hand. Finally, a well structured case study report should be drafted: starting with a brief description of the company, identifying the main issues and potential associated issues, and presenting the results of the analysis. The most detailed section should be that which presents recommendations to the company, accompanied by comments and reasons. These suggestions should be critically discussed, justifying the final choice.

### **A Gentle Reminder: Best practice in writing up a case study report**

Writing a case study report involves following a few rules. These are as follows:

- A case study report is not an essay: it is a call for action, to be read by the company's managers and executives. Thus, it is of the utmost importance to state immediately, in the introduction, the report's conclusion (the action to be considered). This will avoid lengthy argument and digression. The report should then set out the reasons for this recommendation, rather than being written in an "investigative" mode which only identifies the solution at its conclusion.
- A written report is a means of communication: to facilitate this, it should include a table of contents, page numbering, and all the other basic requirements of a properly formatted document.
- A case study report should follow the structure: "This is the main problem of the case study [...] The secondary problems are these [...] To solve these problems, this is what we recommend [...] and here are the reasons why [...]"

Finally, some pitfalls to avoid:

- A case study report should not simply paraphrase the text provided. Avoid at all costs rewriting the case word-for-word, or copying figures, tables or graphs already included in the case study.
- Recommendations should be clear and unambiguous, and supported by as much corroborative data as possible.
- The presentation style of a document is as important as its content: both elements affect the reader's perception of the analysis proposed. The report should be written in a simple, direct and concise style.
- Finally, subjective phrases such as "it seems", "I (we) believe", "in my (our) opinion", and "it is obvious that" should be avoided.

CASE

1

# MPO Fenêtres

## Case synopsis

### Research problem

*How to succeed in the PVC window market?*

### Case summary

This case study is based on real events which occurred in 2010. It describes the launch by MPO Fenêtres of new windows, characterised by improved thermal performance, achieved by the use of triple glazing.

This company is based in the French region of Orne. It has 200 employees, and realized a turnover of over €35 million in 2010. It has positioned itself as an innovative company, always seeking to apply the latest technical developments.

In the current economic crisis customers are more careful with their money, and think more carefully about potential purchases. In recent years it has been shown that consumers' purchasing behaviour has evolved, and that criteria such as sustainable development and environmental protection are now among the factors that may influence purchasing decisions. In this sense, an "ecological consciousness" has emerged. Not only the *Grenelle de l'Environnement* (a French forum for the discussion of issues relating to sustainable development) and government standards, but also tax credits associated with the purchase of certain goods, have affected the housing industry, and therefore also window manufacturers. Rebuilding and renovation are also subject to these factors.



In this context, the launch of windows made of PVC, with their high thermal performance and technical and competitive advantages, was important for this SME. It was the company managers' responsibility to launch and market these products successfully.

### **Learning objectives**

This case study is designed to illustrate the practical application of the theoretical concepts covered during marketing and strategy lectures. Specifically, the case study focuses on marketing strategies.

Working on this case study will show the student how to:

- analyse a company's internal and external environment;
- identify the "key success factors" for a company operating in this industry;
- draft a sales pitch;
- decide on the size of the salesforce needed for a targeted commercial area;
- calculate a selling price;
- determine the feasibility of promotional offers, such as discounts.

### **Themes and tools used**

- tools for analysing the business environment (SWOT, PESTEL);
- estimation and calculation of the operating margin;
- Human resources and hiring issues.

### **Target audience**

This case study is suitable for new students of marketing and strategy: it enables the review of the fundamentals of market analysis, demonstrating the criteria used for strategic decision-making and for implementing a business strategy.

## 1 Introducing MPO Fenêtres

---

Founded in 1970 in Alençon (Orne), the company MPO Fenêtres (Menuiserie Plastique de l'Ouest) was one of the first French companies in the PVC/carpentry sector to offer a customized service. However, at that time, in France, very little was known about PVC, carpentry and double-glazing technology: these markets were still in their infancy. It took about ten years, and two oil crises (in 1974 and especially in 1979) for the PVC window market to really take off. The commercial policy of EDF (the French public energy provider) at that time favoured the development of this product, encouraging investors to push for “all electric” installations, which would, according to the manufacturer provider, require better insulation of public buildings to reduce heat loss.

Despite MPO Fenêtres's financial losses since the creation of the company in 1978, the managers decided to invest in new office and production buildings. From 1970 to 1997, MPO Fenêtres's products were rather basic. Two new product ranges were then offered by the company: a range of high quality windows made of aluminium and wood (1997) and windows featuring «+ super heat», with an improved insulation value, made of aluminum with a thermal break (2007). These additions to its product range were introduced in line with the company's desire to widen its target market. These two new product categories now account for 10% of the company's turnover.

