



Master in Business Administration

(MBA EXECUTIVE)

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Student's name:

Konstantinos Papadopoulos

Kleemann's Marketing Plan in the UK

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Abstract

The meaning of this research is to examine all the key factors that have to be considered for Kleemann and generally for a lift company in order to enter to the UK market. This is the safest way to understand the exact conditions that are now present in the UK market and having that in our minds, we could easier prepare a serious marketing plan. Actions, estimations and all kind of tools will help us to prepare our strategy. Bottom line, this is a 'path' for a less dangerous entrance and operation in a new market.

Περίληψη

Σκοπός αυτής της έρευνας είναι να εξετάσουμε όλους τους βασικούς παράγοντες που θα πρέπει να ληφθούν υπόψη για την Kleemann αλλά και γενικότερα για μία εταιρία κατασκευής ανελ/ρων, έτσι ώστε να μπορέσει να μπει στην αγορά του Η.Β. Αυτός είναι ο πιο ασφαλής τρόπος για να αντιληφθούμε τις ακριβείς συνθήκες οι οποίες επικρατούν σήμερα στην αγορά του Η.Β. και έχοντας αυτό στο μυαλό μας, θα μπορούσαμε εύκολα να προετοιμάσουμε ένα σοβαρό marketing plan. Δράσεις, εκτιμήσεις και κάθε είδους εργαλεία θα μας βοηθήσουν για να ετοιμάσουμε την στρατηγική μας. Σε γενικές γραμμές, αυτό είναι ένα μονοπάτι για μια όσο το δυνατόν λιγότερο 'επικίνδυνη' είσοδο και λειτουργία σε μία νέα αγορά.

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Executive Summary

When a company decides to make an investment or to change a strategy in every type of business, there are many factors that have to be considered in order to achieve the set goals and avoid bankruptcy or any other unpleasant situation. In the lift market there are no surprises in that case. You have to examine the exact same factors as you would do in any other business.

Kleemann's exports in the UK have started before Millennium and it was one of the first countries that its goods have travelled abroad. Since that day, a lot of things have happened. In the first decade of the 2000s the UK market has become one of the most important markets for the company, and in these years strong partnerships were established and some of them still exist.

In 2011, the need for more powerful presence in these countries became a must between the company and the top management took the decision to establish the 'Kleemann UK' company in order to serve and be closer to its customers in every way.

Meanwhile, all these years there was a lot of growth in the lift industry (following the global trend) and all of the companies gave their best performance and gain as much market share as they could. It's not a surprise that in that area the 'big players' (KONE, OTIS, SCHINDLER etc.) have more than 60% of the total market in new lifts. We also have to take into account that it's a quality driven market and 9 out of 10 lifts are traction lifts (the rest are hydraulics).

In terms of growth, UK has one of the best higher GDP/person globally, the economy is stable and everything seems to be perfect in the last decade, till Brexit came up.

We will see that in 2017 all the indicators were influenced by the result of the referendum, the market has a significant slowdown but still is considered one of the most important in Europe. Till today, we don't know the exact terms of Brexit, so it's been taken into account in our Marketing Plan, but not mostly as a factor of speculation and not as something that really exists and all the parameters are known.

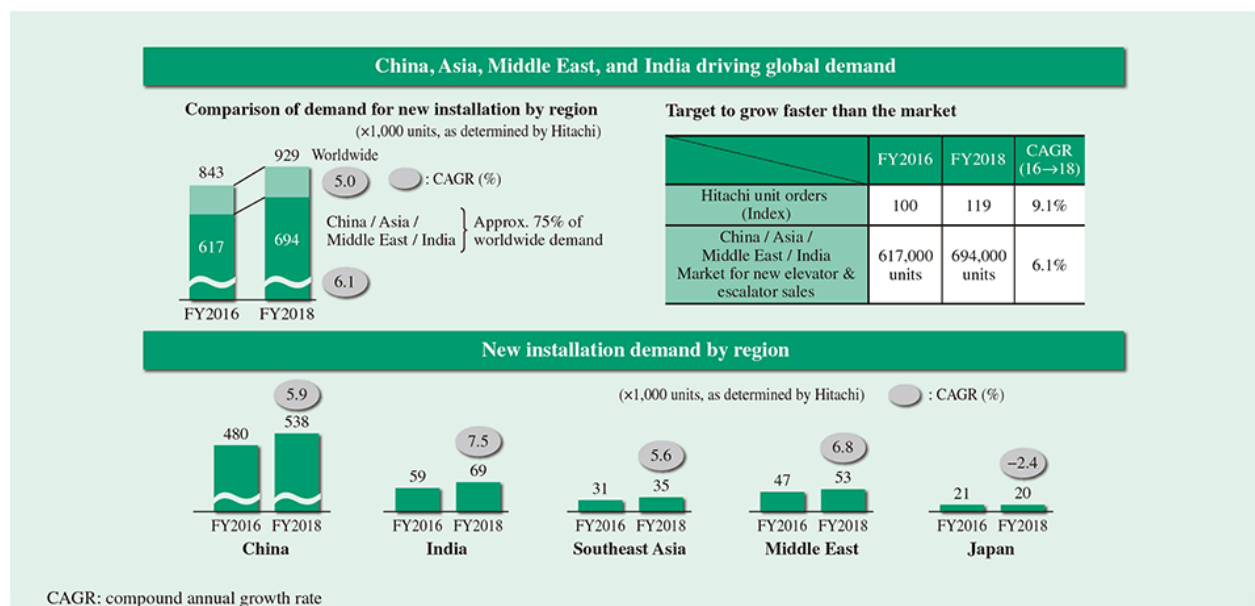
We must not forget that with or without Brexit, the UK market is still a big opportunity of growth for Kleemann.

CHAPTER 1. SITUATION ANALYSIS

1.1 About Lift Industry

The business in Construction and Real Estate is going to grow. There are many indicators which shows that, but the most important one is the raise of urbanization and the trend that more people go to live in big cities and in High – End buildings. We can all consider that is a natural change of the way of living, since that jobs are hard to be found in villages and small towns. As a projection of that situation, the Global Lift industry is going to be one of the most developing (Tourism could be equally developing as well). So, in simple words when we have a new building, that means that we will have (at least one) a new elevator installed. Moreover, it has to be considered that thousand of buildings and Millions of elevators have to be renovate in the next years!

According to Hitachi, China, India, Middle East, South East Asia were the leaders countries in that new ‘reality’ till the end of 2018. In Europe as it is not a surprise UK, France (specially in renovation) and Germany will follow more faster than others that trend.



Building Systems that Satisfy the Diverse Spatial Requirements of Global Markets

Source: Hitachi.com

In the figure bellow we will see some numbers of the CAGR (Compound Annual Growth Rate) which is believed that Elevator industry will by 4.1% by the end of 2020. The Analysis

of Supradip Baul, Research analyst at Markets and Markets, shows that the CAGR grow will be significant bigger in the following years and it will overpass the 5%.



Global Elevator and Escalator Market	2014	2015	2016	2017	2018	2019	2020	CAGR (2015-2020)
Market Value (USD Billion)	76.83	80.99	85.30	89.77	94.41	99.21	104.17	5.2%
Y-O-Y (%)		5.41	5.32	5.24	5.17	5.09	4.99	

Research of Supradip Baul Chief Analyst of Allied Market Research

Source: Slideshare.net

Basic points:

- The “Big 5” companies will have taken the majority of the turnover in the Lift industry market. Of course there is much space for all the others taking into consideration that there are more flexible than the “Big 5” companies.
- Modernization market will be an important “player” in that situation, having said that all the old elevators have to be renovated immediately. That raise can reach more than 9% from 2017 - 2020
- Maintenance market is expected to grow by CAGR 6% because all the companies pay more attention to the services market. They are targeting to provide more personalized elevators and increase the price of the maintenance by this way.
- Modernization market will be growing at CAGR 10% by the end of 2020. All the companies have invested billions of euros in R & D, so they will be able to provide green

elevators and more ecological ones by replacing old traction or hydraulics with the new MRL (Machine Room Less) gearless elevators.

- Trends: According to the ‘‘Allied market Research’’

Smart Elevators Market was valued at \$9.73 Million and it is expected to garner \$23.16 Million by 2020, registering a CAGR of 13.8% during the forecast period 2014 - 2020. Smart Elevators are advanced systems that allow automated vertical transportation of goods or passengers. As this system utilizes automation, it reduces the waiting time and increases traffic management efficiency in residential, commercial and other buildings.

Smart Elevator systems consist of new-age digital security system controls, i.e., biometrics, touch screen, destination dispatching & access control systems, which make them advanced. Moreover, reduced waiting time of passengers, enhanced spending capabilities of customers in emerging markets and overall improvement in global economies are some of the major driving factors for the Smart elevators market. In spite of various advantages and driving factors, substantial initial investment in the installation of smart elevators would limit its presence, which in turn would adversely impact the global smart elevators market growth.

The smart elevators market is in developing phase of its product life cycle. This market is in its early stage of development and is already contributing a good deal of revenue to the overall elevator industry. The smart elevators are found to be a crucial element in commercial, residential, institutional and other applications. The commercial usage of smart elevators itself contributes over one third of the overall market revenue. The usage in institutional buildings would also grow rapidly over the period.

1.2 Segment Overview

The Global smart elevators market is segmented on the basis of solution, applications, and geography. The market has been further bifurcated into different solutions of elevator namely, new deployments, elevator modernization and maintenance. The segment elevator modernization dominates the global market and new deployments are expected to grow by the forecast period owing to advanced security automation and access control systems. Based on applications, the market is segmented in residential, commercial, industrial, institutional, and others. The segment commercial application dominates the global market owing to high waiting time in corridors for accessing elevator car.

The smart elevators market is segmented on the basis of geographical regions, encompassing North America, Europe, Asia-Pacific and Latin America. North America accounted for the largest share of the global market, owing to increasing demand for energy-efficient and enhanced global economy. However, Asia-Pacific would be the fastest growing region due to increase in population.

1.3 Top Factors Impacting Global Smart Elevators Market

The Global smart elevators market is influenced by numerous factors including demand for energy efficient solutions, advanced security automation and access control systems, rising spending capabilities for construction and global economic improvement. These factors collectively create opportunities for the market growth, whereas some of them hamper the smart elevators market growth. However, each factor would have its definite impact on the market during the forecast period.

1.4 Advanced Security Automation and Access Control Systems

Elevators being primary mode of vertical transportations amongst individuals, security in such automated systems are the biggest concern. Therefore, the required security measures are taken by the builders of the commercial and residential complexes in order to safeguard their customers/ individuals/ residents/ employees. However, security has become an integrated feature of any building. Moreover, iris recognition, biometrics are some of the advanced features that are used in order to mitigate the security concerns. Smart elevators use these security systems and provide stringent security to the buildings. Moreover, in the current business scenario, these security measures are positively affecting the smart elevators market and would have large impact on market in near future.

1.5 Minimum Waiting Time

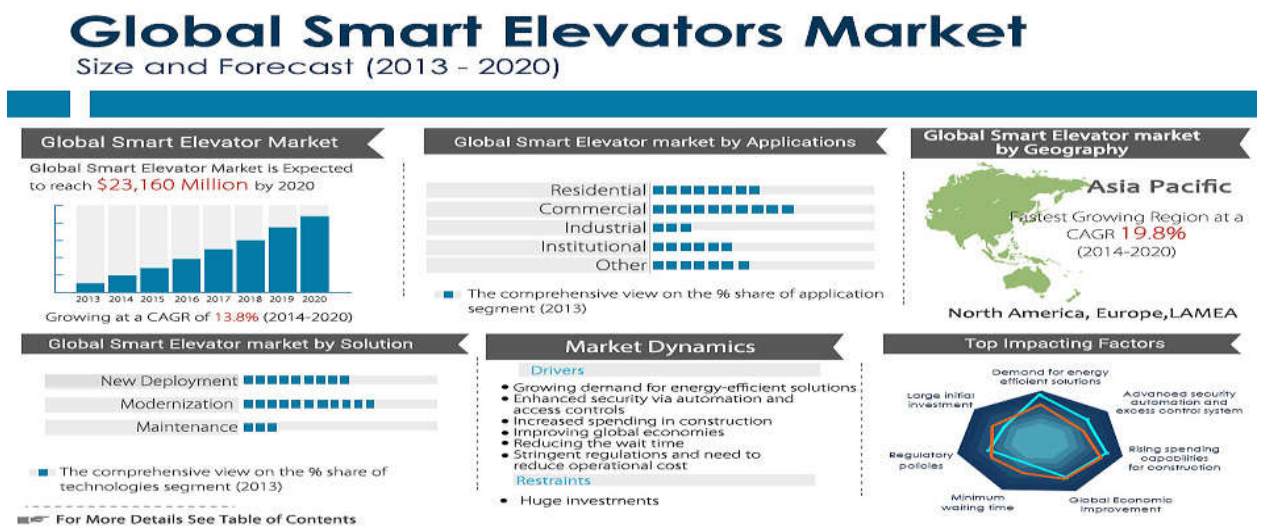
Waiting time in front of elevators is a biggest concern amongst the passengers in residential, commercial building or in an emergency case in hospitals. The low waiting times for the elevators add to the customer experience in any building. The integration of access control systems and destination dispatching technology manages the traffic flow in a building with minimum waiting time. It directs the passengers who want to go to a certain floor in the building to specific elevator, which minimizes waiting time. Therefore, reduced waiting time is increasing the use of smart elevators in all sectors and is fueling the growth of smart elevators market.

1.6 Large Initial Investments

Installation of smart elevators requires high initial investment. The automated access control systems and security systems that are integrated in the smart elevators increases the total cost of smart elevators as compared to the conventional elevators. This restricts the use of smart elevators in the low or mid-rise apartments or buildings. Although modernization is an alternative to reduce the cost of building, it only adds automations, security and other features to the existing elevator systems. However, modernization is only possible in the buildings where elevators are already available. This does not provide a complete smart elevator system. Therefore, high costs are negatively affecting the growth of smart elevators market.