MPO Fenêtres initially specialized in public and collective markets (professional/major accounts, government, schools, municipalities and other communities). However, from 1995 onwards it developed its sales to individual consumers. The public market today accounts for about 60% of the company's turnover, while the (still growing) consumers' market accounts for the remaining 40%. There are 200 employees working for the company, and turnover is over €35 million (*source: Internal figures 2010*). Significant growth has occurred over the last decade.

The company is constantly on the lookout for technical and technological innovations, both of which are well represented in its range of low thermal coefficient products. Further the high requirements of the company in terms of the quality of materials, assembly, and installation exceed the market standard. This allows the company to offer its customers products at the forefront of innovation, a key success factor in this industry. Incidentally, this is one of the four founding values of the company, together with perfectionism (the aim to do the best possible job), cheerfulness within the company, and honesty with all company's stakeholders (both employees and customers).

The French carpentry market, and more specifically the market for windows, has undergone several phases in recent years. We review these below.

## 2 Market figures: 2010

---

A survey conducted by the UFME (Union des Fabricants de Menuiseries Extérieures, July 2011) among stakeholders (designers, window manufacturers, outlets and installers) reveals the following.

In 2010, the French window market suffered a decline of 4% compared to 2009 with a value of about €9 billion (€5 billion relating to installation). The market was at its historical highest in the year 2005-2006, with 12.3 million windows sold, following a steady increase in the global market of about 4% per year between 2000 and 2006.

The overall volume of sales in 2010 shows that more than 11 billion windows (excluding opening glazed facades, shutters and doors) were sold. Among these, only 5% were imported: this is because the carpentry sector remained unaffected by the massive industrial relocations occurring in recent years. Local production is an important factor: most consumers prefer to buy from local companies and artisans. Almost all components of windows sold in France are produced in the European Community. Indeed, as consumer preferences vary greatly from one country to another, it is very difficult to market a standard product globally, which partly explains the customisation this phenomenon. In addition, over 90% of windows are custom made, which further limits the importation of materials.

The housing sector, and more specifically the sector relating to windows and shutters, employed 110,000 people in France in 2010. A third of this market value is linked directly to the jobs created (€3.25 billion over 10 billion for the housing sector overall). The market is mainly based on SMEs (around 5,000) who manufacture the windows, and artisans (around 40,000) who install them.

Two major markets exist for windows: windows in new buildings account for 26% of market volume, while replacement windows represent the remaining 74% (source: UFME, 2011). In terms of market value, the renovation market is larger, and generates more income.

Important price fluctuations can be observed on the market. The average price of a window is €420 (net of tax). However, as soon as the cost of installation is added, the price can rise by at least 80%, to €760. Since 2004, the average price of a window has increased by 38%. Several factors explain this, including the quality and type of material used: the market has shift towards aluminium on one hand, and towards more efficient products on the other hand. However, in terms of the volume of products sold, PVC largely dominates the market, with 62% of market share, followed by aluminium (22%) and wood (13%). However, looking at value estimates, aluminium accounts for 33% of market value and PVC for 49%. Nevertheless, the distribution and installation costs are declining, which, in a highly competitive mar-

ket, offsets the rising costs of the commodities and materials used in the manufacturing process.

The research institute Xerfi forecast two major changes in this market by 2011. Its first prediction was accelerated growth in the renovation market, reinforcing its importance. As a result of rising energy prices, individuals will be more likely to invest in better insulating materials for their houses in order to reduce their energy bills. Its second prediction was a sharp rise (expected to be a long-term trend) in new building, accounting for a third of the construction market.

Given the likely future development of the market, there are plenty of opportunities for window manufacturers, including a greater focus on customization. However, it is important to note that most of these new products linked to innovations will be linked to improved technical attributes of these products. This does not allow further development toward the consumers' market. It also protects companies from enjoying a share of the activity of the do It Yourself market segment. The largest distributor of joinery products in France is Lapeyre (a subsidiary of Saint-Gobain), one of the largest producers, processors and distributors of materials in France. Yet this operator represents only 10% of the market. The market report by Xerfi identifies other actors on the market:

1. **Specialists in manufacture**, marketing their products primarily business to business (B2B) but invest small amounts in niche markets, due to higher profitability expectations.
2. **Independent joinery networks** (including MPO Fenêtres) usually suffer from a lack of recognition and limited geographical coverage.
3. The **DIY and unskilled distribution networks**. These actors (such as Leroy Merlin), which have become essential market windows, now offer a comprehensive range of joinery (doors, windows, etc.) and benefit from their vast distribution networks to offer promotions.
4. Finally, a new type of actor has recently emerged on the market: **Online sale specialists** (such as Fenêtre24, Brico-Fenêtre). These target individual customers with specific building or DIY knowledge.

Most of these companies use a business and development model based on franchising (to promote rapid development of their distribution network) and aim their products at middlemen or independent artisans. Of these, the company which enjoys the greatest level of customer awareness is FPEE and its associated distribution network, *Art & Fenêtres*. Sales of windows are governed by a set of strict regulations and legislation. For instance, government initiatives and statutes promote the acquisition or replacement of windows by individual home-owners. Some of the relevant regulations are detailed in the next section.

### 3 The statute on thermal regulation

---

Since 1975, the statute on thermal regulation has imposed rules on French companies regarding the energy consumption of buildings. Since its inception, the aim has been to reduce energy consumption by 15 to 20% every five years.

The Thermal Regulation of 2012 (“RT 2012”) has been in force since July 2011 for the tertiary sector and public buildings, and from 1 January 2013 for residential houses. It is intended to promote better building design so as to reduce overall energy consumption and the need for heating. In 2012 these statutory requirements were increased, requiring contractors to increase their efforts to reduce the energy consumption of buildings. The main objective is to achieve self-sufficiency for energy purposes in buildings by 2020. Thus, this regulation promotes the use of more efficient technologies for the production and retention of heat, as well as the production of renewable energy.

Many standards apply to the design of buildings, including windows and doors.

The new ISO 23045: 2008 establishes specific guidelines applicable to the design of buildings, to improve energy efficiency. To this end, the ISO covers the choice of the raw materials and components used, the location of the building, and the energy sources used. In theory, the ISO enables the transmission and sharing of information about a building’s energy efficiency by standardizing its energy statement. It also defines objectives specific to each construction project from the design stage onwards (source: ISO Standards habitat).

In addition, companies use independent inspection and certification to prove the increased performance of their products, and to act as a guarantee of their quality. Thus, the NF and CSTB labels ensure compliance for window manufacture, with minimum levels of quality and standards concerning air – and water-tightness, and wind resistance. Such certification of PVC joinery allows consumers to assess manufacturing quality with respect to those three factors.

Finally, in response to the growing concerns of both individuals and institutions about global warming, the “Grenelle Environment Forum”, organized in 2007 by the Fillon government, brought together for the first time the State and the representatives of civil society to define a roadmap for Ecology, Development and Sustainable Planning (source: Presentation by the Grenelle, October 2010). The Grenelle has achieved some progress by promoting the involvement of all stakeholders. In terms of development and planning, the Grenelle’s objectives are to: «promote efficient urban land resources, energy and implement technological breakthrough in thermal improvement renovation and accelerate the renovation of the old fleet” (source: Grenelle Environment Forum, “Building rises to the challenge”, October 2010). Following discussions, two key measures were implemented.

The first was the introduction of interest-free loans for qualifying energy-efficient building projects, from early April 2009. Such loans are available for house renovation work to reduce both energy consumption and the emission of greenhouse gases. The loan is granted for certain types of work (such as project management and energy consumption assessments, insurance fees, etc.) or for any work involved in and inseparable from energy efficiency improvements and installation carried out by a professional. This latter category includes the installation of new windows, including triple-glazed windows. Specific conditions must be met to qualify for such a loan (concerning the age of the house, the grant of any previous loan, the amount of the loan, repayment schedule, etc.) These loans rapidly became popular: by late July 2009, 15,000 applications had been received, and by the end of March 2010, more than 100,000 loans had been granted.

The second measure introduced were training schemes for companies and craftsmen, to encourage them to take into account the energy performance of buildings. Since its launch in 2008, over 10,000 workers have been trained under this measure.

Following this market trend, MPO Fenêtres has obtained certification, allowing the company to showcase its commitment to sustainable development, from product design through to its installation. MPO Fenêtres highlights its long-term commitment by ensuring that the joinery products it sells are environmentally-friendly. MPO Fenêtres maintains its commitment to the continuous improvement of its products, including products with triple glazing, which allow an increase in performance of over 40% compared to the best double-glazing on the market. This commitment is reflected in all companies' activities, as stated above, but MPO Fenêtres has also improved its installation and waste treatment along ecological lines, including waste recycling.