1.7 Top Winning Strategies

The smart elevators market is largely driven by product launch strategy. The information about the market players and their strategic moves are gathered through the press releases of respective companies, various blogs, which is limited to the available information on the websites and primary calls to the experts in the smart elevators industry.



Allied Market Research

Source: www.iiotbusinessnews.com

1.8 Market Segmentation

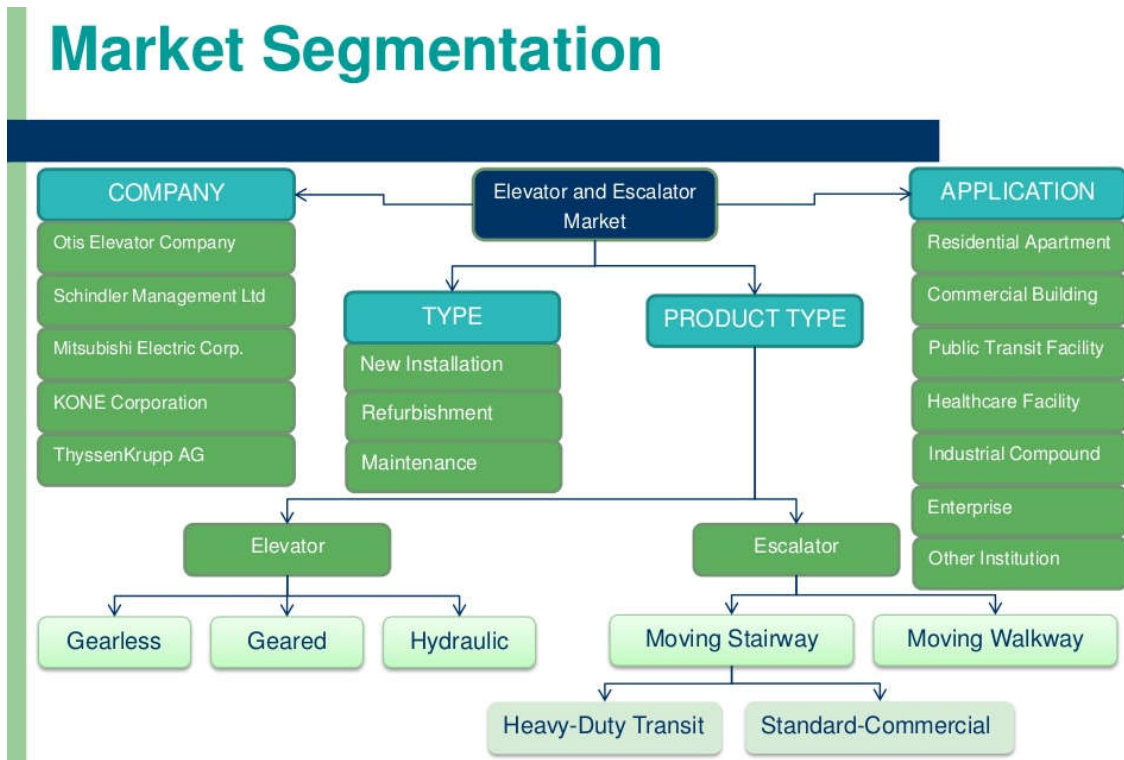
Global elevator and escalator market is segmented and classified on the basis of:

Type Based on type, the market is segmented into: new installation, modernization and maintenance.

Product type Based on product type, the market is segmented into: elevators and escalators, which is further classified on the basis of their type, and application.

Application Based on application, the market is segmented into: residential apartment, commercial building, public transit facility, healthcare facility, industrial compound, enterprise, and other institution.

Geography Based on geography, the market is segmented by major regions such as North America, Europe, Asia-Pacific, Middle East and Africa, and South America.



Market characteristics

1.9 Trends

Introduction of Green Technology Most of the manufacturers are focusing on developing Eco-friendly technologies that save power and energy, and thereby reduce their carbon footprint. For instance, Schindler has developed solar power enabled elevator that saves significant amount of energy by drawing its power directly from the sunlight.

Global Elevator and Escalator market – Analysis and Forecast to 2020

Market Trend

Introduction of Green Technology

Increasing Role of Elevator Consultants

Emergence of Smarter and Faster Elevators

Elevator and Escalator Market

Most of the manufacturers are focusing on developing Eco-friendly technologies that save power and energy, and thereby reduce their carbon footprint. For instance, Schindler has developed solar power enabled elevator that saves significant amount of energy by drawing its power directly from the sunlight.

The emergence of smarter elevator is transforming the industry. These elevators are equipped with high end card reading sensor technology that reads the ID card of the authorized personal and verifies it with the data base before providing access to the highly confidential and private structures. Once verified, it automatically lifts the person to the relevant floor in the building.

Over the past few years, there has been a significant increase in the number of services and modernization contracts in this industry owing to the increasing frequency of vertical transport worldwide. This has created employment opportunity and serves as a regular source of income for several companies.

6

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Elevator and Escalator Market

Emergence of smarter and faster elevators The emergence of smarter elevator is transforming the industry. These elevators are equipped with high end card reading sensor technology that reads the ID card of the authorized personal and verifies it with the data base before providing access to the highly confidential and private structures. Once verified, it automatically lifts the person to the relevant floor in the building.

1.10 Drivers

Increasing Urbanization The increasing movement of the people from rural to urban areas has pushed the demand for multi-storied residential apartments in the urban areas. Also, with the increase in disposable income and aging population, the elevator and escalator market is expected to witness tremendous growth from the developing countries, especially from China and India.

Need of Rapid and Efficient Transit System at Public Places There is a significant raise in the construction of shopping malls, airports, railway stations over the past few years. Such constructions have created huge opportunity for vertical transport industry as elevators and escalates provide commuters/users with ease of transit to desired location in a very short time.

Technological Development With the advancement of technology, manufacturers are now capable of offering sophisticated elevators and escalators with better designs and attractive features. Elevators that allow bird eye view of the city during transit, elevators with LED displays, music playback, and other features are witnessing soaring demand from 5 star hotels, high end commercial and corporate complexes.

1.11 Challenges / Issues

Lack of Trained Manpower Availability of skilled workforce is one of the major bottleneck of this market. Usually, there is an interval of one to three years for a newly installed equipment to demand repair work. Thus sufficient number of skilled workforce is required to bolster the market growth.

Stringent Government Regulation Overemphasis on regulatory measures, and related approvals required from the governing bodies affect the growth of the market. Further, government regulations on import and export of heavy equipment, regulation to carve investment, and other political issues hinder the growth potential of elevator and escalator market.

Pricing Pressure The key players in the global elevator and escalator market are witnessing stiff price competition from the local players, especially in the area of maintenance of installed equipment. However, multinational players are now working on formulating technologies towards lowering down their maintenance charges to address the budgetary constraints of local customers and thereby securing the significant share in the service sector.

1.12 Lift Industry Analysis UK

United Kingdom is a demanding market in the sense of strict implementation of lift regulations. London market differs from the rest of the country as the profit margins are larger; consultants are involved in most of the projects and due to buildings maturity, modernization projects are increasing. As we travel north, the market becomes more competitive. Price is the key, as 90% of the quotes of our customers are price driven.

Meanwhile market requests robust products, alongside with an increased need in high-rise lifts. BREEAM building rating system is affecting the future of hydraulics in a negative way and the industry is towards to traction lifts.

There are no complete lifts manufacturers, but there are companies that manufacture lift parts like controllers. Profit margins are quite good compared to other European countries, but the project chain is more complex, involving several parties.

1.13 Lift Market Characteristics

Year	Installed Lifts	New Units Per Year ¹	Growth Rate	Market Value ²
2012	277,600	7,109		453,118
2013	280,000	7,541	6.1%	516,848
2014	284,000	7,260	-3.7%	479,262
2015	286,600	8,065	11.1%	582,380
2016	292,500	8,119	0.7%	577,667
2017	298,000	7,445	-8.3	505,388

Table 1: Installed lifts and new units per year in UK market

¹ Estimates based on consolidated data obtained from independent third party and/or national associations | ELA Statistics 2017

² In thousands Euro

Source: ELA Statistics

According to ELA (European Lift Association) UK market produces over 7,000 lifts every year for the last 6 years. 2015-2014 growth rate reached 11.1% but in 2017 the recession rate reached -8.3%. Market value for 2015 overcomes 580 million€, which was the best in the last 6 years. The lift market in the past was clearly affected by the 2008-2009 financial crisis with signs of recovery lately. Of course we can see how Brexit has affected the market in 2017 where the growth rate has been reduced by 8.3%

Seeking for opportunities in the local lift market, it is interesting to search for trends in the construction industry, as two industries growing in parallel.

1.14 Construction Industry Characteristics

In 2010, the government published its first National Infrastructure Plan (NIP), which outlines the vision to develop the UK's infrastructure. The plan was further updated every year. The government published NIP 2014 in December of that year, which sets out an ambitious plan to develop and improve the performance and quality of the country's infrastructure. Under the plan, over **GBP460.0 billion** (US\$757.4 billion) **will be invested by the private and public sectors on several infrastructure development projects**, such as rail, road and energy **by 2020–2021**.

Construction activities in the **public sector** have been impacted severely due to the implementation of austerity measures since 2011. However, **industry growth is expected to pick up over the forecast period**, in part owing to investments under the National Infrastructure Plan 2014. The impact of Brexit has not been measured yet and it is believed that the market will be affected at least the next 18 months.

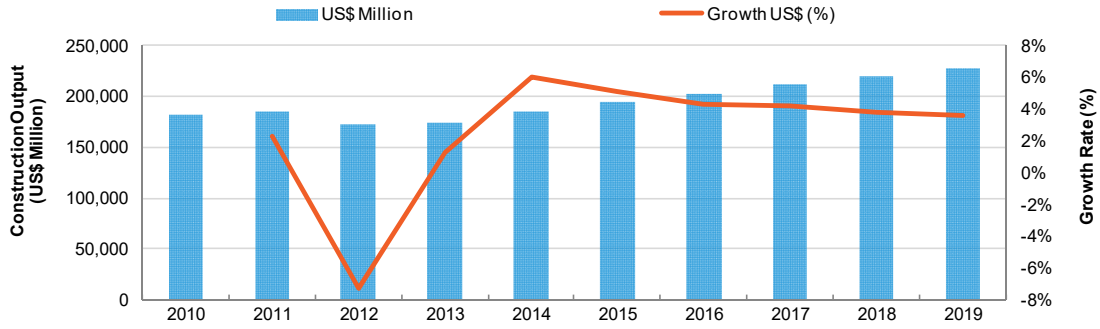


Chart 1: UK Construction Output (Real US\$ 2010, Million), 2010–2019

Source: Timetric analysis

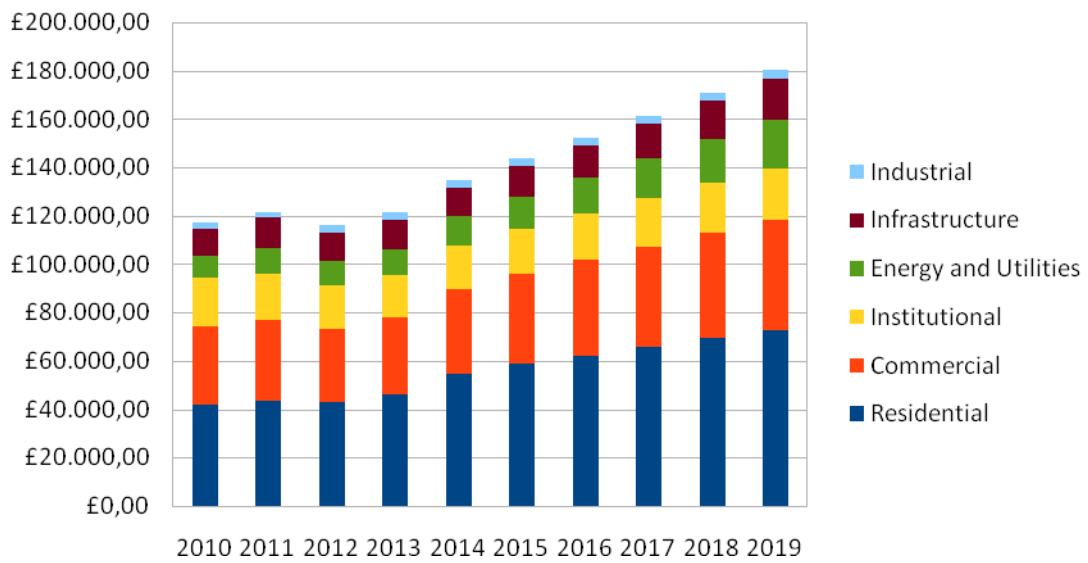


Chart 2: UK Construction Output by Project Type (GBP Million)

Source: Timetric analysis

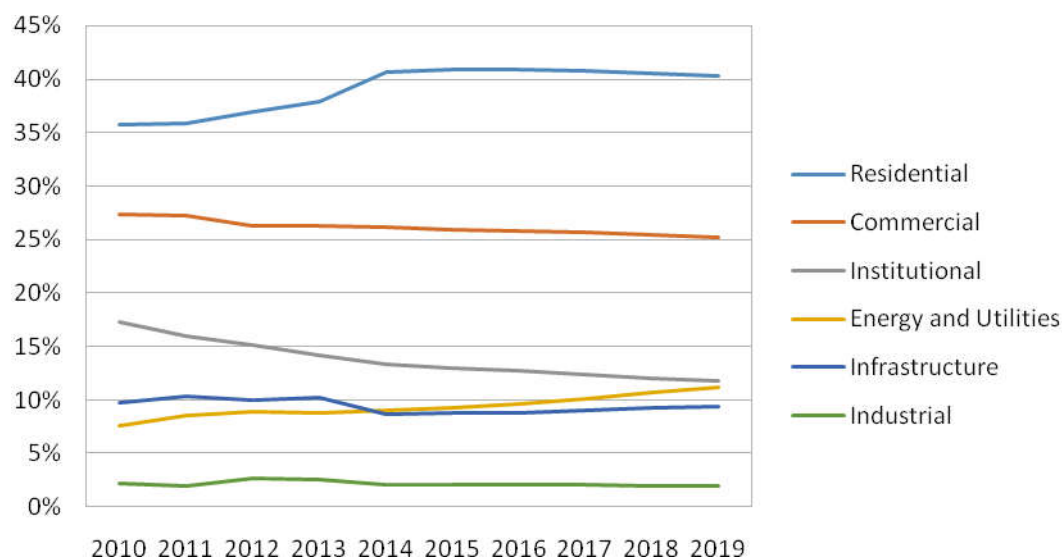


Chart 3: UK Construction Output by Project Type (Percentage)

Source: Timetric analysis

1.15 Residential Construction

Residential construction is the largest market in the construction industry, accounting for **41%** of its total value in 2017. **The market is expected to maintain its share over the forecast period (2018-2020)**, supported by investment in residential projects due to the country’s shortage of housing units. The government’s initiatives, such as the ‘Help to Buy’ scheme and stamp duty changes, a growing population and a low interest rate will further increase the demand for residential units over the forecast period.

1.16 Commercial Construction

Commercial construction was the second largest market in the UK construction industry in 2017, accounting for approximately a **26%** share of the total industry value. The market recorded a nominal review-period (2010-2019) compound annual growth rate (CAGR) of 2.35%, to value GBP35.2 billion (US\$58.0 billion) that year. **The demand for retail space is expected to grow over the forecast period**, as the government aims to expand suburbs and construct new towns. Furthermore, retail development activities will also be boosted by the rising population and housing construction projects. **The UK’s economic recovery, improving business confidence, increasing employment and presently limited supply levels of office space will strengthen the demand for office buildings** over the

coming years. The market is expected to record a nominal forecast-period CAGR of 5.27% to value GBP45.5 billion (US\$69.4 billion) in 2019, supported by a growing demand for retail and office space, along with the country’s flourishing tourism industry.

1.17 Institutional Construction

Institutional construction was the **third-largest market** in the UK construction industry in 2017. It accounted for a share of **13%**, and valued GBP 18.0 billion (US\$29.7 billion) in 2014, following a nominal review-period CAGR of -2.92%. Over the forecast period, **growth in the market will be supported by investment in educational and healthcare building construction projects**. The government’s initiative to replace dilapidated schools and accommodate the growing number of pupils will help the growth of educational buildings. Healthcare buildings will be supported by the country’s requirement to improve standards of healthcare services, and meet the rising demand for healthcare services. The market is therefore expected to record a nominal CAGR of 3.39% over the forecast period, to value GBP 21.3 billion (US\$32.5 billion) in 2019.

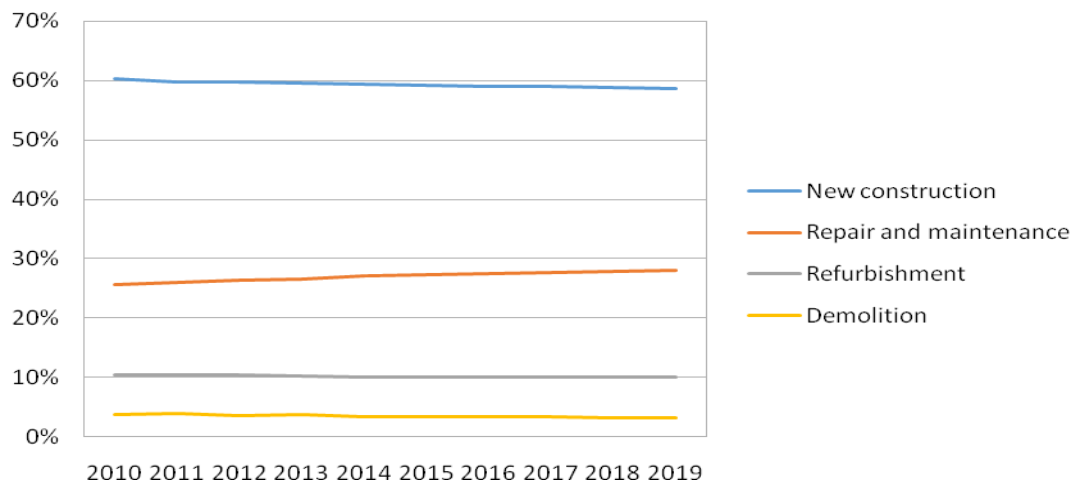


Chart 4: UK Construction Output by Activity Type

Source: Timetric analysis

1.18 Lift Market structure

MAIN COMPETITORS & THEIR MARKET SHARES

The main competitors in the UK market on new installation are:

- Kone 30% of the total market
- Otis 20% of the total market
- Schindler 10% of the total market
- Orona 7% of the total market
- Wittur 6% of the total market
- MP 5% of the total market
- Kleemann 5% of the total market

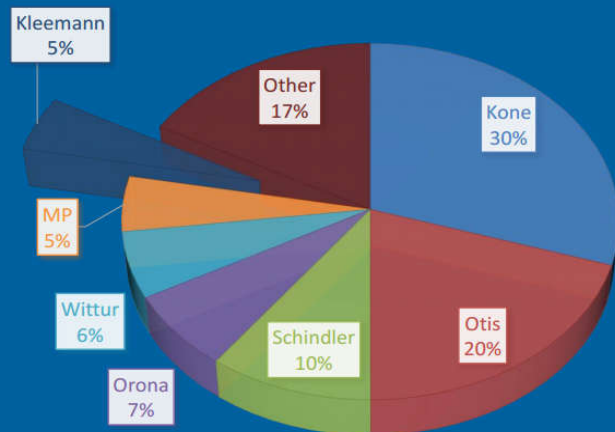
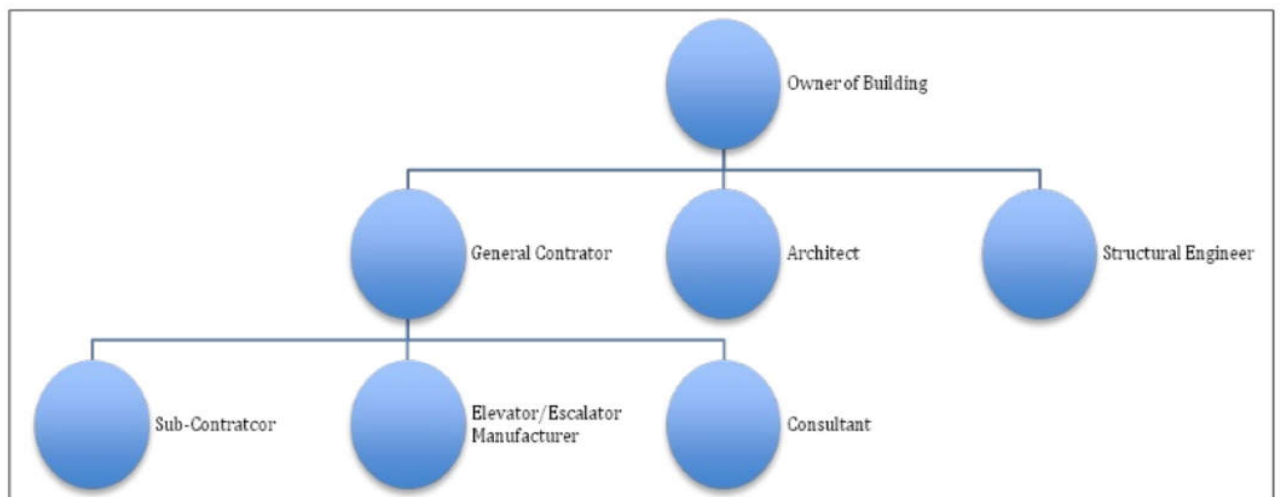


Chart8: New lift Installations Market Share in UK (2017)

Source: Sales Department

Major stake holders of installing elevator projects are:

The owner of the building, architect, structural engineer, general contractor, consultant, subcontractors and elevator manufacturer. Their relationships are shown below



Hanif Motala, *Global Elevator and Escalator Industry Analysis*, 2013

1.19 Drivers and Trends

Drivers

Population

UK's population is growing for the last 15 years, as it is presented in the chart below (10.18% population increase between 2000 - 2015). As consequence the construction activity is also increasing.

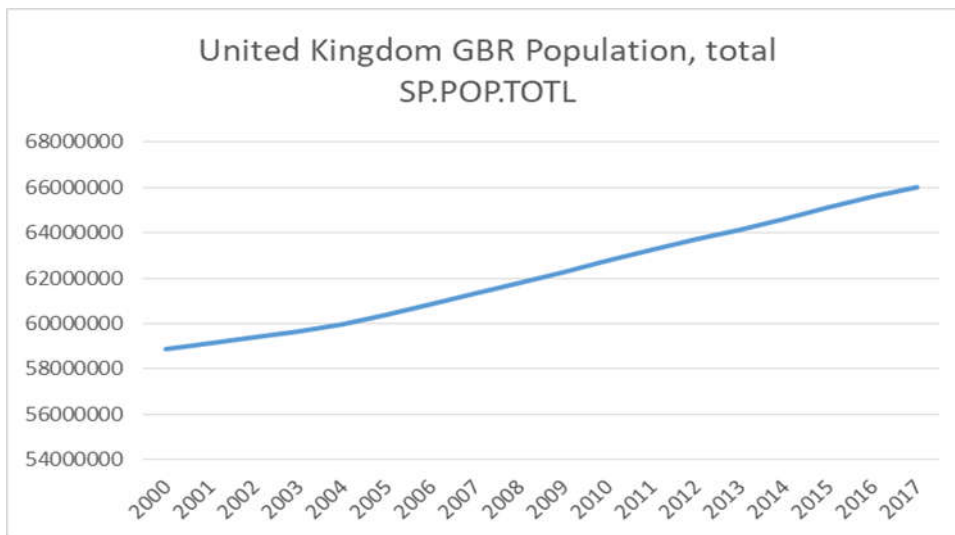


Chart6: Total Population United Kingdom 2000-2017

Source: World Bank

In addition, the population is aging in UK (2015 - 17.8% of total population) demonstrating the necessity of lifting systems now and in future.

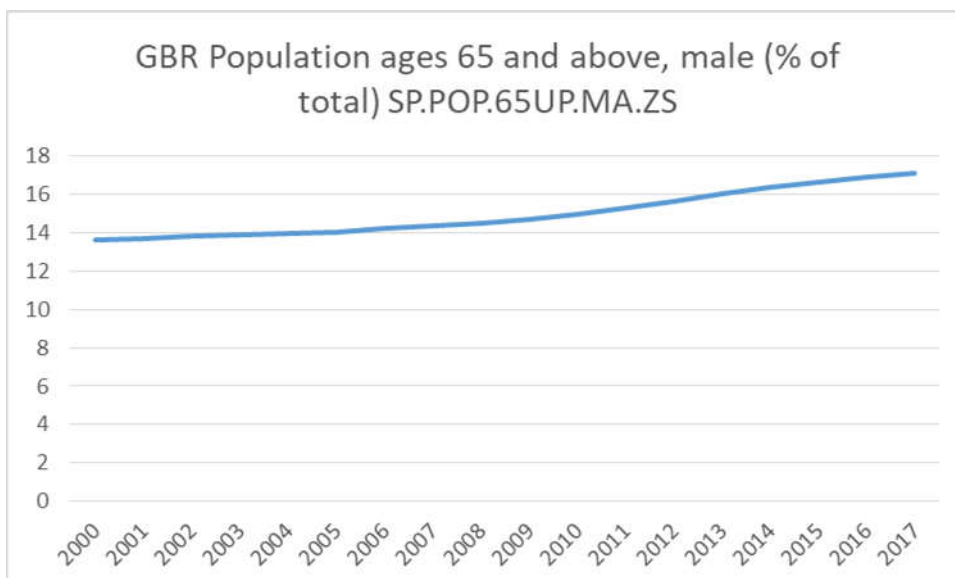


Chart7: UK Population ages 65 and above (% of total)

Source: World Bank

According to the “Elevators and Escalators market in the UK 2015-2019” research by Research and Market, with the government of UK focusing extensively on providing accessibility and mobility to the aged and disabled population of the country, the elevator and escalator market is witnessing emergence of incline elevators in the country. Incline elevators are traction elevators that run on a non-perpendicular angle unlike standard elevators. These elevators can be used in place of escalators or in-line with a staircase so as to provide step-free access to specific floors. They are also called incline platform lifts or hillside trams.

According to the report, a boom in the construction of high-rise buildings in the UK has led to the growth of the elevators and escalator market in the country. A major chunk of the high-rise developments are confined to London and its neighboring areas. As of 2014, around 270 buildings (each of 20 stories or more) are scheduled for construction. Out of these projects, 70 are currently under construction and 200 are in the planning phase. As much as 80% of these high-rise developments are residential buildings. The land price in the UK is growing at annually. This has led to an increased pressure on construction companies and developers to use their sites optimally.

Further, the report states that mitigation of risks associated with accidents is one of the major challenges for OEMs in the elevator and escalator market in the UK.

Standards

British/European Standards adopted strictly in the market, opposing threats for lift companies in product development and implementation.

EN81-20 will become an ISO by 2025, hence a global code. The American standards are expected to heavily influence the ISO standard, therefore bringing changes to the lift package. UK has its own Lift Regulations System which is stricter than the European Standards.

The uncritical acceptance of BREEAM standard in sustainability building assessment will have an unpreventable effect on lift choice.³ What is BREEAM? “*BREEAM is the world's*

³ Over 90% acceptance in UK (The Digest of BREEAM Assessment Statistics – [link](#))

leading sustainability assessment method for master planning projects, infrastructure and buildings. It addresses a number of lifecycle stages such as New Construction, Refurbishment and In-Use. Globally there are more than 550,000 BREEAM certified developments, and almost 2,251,000 buildings registered for assessment since it was first launched in 1990.”⁴

More energy efficient and greener lifts due to BREEAM will promote traction lifts.

Modernization

As it is mentioned above building maturity is increasing modernization projects. Modernization value is representing even the half of the market value (in 2013), exceeding the growth rate of the market (2012-2017). It is believed that the growth of the modernization market will continue in the future but may be affected by the overall development.