In other words, since 1 March 2007, MPO Fenêtres has committed itself to producing more eco friendly windows, offering NFcstBat-certified eco friendly windows and triple-glazed Visio windows. As such, MPO Fenêtres puts the most efficient windows in terms of thermal insulation within reach of everyone. The company decided to concentrate on this market sector, which, according to the company's CEO, represents the future of the company. Noting that for an average surface area of 50 to 100 m<sup>2</sup>, 10 to 15% of heat loss from dwellings comes from windows, it appears that they are an important element that could improve the overall energy performance of homes. Indeed, these windows have become the ideal solution in terms of domestic thermal insulation.

The three panes which make up the triple glazing are separated by spaces filled with gas, giving them excellent thermal performance. Triple glazing captures very little heat. It therefore gives very good thermal insulation and ensures low heat loss, saving energy by reducing the amount of heating needed in winter and of cooling in

summer. However, triple glazing products are much more expensive to purchase, and the acoustic insulation offered is not necessarily better than that of “acoustic double glazing”. Therefore, the company needs to ensure the best promotion in order to convince clients to invest in these products.

Many consumers are willing to spend large sums on products which produce immediate benefits. Expenditure on housing (including joinery) often involves substantial outlay, from which the expected savings are less obvious to individuals. Yet such investment is an effective way to reduce energy costs significantly. Thus, the company’s marketing should focus on the potential savings in energy costs for homeowners over the long term.

In order to support sales, MPO Fenêtres has developed products within the framework of sustainable development, from design to installation. Additional certification for the installation of windows obtained in 2011 is further evidence of the company’s desire to provide a quality service. These certificates and service evaluations conducted by independent arbiters are highlighted by the company’s sales staff in discussions with existing and potential customers. The sales force is therefore a very important element of the new marketing strategy and the launch of the triple-glazed windows.

## **4 Marketing and distribution strategies**

---

With regard to marketing and distribution, the business is customer-oriented: therefore MPO Fenêtres has chosen to keep control of the entire supply chain, right through from the order to delivery to (and sometimes installation for) the customer.

For both new and replacement windows, MPO Fenêtres markets, designs, manufactures and installs its own products, thus ensuring complete control of the order and keeping to a minimum the number of contacts for the customer.

The company distributes its products through two distribution channels: a central department in charge of “key accounts” and “communities”, and a network of eight agencies deployed in northeastern France, all owned by the company. These agencies are the cornerstone of the distribution network. Each agency employs fifteen salespersons, as the control of about 15% of its market area, and operates in a sales territory of approximately 45,000 customers. The company’s salespeople actively seek potential clients, especially at trade fairs and exhibitions. These events are of paramount importance: they afford opportunities to expand the client base and win new contracts. Up to 25% of the annual turnover of an agency can be attributed to contacts made during these events.

Today, the continuing strong growth of the market has encouraged MPO Fenêtres's CEO to rethink the organisational model of its agencies. In order to improve performance and increase the commercial strength of the company, an audit of its business performance was conducted. Internal research within the company enabled the identification of tasks conducted by employees, and the time allocated to each task, over the course a year. The results are as follows.

Each year, a salesperson has two weeks of training and five weeks of paid holidays (in accordance with employment law). Two weeks of their annual working time is devoted to attending trade fairs. In addition, the average salesperson is absent one week per year for personal reasons. In terms of the organization of their five-day working week, the Director observed that one day is devoted to purely administrative tasks (making appointments and reporting activities). For the remaining four days of the week, based on a working day of 11 hours, one hour is devoted to the management of administrative problems and urgent tasks, and one hour is taken as a lunch break. In terms of customer contacts, information obtained from sales staff showed that the average sale is concluded at the end of the third meeting, and that such meetings last on average about an hour.

Convinced that high thermal performance PVC windows are the future of the company, the company's directorate decided to develop sales of these as its primary strategic activity. It therefore needed to develop a marketing strategy for these products on the retail market. Some factors are key to the strategic approach needed: individuals are not necessarily aware of the technical features of the products. In addition, although they offer real benefits, triple-glazed products are more expensive. This may hinder sales of triple-glazed products, because many alternatives, which are cheaper and perform equally well, are still marketed, both in the company's own catalogue and in those of its competitors. Although the triple-glazed products are better in terms of insulation and sophistication, their price may be an important deterrent.

## Questions

- 1 ■ Conduct an internal and an external diagnosis of the company. Use the SWOT tool to synthesize this information.
- 2 ■ Identify the Key Factors for Success from the diagnosis.
- 3 ■ Write a sales pitch for the company. Prepare sales claims to be presented to sellers. Remember to take into account the potential objections of customers: provide the employees with arguments to counter customers' misconceptions.
- 4 ■ Suggest incentives to stimulate the sales force (bonuses, collective or individual incentives, etc.) to encourage their continued training and to support sales of this product.
- 5 ■ Determine the optimum size of a business team for an agency, using the information provided in the case study. Consider the effectiveness of an agency's sales team and the commercial influence that the agency can exercise in its area of operation.
- 6 ■ Assess the feasibility of a commercial promotion offering "triple-glazed windows for the price of double glazing" for the product launch.