Year	Modernization Value ⁵	Growth Rate	Modernization share in market
2012	194,271		42.9%
2013	256,883	32%	49.7%
2014	201,216	-22%	42%
2015	225,832	12%	38.8%
2016	212,374	-5%	35.1%
2017	144,871	-31.8	28.3%

Table 2: Modernization value per year in UK market

Source: ELA Statistics

1.20 Trends

Market trends for UK are the following:

- More computerized lifts (intelligent lift, which can be controlled through a smartphone)
- Linear motors (magnetic)
- Counterweight on hydraulics,
- 3D drawings,
- Light ropes,
- Energy efficiency, reduced power consumption,
- Battery powered lifts,
- BIM modelling,
- Carbon fibre ropes

⁴BREEAM (<http://www.breeam.com/>)

⁵In thousands Euro

- Talk to lift,

- Lighter cabins.

1.21 PEST Analysis

Political Factors

The United Kingdom is a constitutional monarchy that runs under the influence of a parliamentary system. The UK is said to be a fair, stable country with plenty of opportunities for those operating within, and the country as a whole.

Positive

- Relatively ‘fair’ country, with the public having a large influence on the inner-workings
- Proactive government⁶
- Split into national and local administrations

Negative

- Uncertainty about the EU (*Brexit*)
- Politically stability is relevant with the Brexit process
- Some well-hidden corruption⁷

UK Corruption

Although corruption is not endemic in the UK, there are significant problems which need to be addressed. Transparency International UK (TI-UK)’s recent [Corruption in the UK](#) report highlighted corruption vulnerabilities in some of Britain’s key sectors and institutions. Recent scandals such as phone hacking corruption in cricket, and controversy over political party funding have further highlighted the existence of the problem and the urgent need to address it.

Transparency International (TI) defines corruption as ‘the abuse of entrusted power for private gain’.

While this is not a legal definition, it serves to capture a wide range of unethical behaviour in the public, private and other sectors that is harmful to society. Discussion in the UK about the problem of corruption often tends to assume, rather complacently, that it is a problem that exists in other countries, particularly in the developing world.

⁶ Transparency International - <http://www.transparency.org.uk/our-work/uk-corruption/>

⁷ The Guardian - <http://www.theguardian.com/commentisfree/2015/mar/18/corruption-rife-britain>

As in any country, corruption in the UK has victims. However, they may be less apparent in the UK because they are part of marginalized groups in society or because the corruption operates in intangible ways and so the victims are not immediately clear. Corruption is at times against the law, and at times legal but unethical. The MPs' expenses scandal, which resulted in few prosecutions, exemplifies this.

TI-UK works to combat UK corruption in a wide range of sectors. Further detail, including information on our work in these areas, can be found by clicking on the links in the side bar.

TI-UK also provides a variety of general and specialist training courses as well as a number of advisory services.

CORRUPTION IN THE UK REPORT

In 2011 Transparency International UK (TI-UK) launched the major findings from a series of [studies](#) which examine corruption in the UK. The reports – which represent the most comprehensive research ever undertaken in this area – examine the levels of corruption in 23 UK sectors and institutions.

The research represents a 'health check' for the UK. Although corruption is not endemic in the UK, it is correct to say that in some areas of UK society and institutions, corruption is a much greater problem than recognized and that there is an inadequate response to its growing threat. The report found that the growing threat of corruption is often met with complacency, and that key institutions are refusing to confront the problem.

Of particular concern are prisons, political parties, parliament and sport – where the response to the increasing corruption risk is often incoherent and uncoordinated.

1.22 Economic Factors

The UK also has a strong economic position relative to other countries. It has a high GDP, diverse economy, but also a few issues. Let's take a look at all the economic factors in more depth, though.

MAJOR MACRO ECONOMIC INDICATORS

	2015	2016	2017	2018(f)
GDP growth (%)	2.3	1.8	1.7	1.2
Inflation (yearly average, %)	0.0	0.7	2.7	2.5
Budget balance (% GDP)	-4.3	-3.0	-1.9	-1.9
Current account balance (% GDP)	-4.9	-5.2	-3.9	-4.4
Public debt (% GDP)	88.2	88.2	87.7	87.2

Table 3: Major Macro Economic Indicators

Source: COFACE

Positive

- 5th highest GDP (Gross Domestic Product) in the world, second in Europe only to Germany⁸
 - Large population allowing for even small markets to be profitable
 - Diversified economy with both large public and private sectors
 - Free market
 - Increasing Foreign Direct Investment
 - Hydrocarbon production covering three quarters of energy needs
 - Cutting-edge sectors (aeronautics, pharmaceuticals, auto motives)
 - Financial services
 - Competitive and attractive fiscal regime
 -

Negative

- Slow recovery from the 2008/2009 economic recession
- Lots of money spent on providing free public services and financial aid, even for migrants
 - Uncertainty in local economy resulting from the Brexit elections' results.
 - Uncertainty over the implementation and consequences of the decision to leave the EU
- High levels of public and household debt (130% of disposable income)

⁸ World Bank

- Low productivity and lack of training not conducive to innovation
- Regional disparities with London and the Southeast and the rest of the UK, especially regarding transport and energy infrastructure

1.23 Social Factors

Positive

- Many free public services (e.g. National Health Services)
- Densely populated with 64.1 million inhabitants
- Open to migration leading to a cosmopolitan environment with around 1 in every 8 residents born abroad [5] — this results in a large, cheap workforce
- High standard of living

Negative

- High and increasing dependency ratio
- Some social unrest with regard to migration and ethnic groups
- Ever-increasing further education costs

1.24 Technological Factors

As an MEDC (More Economically Developed Country), the UK does have good access to technology. These are some of the most important technological factors affecting the United Kingdom:

Positive

- Quality innovation skills
- Expertise in science and IT
- Effective laws with regard to intellectual property
- Plenty of internal competition to stimulate growth

Negative

- Slow technological development in comparison to the United States

In conclusion, the United Kingdom seems to be in good hands with regard to its future. The high social standards, relatively strong economy, political stability and technological

advancements all suggest that growth in the UK is set to keep on advancing. Still, Brexit and UK's negotiations with EU may have negative reaction to UK construction market for the next years and before the end of the negotiations it's not easy to predict what it 'll happen.

1.25 Chapter 1 Summary

The UK Market is a big challenge for all lift manufacturers and Kleemann as well. The indicators and every kind of analysis lead you in the same point: To invest in that market. There is a huge potential especially in companies with low market share and except all these, by acting and operate in that market you 'are in', in every new trend and the evolution of the lift industry

CHAPTER 2. BREXIT

2.1 What does Brexit mean?

It is a word that is used as a shorthand way of saying the UK leaving the EU - merging the words **Britain** and **exit** to get Brexit, in the same way as a possible Greek exit from the euro was dubbed Grexit in the past.

2.2 Why is Britain leaving the European Union?

A referendum - a vote in which everyone (or nearly everyone) of voting age can take part - was held on Thursday 23 June, 2016, to decide whether the UK should leave or remain in the European Union. Leave won by 51.9% to 48.1%. The referendum turnout was 71.8%, with more than 30 million people voting.

2.3 When is the UK due to leave the EU?

For the UK to leave the EU it had to invoke Article 50 of the Lisbon Treaty which gives the two sides two years to agree the terms of the split. Theresa May triggered this process on 29 March, 2017, meaning the UK is scheduled to leave at 11pm UK time on **Friday, 29 March 2019**. A European court has ruled that the UK can decide to stop the process. Alternatively it can be extended if all 28 EU members agree, but at the moment all sides are focusing on that date as being the key one, and Theresa May has put it into British law.

The UK is due to leave the European Union on 29 March, 2019 - it's the law, regardless of whether there is a deal with the EU or not. Stopping Brexit would require a change in the law in the UK. The European Court of Justice ruled on 10 December 2018 that the UK could cancel the Article 50 Brexit process without the permission of the other 27 EU members, and remain a member of the EU on its existing terms, provided the decision followed a "democratic process". Prime Minister Theresa May has warned Conservative MPs thinking of voting against the deal she has reached with the EU that they risk "no Brexit at all". This is a reference to another referendum, which is backed by the SNP, Lib Dems, Plaid Cymru the Green Party, a small number of Conservatives and larger group of Labor MPs, who want the public to be given the final say, with the option to remain in the EU. They are trying to get

the Labor leadership to back them - but Jeremy Corbin wants to try and force a general election first.

2.4 Could Brexit be delayed?

The EU might agree to extend Article 50 if its leaders thought there was a chance the UK could end up staying in, possibly through another referendum, but it would only be by a few months. The UK's main opposition party, Labor, wants to force a general election and, after winning it, go back to Brussels to negotiate its version of Brexit. That would also require Brexit day being pushed back from 29 March, something the EU might agree to, to give a new UK government the chance to make its case. If Labor can't force a general election it has said it will push for another referendum, but it has yet to say what it thinks the question on the ballot paper should be.

2.5 What's the current position on the Brexit deal?

After months of negotiation, the UK and EU agreed a Brexit deal. It comes in two parts.

A **585-page withdrawal agreement**. This is a legally-binding text that sets the terms of the UK's divorce from the EU. It covers how much money the UK owes the EU - an estimated £39bn - and what happens to UK citizens living elsewhere in the EU and EU citizens living in the UK. It also proposes a method of avoiding the return of a physical Northern Ireland border.

- **Here's a guide to the Brexit withdrawal agreement**

A **26-page statement on future relations**. This is not legally-binding and sketches out the kind of long-term relationship the UK and EU want to have in a range of areas, including trade, defence and security.

- **Here's a guide to the declaration on future relations**

The UK cabinet agreed the withdrawal agreement text on 14 November, but there were two resignations, including Brexit Secretary Dominic Raab.

MPs have been debating the deal but the PM postponed a Commons vote scheduled for 11 December to seek "further assurances" from the EU for MPs about the post-Brexit plan for the Irish border (see below for more about that).

Downing Street says the vote will be rescheduled for 21 January at the latest, although Brexit Minister Robin Walker told MPs he hoped it would be sooner.

2.6 What is the 'transition' period?

It refers to a period of time after 29 March, 2019, to 31 December, 2020 (or possibly later), to get everything in place and allow businesses and others to prepare for the moment when the new post-Brexit rules between the UK and the EU begin. It also allows more time for the details of the new relationship to be fully hammered out. Free movement will continue during the transition period, as the EU wanted. The UK will be able to strike its own trade deals - although they won't be able to come into force until 1 January 2021. This transition period is currently only due to happen if the UK and the EU agree a Brexit deal.

Below we can see two images for what is going to happen in the following years. There are many perspectives. As far as we all understand it is preferred to have a deal with a smooth exit plan as a win – win result for both UK and EU instead of no-deal and UK leave the EU without having the 21 month transition period.

Brexit: All you need to know about the UK leaving the EU

Source: www.bbc.com

2.7 Consequences of No-Deal

Both the UK and the EU have made preparations for a new deal scenario

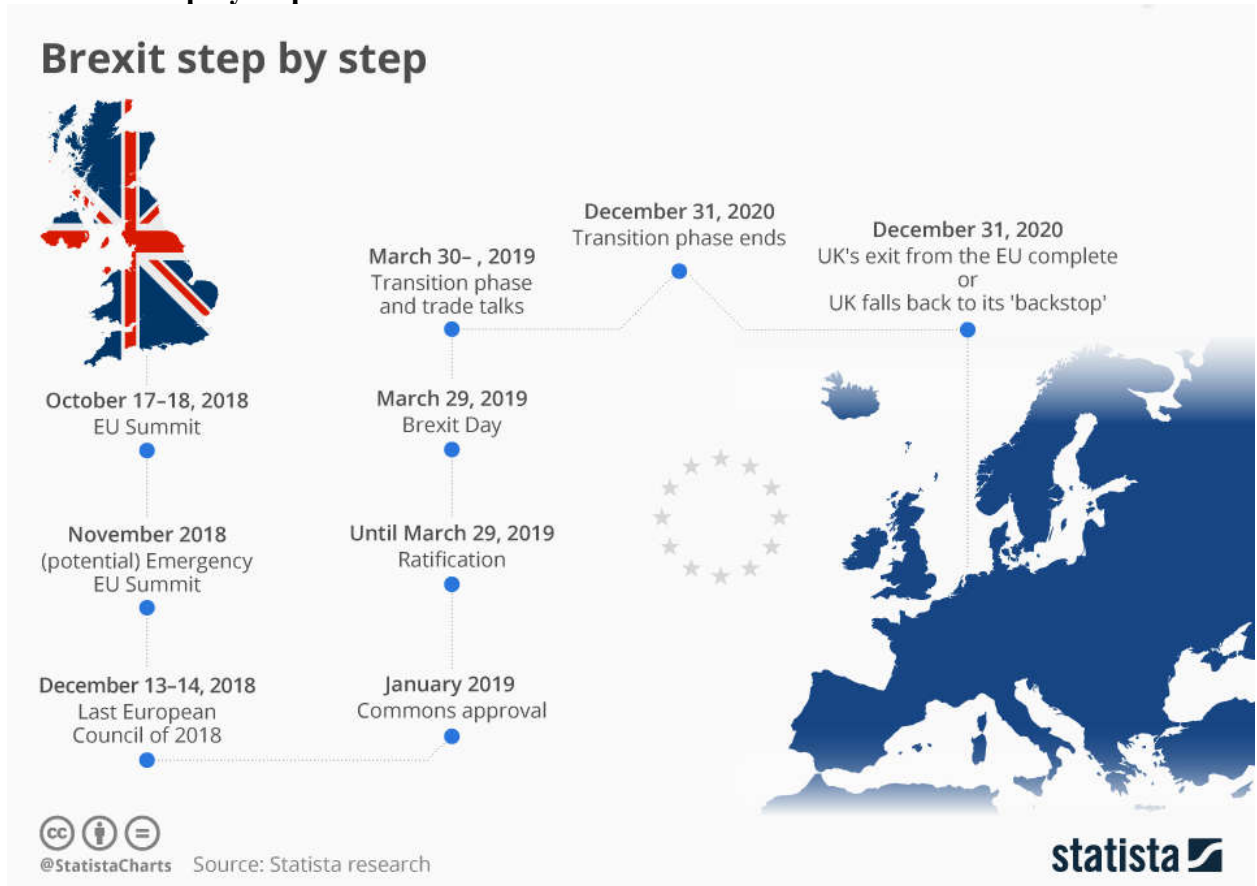
A “no deal” Brexit does what it says on the tin. It means the UK and the EU would be unable to reach a withdrawal agreement. If no agreement can be made, it means there would be no 21-month transition period. If that was the case, consumers, businesses and public bodies would have to respond immediately to changes as result of leaving the EU. “On 29 March next year, the UK would leave the EU and everything associated with that would come to an end,” says Dr Simon Usherwood, a reader in politics at the University of Surrey. “[A no deal] doesn’t stop the UK leaving but it means there is absolutely no clarity about what happens.” While it is a possibility, in reality neither the UK nor the EU would favour a no deal because it signals a poor political relationship, he adds. One of the key issues with a no deal scenario is the uncertainty it would lead to for life and work in Britain.

What is a no deal Brexit? The Consequences of the UK leaving the EU without a deal

Source: www.inews.co.uk

Bottom line, we cannot predict what happened till now, but we definitely know that the economy will be seriously influenced by this incident.

2.8 Brexit step by step



Brexit step by step Source Statista.com

2.9 Chapter 2 Summary

Brexit is a very discouraging factor for every entrepreneur that wants to do business in UK for the next 5 years at least. Still, we cannot predict till today, what it will happen in the end and the scenario of 'No Brexit' is still alive!!!

CHAPTER 3. COMMERCIAL ANALYSIS

3.1 Sales indicators

As we mentioned before UK lift market is a growing market. As shown in the table below company sales increasing throughout the years.

Total Market			
		2016	2017
A	Industry Sales (in Units)	7,260	8,065
B	Company Sales⁹	7,525,342 €	8,829,367 €
C	Market Share	5,3%	5,3%
D	Average Selling Price	19,197.30 €	19,664.51 €
E	Variable Costs¹⁰	1,358.24€	1,364.01 €
F	Gross Margin per unit (D - E)	17,839.06 €	18,300.50 €
G	Number of Units Sold (A x C)	392	449
H	Gross Revenue (D x G)	7,525,342 €	8,829,367 €
I	Total Gross Margin (F x G)	6,992,911.52 €	8,088,821 €

Table: Market Sales History

Source: Ariadne / Kleemann

UK's market is exclusive traction elevators. In 2017, traction lifts exceeded the 90% of market's new lifts. KLEEMANN in contrary sold more hydraulic elevators compared to traction, holding 35% of hydraulic lifts sales.

	Total Market				Kleemann Sales				Market Share	
	2016	%	2017	%	2016	%	2017	%	2016	2017
Traction	6,429	88%	7,360	91%	125	32%	202	45%	1.94%	2.74%
Hydraulic	831	12%	705	9%	267	68%	247	55%	32.12%	35%
	7,260	100%	8,065	100%	392	100%	449	100%	5.39%	5.56%

⁹ KL Economic Department

¹⁰ Variable Cost calculation in the [Appendix](#)

Table: Total Market Sales VS KLEEMANN Sales 2016-2017

Source: Ariadne / Kleemann

Top KLEEMANN products are FlexyLift and Atlas Basic. They continued being the best sellers during 2017 and they are expected to be in 2018 and 2019 as well.

Products	Type	2015	2016	2017
ATLAS advance	Traction	2	4	1
ATLAS mini	Traction	5	3	6
ATLAS RPH	Traction		8	24
ATLAS_L	Traction	4	4	10
ATLASbasic	Traction	101	133	216
GIGAS	Traction	11	45	31
Maison T basic	Traction		1	
Maison T plus	Traction		2	1
Traction HRS	Traction		2	
Traction MR	Traction	2		2
COMPACT	Hydraulic	2	4	1
FlexyLIFT	Hydraulic	182	161	199
MAISON ONE	Hydraulic			5
MaisonLIFT	Hydraulic	15	22	28
maisonLIFT basic	Hydraulic	1	1	2
Hydraulic Passenger	Hydraulic	61	50	33
Hydraulic Goods-Passenger	Hydraulic	6	9	8

Table : KLEEMANN 3-years sales in UK

Source: Ariadne / Kleemann

Product Type	2015	%	2016	%	2017	%
Traction	125	31.89%	202	44.99%	291	51.32%
Hydraulic	267	68.11%	247	55.01%	276	48.68%

Top KL Products	2015	%	2016	%	2017	%
FlexyLift	182	46.43%	161	35.86%	199	35.10%
AtlasBasic	101	25.77%	133	29.62%	216	38.10%

3.2 Competition Analysis

3.2.1 Competitive landscape

Lift manufacturers operating in the UK market are following different positioning strategy. The key difference between strategies is the offering or not lift installation and maintenance. The companies with the greatest market margins offer turnkey solution to their products. The competition level is very high. The largest companies in the global lift industry (Big4) hold collectively 64% of the market.

Risks are presented by the aggressive policy in acquisition of independent companies by several companies (Kone, Otis, Schindler, Orona), in order to increase their market share both in new installations and maintenance. KLEEMANN maintains its market share through its high hydraulic lift sales. *More information regarding strengths and weaknesses of the competition on the next chapter.*

LEVEL OF KLEEMANN COMPETITIVE ADVANTAGES					
ADVANTAGE	NOT IMPORTANT	LESS IMPORTANT	NEUTRAL	VERY IMPORTANT	EXTREMELY IMPORTANT
Strong customer relations / Exceptional experience					X
One stop shop			X		
Fast delivery				X	
Innovative Design			X		
Customized Products				X	
Experts in specials				X	

3.2.2 Competitors SWOT Analysis¹¹

¹¹ All Competitors analysis is reflecting Sales Department market knowledge

Competitor: **KONE**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Brand name • One stop shop • Innovation • Green solutions 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Customization • Flexibility • Big lead times • Expensive spare parts
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Acquisition of independent companies – More service contracts 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **OTIS**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Brand name • One stop shop • Innovation • Green solutions • United technologies offer complete solutions for the building • Acquisition of small 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Flexibility • Big lead times • Expensive spare parts
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Acquisition of independent companies – More service contracts 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **SCHINDLER**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Brand name • One stop shop • Acquisition of small companies that are dealing with special projects • Innovation 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Flexibility • Big lead times • Expensive spare parts
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Acquisition of independent companies – More service contracts 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **ORONA**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Brand name • One stop shop • Acquisition of small companies that are dealing with special projects • Innovation 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Customization • Flexibility
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Acquisition of independent companies – More service contracts 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **WITTUR**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives

Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Quality products • UK based company • Engineering • Well known for their doors & components – specified by the consultants 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Prices • Flexibility • They do not sell many complete packages
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Complete package • More sales coming from SEMATIC ex clientele • (rumor) acquisition of ARKEL controllers 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **MP**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	<p>Strengths:</p> <ul style="list-style-type: none"> • Prices • Portal 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Special projects • Poor after sales support • Missing parts
External Factors	<p>Opportunities:</p> <ul style="list-style-type: none"> • Modernization 	<p>Threats:</p> <ul style="list-style-type: none"> • Brexit

Competitor: **THYSSEN KRUPP**

HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
--	--

Internal Factors	Strengths: <ul style="list-style-type: none"> • Brand name • One stop shop • Innovation 	Weaknesses: <ul style="list-style-type: none"> • Expensive (the german product) • Issues with their structure in the UK due to corruption problems
External Factors	Opportunities: <ul style="list-style-type: none"> • Outsourcing – special lifts 	Threats: <ul style="list-style-type: none"> •

Competitor: **IMEM**

	HELPFUL To achieving the objectives	HARMFUL To achieving the objectives
Internal Factors	Strengths: <ul style="list-style-type: none"> • Quality products • Customization 	Weaknesses: <ul style="list-style-type: none"> • Prices
External Factors	Opportunities: <ul style="list-style-type: none"> • Addressed to installers and consultants 	Threats: <ul style="list-style-type: none"> •

3.3 Key Players vs. KLEEMANN

The following table shows the responsiveness of lift companies to the main attributes influencing the elevator’s buying decision. Companies are rated from 0-5 (0 no congestion - 5 full response). Evaluation performed by Sales department.

Decision Attributes Companies	K2.4LEE MANN	KONE	OTIS	SCHINDL ER	ORONA	WITTUR	MP	THYSSEN KRUPP	IMEM
After-sales Service	4	3	3	3	2	3	2	3	2
Pre-sales support	3	4	4	4	4	4	4	4	3
Customization	5	1	1	1	2	3	3	1	4

Design, aesthetics	4	3	3	3	2	3	2	3	3
Energy consumption	3	3	4	3	3	4	3	3	3
Eco friendly	3	4	4	4	4	3	2	4	2
Long warranty	3	3	3	3	3	3	3	3	3
Brand	3	5	5	5	4	2	3	4	2
Ride quality	3	4	4	4	3	4	2	4	3
Reliability	3	4	4	4	3	4	2	4	3
Space saving	4	4	4	5	4	4	4	4	4
“One stop shop” and product range	3	5	5	5	5	0	0	5	0
Financing/payment	3	5	5	5	4	4	4	5	4
Training	4	5	5	5	4	3	3	5	3
Automated emergency evacuation	5	5	5	5	5	5	5	5	5
Packaging	3	4	4	4	4	4	4	4	4
Customer centric culture	5	2	2	2	3	4	4	2	4
Deliver on time	4	4	4	4	4	4	3	4	4
Installation time	3	4	4	4	3	3	3	4	3
Installation cost	3	4	4	4	3	3	3	4	3
Delivery time	5	2	2	2	3	3	4	2	4
Maintenance cost	4	3	3	3	3	4	4	3	4

Table: KLEEMANN vs. Key Players

Evaluation from Kleemann Exports Sales Department

3.4 Strategic Group Map

Through the evaluation of the above table and the use of different weights in selected derivatives per customer category (Installer and Main Contractors) the following charts are extracted¹². The size of the balls determines the market share of companies in UK. Product

¹²Companies' evaluation and products prices provided by Sales Department in the scope of PRO project (2018-2019)

price estimation was based on Atlas Basic cost (Price 100%, 3 stops without installation) for KLEEMANN and competition's similar product. Prices are not including installation due to the company's business strategy model.

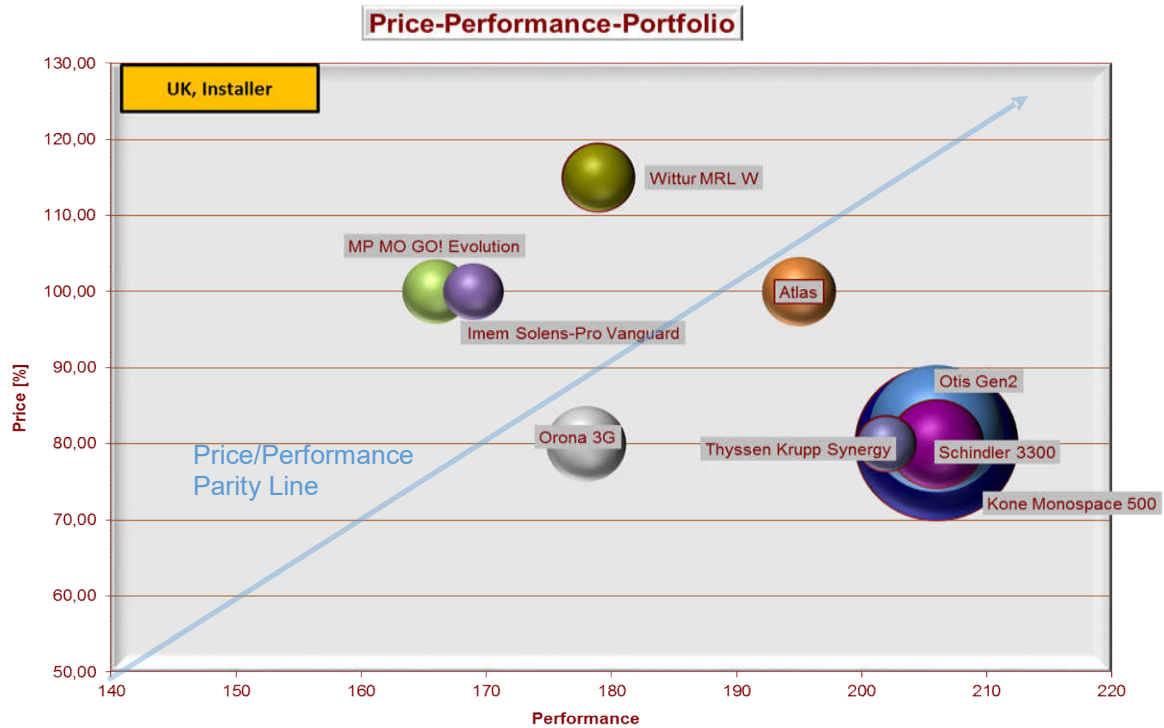


Chart: Price Performance Portfolio - UK, Installer

The graph above shows that competitors' products (Thyssen, Otis, Schindler, and Kone) have better performance and value than Atlas Basic in Installer approach. Atlas Basic it can be compared with main competitors products, however price gap is wide.