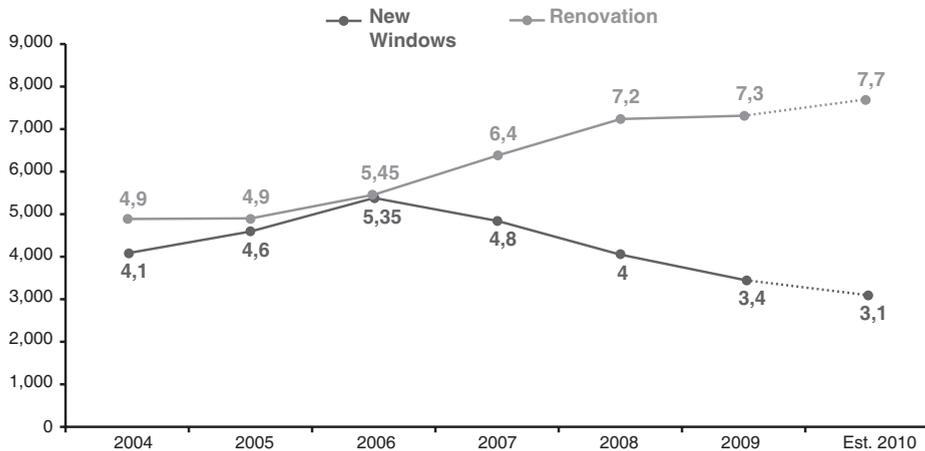
### APPENDIX 1 – The market context

Over recent years, the market has grown steadily, but different forecasts by professionals are more pessimistic (see Figure: Potential market developments for windows in France established by TBC). Indeed, production had increased to meet the increase in demand (see graph: market developments in France between 2004 and 2008). According to a survey by TBC (2009), the new construction market appears to be the most adversely affected (57% of those surveyed predicted a decline in the installation of windows) while fewer installations of replacement windows was predicted by 29% of professionals. It appears that market participants will have to respond to these new market conditions, either by offering lower prices or better services, or by improving production levels.

A second cause for concern in the joinery market is rising energy prices. The price of energy has been increasing for several years.

Electricity costs increased by 5% in 2011, following significant increases in previous years. While gas appeared until recently to be a cheaper alternative, this is no longer the case: gas prices increased by 20% between 2010 and 2011. What might have appeared to be temporary fluctuations in market prices now seem to have become a settled trend which is unlikely to change. Indeed, a Senate report in July 2012 states that the average electricity bill for a French household could increase by 50% by 2020, due to increasingly high investment in renewable and nuclear energy (*Le Monde*, 19 July 2012). Rising energy costs will have a positive impact

on market activities related to the insulation and improvement market in construction (because improved insulation produces energy savings).



Sources: TBC quantitative surveys in 2004, 2006 and 2008.

### Evolution of the window market in France from 2004 to 2010

Consumers who see their energy bills increasing ever faster will look for means to reduce this cost. The cost of inaction with regards to energy is becoming greater than investing in new materials. In the current financial crisis, faced with both price increases and decreasing purchasing power, the financial resources of households are declining. Suppliers of the various types of products which enable energy savings may therefore find themselves in direct competition (wall insulation, renewable energy equipment, etc.).

## APPENDIX 2 – PVC and the environment, recycling

Polyvinyl chloride (or PVC) is one of the most popular materials for joinery products, and is now widely used because it has a long life. It is used in more than 50% of joinery products with a life of over fifteen years. It is composed of 43% ethylene (derived from crude oil) and 57% chlorine. PVC products are used in many sectors, including public health, industry, construction, and sustainable structures in the automotive industry.

In addition, PVC has a positive image in terms of environmental protection. Scientific studies comparing the impact of different materials on the environment found that PVC had no significant negative impact on the environment compared with alternative materials. In its intrinsic strength, weather resistance, and its eligibility for recycling, PVC is a material that appears to offer all the necessary benefits.

However, there is scope for improvement in relation to PVC recycling. Today, waste PVC is collected by the industry through specific programmes that can recycle it. Manufacturers in this industry do not yet meet their voluntary commitments to incorporate more recycled material in their finished products because there is not yet enough material to recycle.