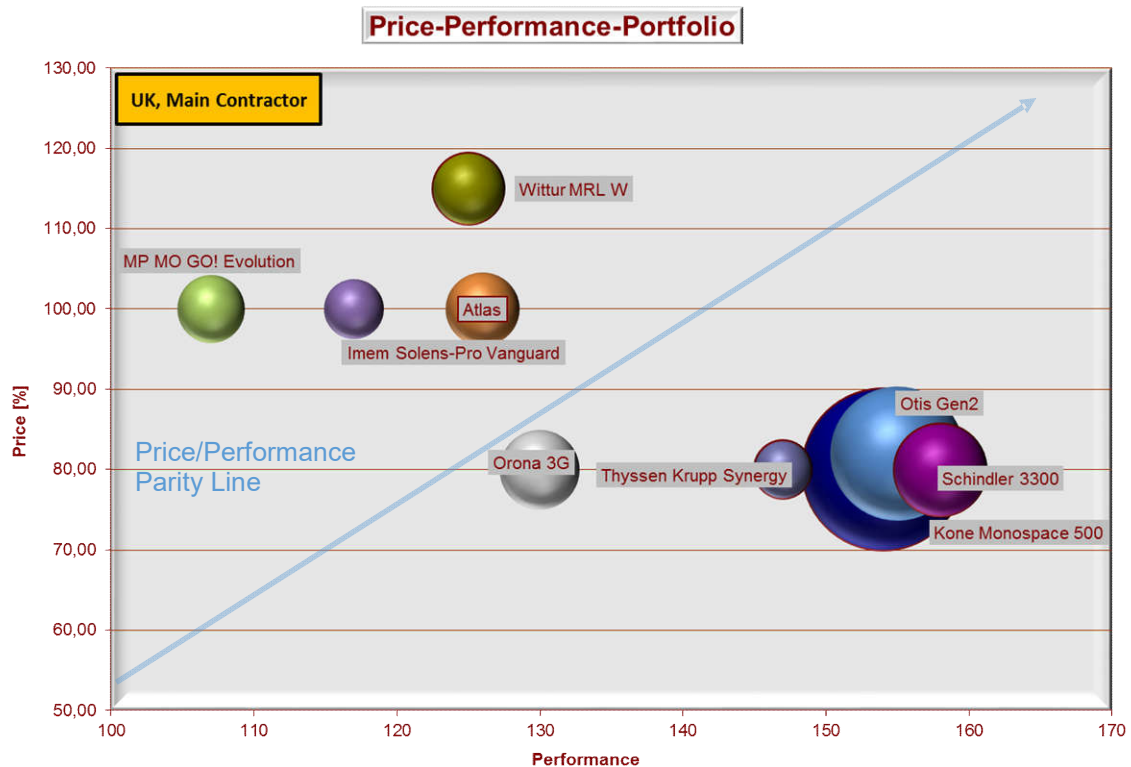


Chart : Price - Performance Portfolio - UK, Main Contractors

Respective are the results for main Contractor's approach. Competitors' products (Thyssen, Otis, Schindler, and Kone) shows better performance compared to Atlas Basic. Schindler's product shows better performance in comparison to the installer approach. Atlas performance has been decreased significantly, displacing it in the left side of the price/performance parity line. The position of KLEEMANN product demonstrates product's weaknesses in certain customer group as Main Contractors. Company mainly approaching Main Contractor through Installer (Lead Customer).

3.5 Analysis of Marketing Activities

3.5.1 Analysis of company's marketing programs

➤ Positioning strategy

KLEEMANN has been providing lift systems to the UK market for the last 20 years. KLEEMANN achieved its position at the UK market by providing **flexible solutions** to the customer (at the moment installers). Specifying, KLEEMANN provides fast delivery time, customized products and is expert in special projects. More over KLEEMANN is **close to the**

customer and develops very strong relations with them by providing them with a unique KLEEMANN experience.

➤ **Advertising strategy:**

Event: (July)

For 2019 KLEEMANN booked 20 tickets for the British Grand Prix Formula 1 event, at Silverstone (on 12th – 14th July) in order to invite some exclusive customers (some of them will be from UK). At the same time it will organized a KLEEMANN Lifts UK **Event (50 people)** in order to provide modernization.

Creative Strategy:

During 2019, the new concept for corporate printed ad has been launched.

“NOT A BOX ANYMORE”

“There are lifts and there is the KLEEMANN experience”

In KLEEMANN we believe that a lift is not just a means of vertical transportation, but a unique experience. We would like lift’s users to feel comfortable, safe and enjoy their ride. We care about our customers and that is why we want to provide them with a complete KLEEMANN experience (pull to the emotion).

Media Strategy:

During 2019 KLEEMANN focused on installers based on B2B marketing strategy. As a result it used as main channels the lift trade journals for UK providing the new corporate ad.

✓ **Elevation (UK) magazine**

Period: April, August 2019

✓ **Elevator World (Global) magazine**

Period: March, April, July, September 2019

3.5.2 Promotional strategy:

Tradeshaw strategy:

During 2019 KLEEMANN will take part in LIFTEX 2019 organized by LEIA. Is the UK’s leading event for the lift, escalator and access industry (15 - 16 May 2019 at London’s ExCeL).

Orientated to the Products Strategy:

- Maison One actions

Brochures:

KLEEMANN also uses brochures to promote its products and services. Depending on every market or product need, they are translated to the relevant language. We can find KLEEMANN brochures translated in 10 languages at the moment.

Branded Promotional Gifts

KLEEMANN provides its customers with promotional gifts (clothes, pens and pencils, notebooks, diaries, keys, card holders etc). Moreover as part of KLEEMANN experience exclusive customers receive exclusive and unique products (pack of Greek products, parker pens, leather bags, tablets etc).

3.5.3 Online strategy:

Social Media:

KLEEMANN currently has a profile on **Facebook, Tweeter, Linkedin, Instagram**, where mainly event news are promoted.

Newsletter:

As there is a need to inform our customers about the company news, we make newsletter campaigns covering the following categories: **a) Technical newsletter, b) KLEEMANN news, c) Products, d) Discounts and offers.**

New portal (testing):

Provides information to our customers for the company and has the capability to produce a financial offer for specific KLEEMANN products in real time.

KLEEMANN Apps

- Design your Lift
- Lift Tester

3.6 Analysis of Resources and Metrics

3.6.1 Marketing team

The marketing department consists of 10 persons divided in 3 teams: KLEEMANN group, Subsidiaries & Sales Representative offices and Product Management.

3.6.2 Metrics Tools

As marketing department the tools we use in order to evaluate the effectiveness of the campaigns are:

- Newsletter: Set upon the platform mailchimp.com. This platform provides metrics, for the effectiveness of each campaign (reach, clicks, bits etc)
- Customers' satisfaction: Research to our customers with close and open type questions (questionnaires)
- Trade fairs potential customers' contacts: how many of them became to sale
- The PRO project applied a customer's research getting an insight on their needs and special characteristics

3.6.3 Marketing Recourses:

- KLEEMANN Lifts UK has an independent budget. In cases, the Marketing supports or undertakes part or the whole sum of the budget for specific actions. i.e. 50 % of the LIFTEX expo, Local media plan in sector magazines.

3.7 Brand Strength

3.7.1 Brand Identity and brand attributes

KLEEMANN is an “always growing” company. The KLEEMANN logo encompasses the KLEEMANN philosophy and its mission. In 1983, the KLEEMANN logo was inspired by the movement the piston makes. It was incorporated with the KLEEMANN name. In 2009, the company completed a rebranding project.

The logo is inspired by the previous KLEEMANN strategy based on 4 pillars of Innovation (Engineering, Innovation, Design, and Culture). The subsidiary logo was decided to necessarily include the word “lift” in order to make clear what KLEEMANN is.

KLEEMANN has a presence in the UK market since 1997. The subsidiary was established in Oxford in 2011. At the beginning KLEEMANN had a negative reputation (mainly due to the inappropriate choice of partners and the controls' constant changes). However, since 2000 the reputation of KLEEMANN brand started to change. KLEEMANN broadened its

customer network and started to gain important references. KLEEMANN branding has grown by building a good name among its customers.

At the moment the KLEEMANN brand is well known to the installers (customers or not) in UK with very high loyalty (there are customers who have remained loyal for the last 15 years). KLEEMANN's flexibility both in products and services and the "close to the customer" strategy are factors which enhance KLEEMANN experience, enlist KLEEMANN to the preferable lift manufacturers in UK.

KLEEMANN LIFTS UK has been distinguished as one of the most fast growing companies in the UK market

3.8 Marketing Objectives

MARKETING OBJECTIVES			
OBJECTIVE AREA	2017	2018	2019
Sales Increase	12,300,000	14,800,000	20,000,000
Total Market share increase	5.5%	6%	7%
New market - Modernisation	1,000,000	1,600,000	2,900,000
New Market - Homelifts (Maison One, Maison series, Platforms)	150,000	250,000	350,000
New product - Maison One	10	17	27
New target – Installers for new installations	7	10	15
New target - Architects	6	20	35
New target – Consultants for Modernisation	10	15	20
Customer satisfaction enhancement	+20%	+10%	+10%
Increase profitability	15.5%	17.5%	19%

CORPORATE OBJECTIVES	
OBJECTIVE AREA	OBJECTIVE
Innovation	8 patents applied to products by 2019

	<p>Implementation of 20% of the proposed innovative ideas by the new Innovation Department by 2019</p> <p>Reduction of material costs by 28% through PRO project.</p>
Physical & financial resources	New showroom
Employees	New Organizational structure, New employees

3.9 Chapter 3 Summary

Kleemann has to focus in its strengths, so it will get some serious market share from the competition. These strengths are customization, Customer Centric Culture, and Delivery time. The big multinational are very strong, but a well organized company with the appropriate support the Headquarters can do a great job in this demanding market.

CHAPTER 4. MARKETING STRATEGY

4.1 Market Segmentation Strategy

➤ Geography

We are currently present in a rather confined area regarding the size of the UK & Ireland market. Regarding the midlands we are doing quite fine. Our aim will be to reach the following areas:

London. This is our No1 target market. Most consultants are based there and there is a great poll of projects that we haven't reached until now.

Birmingham - It grew to prominence as a manufacturing and engineering center, but its economy today is dominated by the service sector, which in 2012 accounted for 88% of the city's employment. It is the largest center in Great Britain for employment in public administration, education and health. This means that there are many chances for commercial projects.

Manchester – We have a strong presence but there are more projects we could achieve and we haven't yet had the chance to go after them

Wales – Not that strong of a market but still we can try to reach out for some projects.

➤ Type

New installations

KLEEMANN Market share in new installations 2015, 2016, 2017 remains low ¹³

KLEEMANN Lifts UK Sales data (2015):

- 430 lifts in total (5.3% of the total market)
- 195 hydraulic lifts (Kleemann UK have 27.5% of the hydraulic market)
- 235 traction lifts (Kleemann UK have 3.2% of the traction market)

KLEEMANN UK Sales data (2016):

- 480 lifts in total
- 220 hydraulic lifts
- 260 traction lifts

We always have to search for new opportunities. New installations are a significantly important segment for KLEEMANN in the UK.

¹³ Source: European Lift Association (ELA)

To attract new installations we break this segment to our target groups: Consultants, Architects, New installers.

- Modernization

According to the European Lift Association, the market volume for modernization in the UK in 2015 was 225,000.000 €.

		2015		
Modernization Value	15/14	Estimated total Market Value (1000€)	Modernization vs Total Market	KLEEMANN Sales
225,832	12.23%	582,380	38.78%	149,73

The KLEEMANN sales in modernization in 2015 are :149,730 €

		2016		
Modernization Value	16/15	Estimated total Market Value (1000€)	Modernization vs Total Market	KLEEMANN Sales
212,374	-5.96%	605,918	35.05%	209,12

The KLEEMANN sales in modernization in 2016 are : 209,120 €

		2017		
Modernization Value	17/16	Estimated total Market Value (1000€)	Modernization vs Total Market	KLEEMANN Sales
144,871	-	512,185	28.28%	351,47

The KLEEMANN sales in modernization in 2017 are : 351,470 €

We don 't have any data for the 2018 yet.

KLEEMANN Lifts UK Market Share remains around ~1%

There are significant opportunities in the UK market so this is a segment we plan to develop. In order to achieve results we first have to gain reference projects. As this is a tough market because of the local competition, we need to act with plan and focus. We will add an experienced (on the modernization market) sales consultant to our local team and he will reach mainly consultants who are mostly involved in the process. We will target big projects. This is why references are very important to establish us as a significant player in the market of modernization.

Our goal is to achieve sales of 1,000,000 € in 2019.

Product use

Residential, commercial, public transportation, healthcare, industrial, enterprise and other institutions.

These are some main uses set accordingly to the global elevator market segmentation.

Based on the use of the building, in 2016, 2017 the KLEEMANN lifts were installed as follows :

- 70% in residential buildings
- 20% in commercial buildings (stores, offices)
- 2% home lifts
- 2% in industrial environment
- 6% for public use (underground, universities, hospitals, railway stations)

All of the above are of interest in the UK market, however, there is one significant segment we aim to reach and develop and this is the Homelift segment.

- Homelifts

This is a market we are not currently present at. Only a few of our customers sell Homelifts and they are not choosing us when it comes to this solution. We know for a fact that there are great opportunities for development in the market of Homelifts but in order to get the results we want, we have to focus on it. We will have one employee dedicated to it. He will be supported by the Homelifts product manager. We will aim to:

- Promote special Home solutions, design, Maison T Basic, Maison One and platforms
- Attract new customers focusing on Home solutions

- Promote our simple Home Solutions with low speed (Maison One & platforms) our existing customers. *It is worth mentioning that our customers do not show interest to the platforms moving with a 0.15 m/sec speed as there is not maintenance.*

Our goal is to achieve sales of 150,000 € in 2019.

4.2 Targeting Strategy

The three main targeting strategies are:

- Mass Marketing: go after the market as a whole with one offer that answers common needs
- Differentiated Marketing: go after several market segments with offers tailored to each
- Target Marketing: go after a small segment or sub-segment with a tailored offer

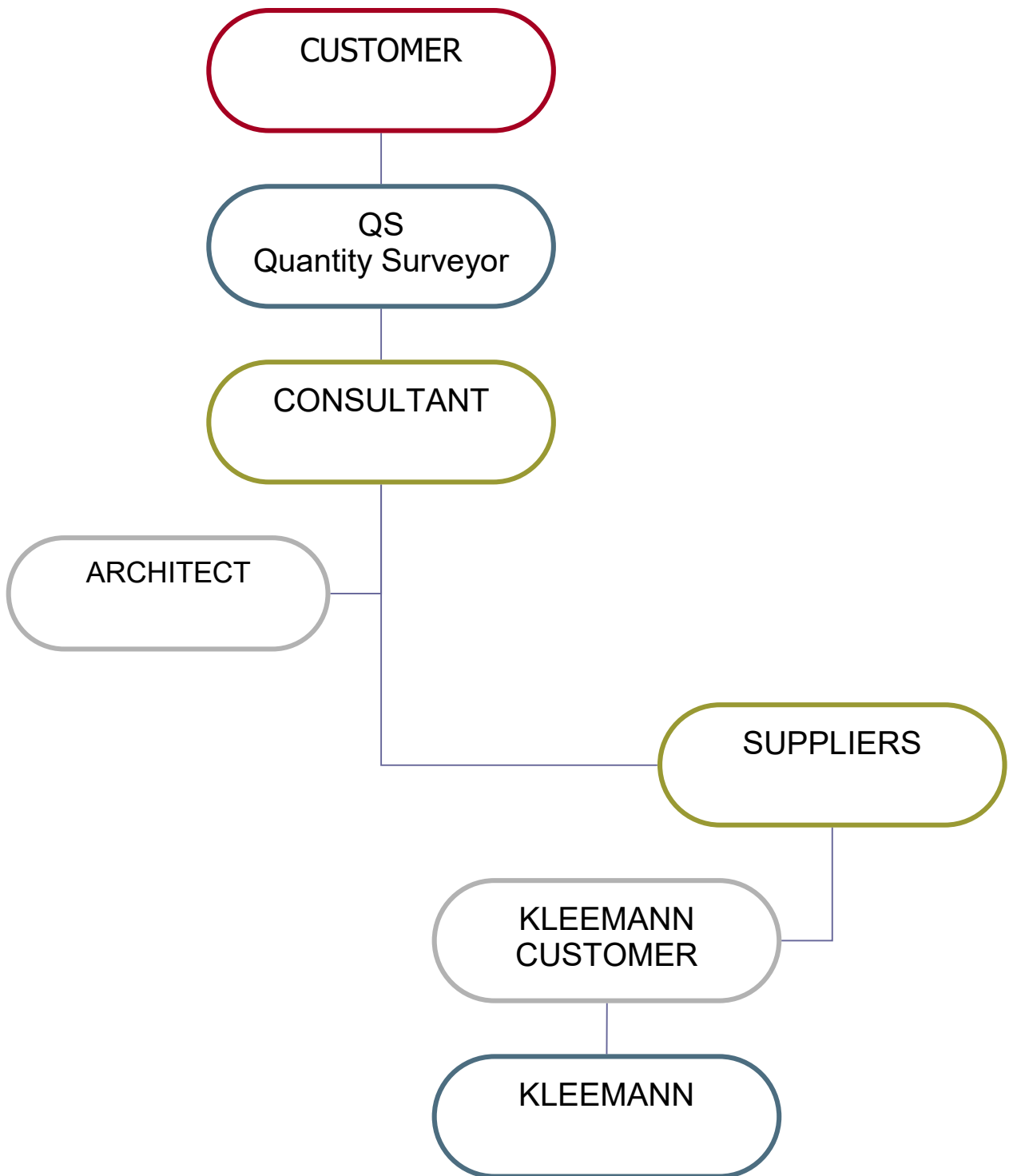
We will be applying a Differentiated Marketing strategy. We will reach the segments mentioned above communicating different messages according to their needs.

4.3 Target Market

In the UK, when it comes to big projects, there is a very specific structure (decision tree) of the stakeholders relations.

Let's say that the customer is Marks & Spencer. He hires a Quantity Surveyor who undertakes the whole project management and speaks on behalf of the customer. He is responsible for the budget, timetable, deals with the suppliers etc. The Quantity Surveyor gets in touch with the consultant who gathers all the info about the project and prepares the specifications of the project. The consultant is responsible to find the suppliers, give them the specs and make sure they come back with the right offers. The consultants include departments that specialize on the lift solutions, architects teams etc.

DECISION TREE



Our goal is to reach as high on the following graph as possible. We have already managed to meet with one consultant. By making direct contact with them, we multiply our chances to take a project.

For the consultants we need to be able to provide as full technical information as available.

How does the process work? Do we have any chances?

Well actually, yes we do. Of course there are quite some barriers such as the following:

The consultants do not make open tenders, meaning they prescribe the participants

As far as modernization is concerned, there is a strong local competition (Lester Controls Systems Ltd, Thames *Valley* Controls). They prefer to work with the local suppliers. Wittur is another strong competitor offering doors and their own manufactured components.

Price is not that important. They mostly value the brand name, the quality and the flexibility of a supplier.

Now let's refer to our specific target groups:

4.3.1 Installers:

Our customers are men. They own mostly middle sized companies (apart from Stannah)

Apart from the customers we currently have and with whom we would like to work even more, we will target new customers specializing in Homelifts.

Decision influencing factors:

After sales support

Quality

Value for money

Personal relations

Flexibility

4.3.2 Consultants:

Most of the consultants are based in London and the biggest ones have branches around the UK

Decision influencing factors:

Brand name. There are always multinationals in all tenders

Quality & knowhow

Flexibility

Complete solutions (Installation & Maintenance)

They are not that price sensitive

4.3.3 Architects:

There are three main types of architects:

- Building Architects
- Landscape Architects
- Naval Architects

We will focus in the building architects. They mainly work for either medium sized firms or larger firms that incorporate other professional areas, such as planning, urban design, construction or project management. There are also construction companies, commercial and industrial organizations, retailers and manufacturers.

According to the Architects Registration Board Annual Report (2014), there are approximately 35,000 registered architects in the UK, with 25% of those being female.

Becoming a member of RIBA, we gain recognition to the lobby of architects. In order to achieve results, though, we have to make actions. For example, the training seminars to firms, organized by RIBA offer a premium chance to get the architects to choose us and use our planning data in their projects, maximizing our chances.

4.4 Potential Strategies

4.4.1 Strategy Formulation

In order to formulate our marketing strategies, we need to set the main strategy the company will follow in the market. We will therefore be based on the following to formulate our specific and targeted strategies, appropriate to help us achieve our objectives.

- Differentiation Strategy
 - KLEEMANN Lifts UK mainly follows a differentiation strategy, meaning that we focus on our competitive advantages in order to achieve market

recognition and gain a stronger market share by highlighting key variables such as strong customer relationships, flexibility, customization, turn-key solutions, upscale and unique design.

- Cost Leadership Strategy

- Although it is not a cost leadership we are actually following, we are making actions towards it, meaning that we are working on a (PRO) that will grant cost savings in production and a more flexible and cost effective product line that will still cover all customer needs. We are also offering cost saving solutions such as Maison One, for the Homelifts and modernization segment.

4.5 Core Strategy

We will now list our main goals for the UK market (including Ireland) in bullet points as we have already mentioned some of them. We will then mention the marketing strategies we will use to obtain them.

- a. Modernization: During the last years, company sales put weight on modernization seeing a market opportunity. This approach will strengthen as modernization will be showing higher growth rates over the following years. KLEEMANN Lifts UK will focus on this segment aiming to obtain 1.000.000. euros in 2017.

- b. Homelifts : There are many opportunities regarding the Homelifts in the UK and it is a market we haven't entered yet. So we will try to penetrate the market and achieve market recognition. We will focus on Maison One, Maison T Basic and platforms. We aim at 150.000 euros in 2017.

- c. Hydraulics: Even though traction lifts consist the majority of the market and the hydraulic lifts tend to diminish the company has a chance to increase profits by promoting hydraulic products in residential buildings where consultants are not affecting the decision and our market share is bigger than the other lift applications. An improvement in performance of hydraulic product over the coming years (Product development – easy installation, EN 81.20) could strengthen our market share.

- d. Systematically promotion of KLEEMANN Services (Installation) could increase our clients since training or manpower won't be needed by our client for the installation of our products.

4.6 B2B Marketing

Needless to say that we are practicing B2B marketing. KLEEMANN targets resellers and not directly the end-users. All of our actions and marketing strategies below are based on this fact. This is the case for almost the whole KLEEMANN Group.

4.7 Relationship Marketing

It is true that customers who enjoy a steady and ongoing personal relationship with the company's representatives are likely to spend more money with this brand than looking for another company to work with. KLEEMANN has been investing in building strong relationships with the customer in the UK during the last 20 years. Recently, though a customer satisfaction research gave us some results we must not ignore.

Based on customers' answers during the evaluation of KLEEMANN customers' satisfaction, came up the below results:

According the KLEEMANN's UK customers research, the average **satisfaction level is almost 5.2/10**. The level of how easy customers **do business with KLEEMANN is almost 5.6/10**.

More over KLEEMANN's customers **evaluate KLEEMANN's value** compared to the competitors with the average grade **6.1/10**.

Last but not least, at the question if customers **recommend KLEEMANN**, the grade is **5.5/10**.

We will keep then investing on our people and on strengthening our relations with the customers through constant communication with them and other benefits (we will refer to the loyalty program we are working on later) to increase their engagement with KLEEMANN and eventually their turnover. We have to show them that we genuinely care not just as business associates but as friends. Personal details are extremely helpful. They are actually necessary. A correctly completed customer profile on Infor is of major importance. It is a relatively low cost and major in return marketing strategy that always works. Our tools are phone call, emails and visits. But we have to be careful! No matter how nice we are, we have to remain professional. It is a steady and trustworthy associate they need. At the end of the day this is what makes them truly happy for working with us. Tip: ALWAYS ask for feedback and come back to check that everything is fine!

4.8 Word of Mouth

Word of Mouth is one of the ancient ways people learned about what to purchase. Customers are very excited to share with the world the brands they love. Many consumers find meaning in sharing stories of their favorite products and services. So, what we can do is encourage our customers to share their stories. Actually, instead of Word of Mouth why don't we seek for Word of Social Media? Or maybe Word of Portal? We have some tools we could use. We can even organize a competition during Interlift. "Share a story about you and KLEEMANN and win summer vacations in Greece". Tip: Keep your customers happy, give them the chance to share it with others and we will have a win situation.

4.9 Diversity Marketing

By diversity marketing we mean all those different actions we are planning to make to reach the segments of interest. We will not reach all of our segments in the same way. New installations: Our target groups are existing and new installers, consultants, architects. Modernization: Our target groups are mainly consultants. Homelifts: Our target groups are new installers and architects. So for the next three years we will have to apply an action plan dedicated to those groups. For the year 2017, we have already set actions for the modernization segment with a new experienced person dedicated to this segment. He will aim at finding new customers all around the UK. As for the architects, we will be registered at the RIBA (Royal Institute of British Architects) and set the basis for specific targeted actions for 2018 as for the moment we do not have a budget to do anything more than our subscription. For the consultants, we need to enhance our relationships with the architects (they may lead us to them) and work on attracting reference projects to create a word of mouth and gain a higher recognition in the market. For the Homelifts, we need to create the needed material (if needed more than we already have available), focus on design and quality and promote it to new installers focusing on this segment. Two people will work on this segment.

4.10 PR Marketing

One of the most important marketing strategies is public relations. Although we do not have much budget to work with the media to bring awareness to our products and the benefits our products offer, we can set as a goal to make a big event in three years and invite our customers and the press to a luxury venue and make a big announcement for a product, service innovation etc. When Apple's founder Steve Jobs was alive, Apple held a major press

conference to announce every new product. This tradition is now continued by their new Apple CEO and CMO.

4.11 Online Marketing

Most online strategic marketing efforts today are a mix of growth hacking strategies and a variety of awareness tactics that drive attention. From an effective, SEO friendly website to a google adwords campaign and all channels banner campaigns, sky is the limit. As soon as the new website for KLEEMANN Lifts UK is online, an up to date campaign will be configured and applied to attract our target groups.

4.12 Email Marketing

A tradeshow offers us a first class opportunity to collect as many email addresses as possible to communicate with our prospect customers. It is something we are already doing, so we will keep on doing it in the future as well. Infor will help us a lot on organizing that.

4.13 Inbound Marketing

Inbound marketing aims to make use of any chance for communication with prospect customers. An example is the emails visitors of our website send us to the info@kleemannlifts.com. We divert it to the relevant department and keep the address for any further email campaign or newsletter, both of which work effectively and can be easily measured,

4.14 Newsletter Marketing

A fun way to promote our products and services is to write a newsletter that highlights some of the newsworthy things that have happened for the company. For example, our participation in a tradeshow or a new company in another country or a design award give us the opportunity to remind our customers of us. These newsletters create a sense of inclusion and participation with them and provide a key driver for our growth.

4.15 Article Marketing

In an industry such as ours, where expertise is highly valued, articles can offer a powerful tool to show our knowledge and expertise. Some innovations are shared in the form of

articles where technical information needs to be shared with our specialized customers. Amazon.com has dedicated part of their site for problem solving reports on technical know-how on cloud computing. This aimed to engage specialized buyers.

4.16 Tradeshow Marketing

Many products have to be experienced to be bought. Although in the case of KLEEMANN this is not possible, tradeshows and exhibitions give us the opportunity to convey the KLEEMANN experience to existing and prospect customers. An exhibition is our chance to meet with many market stakeholders. It is targeted and effective if managed correctly. This means that the company's participation has to be 100 % coherent with the KLEEMANN identity, brand personality, values and vision. It has to reflect our quality and all of our competitive advantages. And what is most important it is our people that need to be ambassadors of all these.

4.17 Social Media Marketing

Social media is one of the fastest changing industries out there. Social media sites like Facebook and Twitter offer a unique opportunity for businesses willing to invest in customer engagement. And KLEEMANN is one of them. The results always have a huge impact. According to Forbes, there are five social media trends that will dominate 2017 and obviously for next 2-3 years. Below, we mention the three ones that interest us.

5 Social Media Trends That Will Dominate 2017 - Forbes

<http://www.forbes.com/sites/jimmyrohampton/2017/01/03/5-social-media-trends-that-will-dominate-2017/#5997872e5742>

4.17.1 Social messaging

When people discuss social media, there always seems to be more focus on social networks than social networking. Actually, messaging apps have a much wider community of users than social networks with WhatsApp, Facebook Messenger, Viber and WeChat together having more users than the big networks: Facebook, Twitter, LinkedIn, and Instagram (KLEEMANN needs to open an account on Instagram where more lifestyle content will be shared).

Businesses are already taking advantage of the huge audience based on social messaging platforms -- on Facebook, you can click on an ad and it takes you directly to a chat window with the brand.

4.17.2 Authentic content / Real time videos (a.k.a. live video)

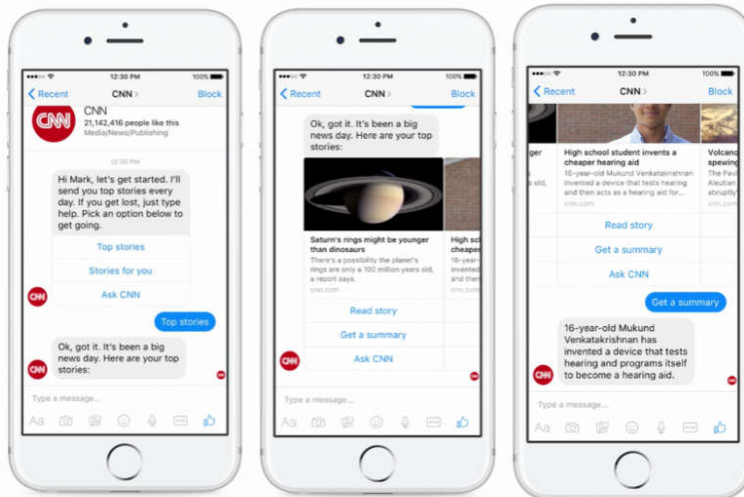
YouTube was built on a foundation of videos that capture real, unfiltered moments. Now social media is taking it to the next level by offering the content in real-time. Live streaming video was first made popular by Twitter's Periscope. Now Facebook Live has launched. Social videos have much more engagement than any other content format, and have been responsible for a lot of growth on Facebook. A part of a lift production process, an event or an awarding ceremony video can be now shared live.

4.17.3 Augmented reality

Snapchat selfie lenses brought the idea of augmented reality. Pokémon Go turned it into a sensation in 2016. Mark Zuckerberg has confirmed that Facebook is already experimenting with augmented reality. Just like live video, augmented reality create new opportunities for KLEEMANN to connect with our audience by sharing experiences in a fun way, rather than just information, on social media. An idea could be a game at an exhibition. Target groups like architects may appreciate it more.

4.17.4 Chatbots

Chatbots(<https://chatbotsmagazine.com/the-complete-beginner-s-guide-to-chatbots-8280b7b906ca#.t9a1lqbb9>) are a kind of artificial intelligence that can have a conversation with someone. Facebook had integrated them within Facebook Messenger, and businesses are now using them to communicate with customers. Chatbots are already helping businesses improve customer service by quickly responding to their comments and questions. We might be not ready for that yet, but we could start preparing ourselves for this trend mostly for our portal. See an example below



4.18 Promotional Marketing

Promotional marketing is a business marketing strategy designed to stimulate a customer to take action towards a buying decision including various incentives to buy, such as:

- Contests
- Special Offers / Discounts i.e. Extended Guarantee for Maison One, discount on spare parts etc.

4.19 Mobile Marketing

Mobile friendly website, Lift tester, KLEEMANN VS apps are tools we are going to use to both facilitate and engage our customers.

4.20 Alliance Marketing

What is alliance marketing? It refers to joint ventures and agreements for co operations between organizations with different subjects but mutual benefits, i.e. miles & bonus benefits.

This is a strong and effective strategy to apply, however, it needs much effort and is not timely to follow. We mention it though, just to keep in mind that it would bring major results in brand awareness and eventually in turnover. The loyalty program will give us many opportunities to explore the area of alliance marketing.

A joint venture is formed between two or more businesses to pool resources in an effort to promote and sell products and services.

4.21 Database Marketing

There are two main types of marketing databases: (1) consumer databases and (2) business databases. Business marketing databases are often much more advanced in the information that they can provide. This is mainly because business databases aren't restricted by the same privacy laws as consumer databases. One database that we would need in the UK is the Plimsoll one.

4.22 Positioning Strategy

Which is our positioning in the market?

How do our customers perceive the KLEEMANN brand and all this includes?

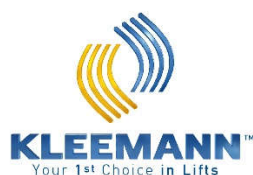
**“KLEEMANN Lifts UK is a lifts manufacturer
offering flexible solutions, genuinely close to the
customer pre and after sales”**

We stand out for our flexibility, after sales and personal relations with the customer.

4.23 Branding

Brand positioning is the process of positioning the brand in the mind of the company's customers. The goal is to create a unique impression in the customer's mind so that the customer associates something specific and desirable with the brand that is distinct from rest of the marketplace.

In the UK, KLEEMANN uses both KLEEMANN and KLEEMANN LIFTS UK to communicate the brand.



The purpose behind using different logos is the fact that we needed to have a distinct presence with a local company name. The colors used are blue and yellow as on the KLEEMANN logo. It was necessary to use the word ‘‘Lifts’’ in the logo because of the existence of another company named KLEEMANN and being recognized as a car tuning company. The two logos usually both appear on various applications

During Events or Exhibitions the KLEEMANN brand is dominating regardless the country where they take place. This happens in the UK as well. The purpose is to make clear that KLEEMANN Lifts UK is part of a multinational group company. That is very important for its prestige.

4.24 Corporate style guide

4.24.1 Products logos/ slogan:

KLEEMANN products do not have specific logos but they have a specific way of writing. It is uniform and recognizable.

Products:

Atlas Basic

Atlas RPH

Atlas Gigas

Atlas Super Gigas

Atlas Mini

Atlas L

FlexyLIFT

MaisonLIFT Plus

MaisonLIFT Basic

Maison T Basic

Maison One

freeSTAIR

Vertiplat

Compact

KleemannPark KPS

KleemannPark KTS

Dumbwaiter

Brand Applications: **KLEEMANN Lifts UK**

- Business cards
- Letterheads and envelopes
- Signs

Packaging:

- KLEEMANN uses uniform packaging materials to assure brand consistency and economies of scale benefits.

-

4.25 Chapter 4 Summary

The Marketing strategy will be a part of a serious marketing plan program with many actions. All of these actions have the same target: To reinforce the Kleemann Brand and Logo in order to become a well known company in the UK market. Apart from the brand awareness there is a number of actions and that they will ensure that all Kleemann product will be known from the UK lift in audience.

CHAPTER 5. MARKETING PROGRAMS

5.1 Marketing Mix

5.1.1 Product

KLEEMANN most popular products in the UK market and their characteristics are the following. We have to mention that this data is subject to the PRO project that is still ongoing. After its completion, we will be able to set the final goals for each product and adapt to the new specs.

FlexyLIFT (hydraulic)

Promoted for low-mid rise, residential buildings (new, existing buildings and modernization) with pit and headroom limitations.

FlexyLIFT has a market share of 23% in hydraulic lifts for 2017.

Atlas Basic (traction)

Atlas Basic is the cost effective traction MRL solution, promoted for low - mid-rise residential buildings (new buildings).

Atlas Basic sales has increased by 47% in units from 2016 to 2017. The market consists of 91% traction lifts, so we need to focus more on the promotion of this product.

Atlas Premium (traction)

Atlas Premium is suitable for low - mid-rise residential and commercial buildings (new buildings). It is promoted as the highest quality product and is offered with a wide choice of design options and finishes.

Atlas Premium sales has decreased by 7% in units from 2016 to 2017. One of the major objective for UK is to focus on high-end projects, therefore this product is the most appropriate.

Atlas Gigas (traction)

Atlas Gigas is promoted for low - mid-rise commercial buildings and industrial buildings (new buildings). It is offered with a wide choice of design options and finishes.

Atlas Gigas sales has increased by 309% in units from 2016 to 2017. Despite the high percentage increase, it is the 4th product in sales in UK. We need to focus more on the promotion of this product because of both the focus on high-end projects and the high ratio in traction lifts in the market.

Maison One

The most cost effective solution in the market. It's a new product for the UK market.

Promoted for private residences up to 3 stops.

We need to focus on a new market (the homelift market) and find new customers which are active in trading, installation and maintenance of homelifts and accessibility products.

In 2018, the allocation of the sales was almost the same as the previous years because there is no change in the market trends

The target for 2019 but for all areas is 150 units. For the UK, the target is to sell 20 units.

PRO (Product Range Optimization)

The PRO project is determined, ran and affecting many departments of the company; Engineering, Marketing, Sales and Production of course. It started during early 2018 and is expected to be completed during the mid 2019. There are 3 stages:

5.1.2 Pricing

Selecting the right pricing strategy for the KLEEMANN marketing mix in the UK & Ireland market, we need to take into account our objectives. Which is our desirable profit margin? How much money do we want to make from one specific product? How much can we sell? What market share do we want to gain? How is the market built?

We already have recognized our competitive position according to our segments locally, so what we now need is the most suitable strategy and some extra ideas to help us build our pricing policy for the next 3 years.

The pricing policy is determined by the Commercial Directors.

Theory has provided a variety of pricing strategies KLEEMANN could apply.

There are four main pricing strategies: Economy, Penetration, Skimming and Premium.

The pricing strategy has to do with the levels of price to quality.

		Quality	
		Low	High
Price	Low	Economy	Penetration
	High	Skimming	Premium

We will focus on the Penetration and Skimming strategies but will also examine more available strategies we could apply.

In order to make it simpler we will analyze the pricing strategies available and suitable per segment.

SEGMENTS	New Installations	Modernization	Homelifts
PRICING STRATEGIES			
Economy			
Penetration		We enter the market selling on a low price level & try to gain market share. Then, gradually, in 3 years time, we increase the prices	We introduce Homelifts to new market segments. We sell in low prices especially for products such as MaisonOne that we can use as a "vehicle" to quickly gain a market share in homelifts for special uses
Skimming	We sell on higher prices when our competitive advantages are in the game. Design, Customization etc.		We charge more for customized design
Premium			
Psychological			
Product Line			

Optional Product	<p>We offer one product as a base. All the rest are add-ons. The base product can be either a complete lift package or just a machine. What we suggest to the customer is an offer for that plus a proposal for optional products he could buy on a relatively good price</p>	<p>This strategy gives us many ways of applying it in the case of modernization</p>	<p>We promote added value and up sell using either products or services to the basic product. For example, we charge X amount for a unique design by KLEEMANN Design, or for a customized voice recording according to the customer's likes</p>
Captive Product			
Product Bundle	<p>Complete lift package</p>	<p>We promote more than one product in the same package. Apart from the complete package though, we also can add more products on spare parts' sales. This way we can also remove older products from stock</p>	<p>Complete lift package</p>
Promotional	<p>We make promotions mainly building on a longtime cooperation with the customers. For example, Make an X turnover on hydraulic passenger and gain a 50% on your next order</p>	<p>After we manage to penetrate the market we will proceed to promotions regarding the spare parts</p>	<p>We shouldn't start penetrating the market using promotions. We can apply this strategy after we establish our position in the market segment</p>

Geographical	There are inevitably extra shipping charges. However, we need to keep a complete spare parts warehouse locally to reduce complaints	An organized spare parts warehouse is indispensable in the case of Modernization. It is a matter of fast service and most important money saving for both us and the customer	There are inevitably extra shipping charges. However, we need to keep a complete spare parts warehouse locally to reduce complaints
Value			We promote the Maison One as a value for money solution. The end user spends less and gets more.

Furthermore, according to the Entrepreneur site, there are some interesting strategies we could consider. Please visit the following link for further reading.
<https://www.entrepreneur.com/article/250289>

Below, a pick of the most applicable strategies in our case:

- 1. Similarity Can Cost You Sales**
- 2. Utilize Price Anchoring**
- 3. The Secrets of Weber’s Law (Useful when increasing prices)**
- 4. Reduce Pain Points in the Sales Process**

Some methods:

Reframe the product’s value.

Bundle commonly bought items.

Sweat the small stuff.

Appeal to utility or pleasure.

It’s either free or it isn’t.

- 5. Emphasize Time Spent vs. Saved**
- 6. Utilize the Power of Context**
- 7. Test Different Levels of Pricing**
- 8. Keep Prices Stupidly Simple**

KLEEMANN has to create pricelist for all its products. There is no pricing strategy, no pricing policy if there is not a pricelist to base them on. This has to be a No1 priority.

Sales have to be trained on the pricelists and the strategies the company will apply per segment. Discounts margins have to be specific, rational and always given after agreed with the person in charge.

Adjustments on the pricelists may be needed due to change in regulations, geographical price zones, international pricing or cost of raw materials.

5.1.3 Distribution (Place)

We are selling B2B. Installers are our distributors; they are neither exclusive nor authorized.

5.1.4 Advertising (Promotion)

➤ Basic topics

KLEEMANN for the next 3 years focused on

- Modernization
- Maison Lifts
- New installations

Target Group:

For Modernization the target group is consultants, and end - users through installers.

For Maison Lifts the target group is installers. However is different type of installers by compare it with KLEEMANN current customers. They customers focused only in home lifts. Compare it with KLEEMANN customers only 10% of them interest for home solutions.

For new installations we focus on consultants, architectures and new customers

- 2019

For 2019 KLEEMANN is going to provide the ad “Balloon” (see the Analysis of Marketing Activities / advertising strategy) (emotional style). As the budget is limited there is no options for further actions in order to make actions orientated to our target groups

Specifically our advertising strategy is:

- 2019 – 2020

For the next 2 years the goals in the UK are the same as 2017 and 2018. There is need to focus on 3 different direction:

- Corporate ad,
- Ad orientated to product – Maison one (or general maison lifts) and
- Orientated to modernization.

Regarding the ad styles we are going to cooperate with our Advertising Agency which at the moment is “Tria”

➤ **Media Mix 2019**

a. Event (June)

For 2019 KLEEMANN booked 10 tickets for the Grand Prix event in order to invite some exclusive customers (some of them will be from UK). At the same time it will organized a KLEEMANN Lifts UK Event (**50 people**) in order to provide modernization.

b. Lift trade journals

Elevation (UK) magazine

Period: August, November 2019

Elevator World (Global) magazine

Period: May, June, September, October 2019

- **2018 – 2019**

There is no budget for further actions regarding the media plan. For the rest 2 years we suggest investing to media mix, which will be cover the 3 fields (modernization, maison lifts, new installations) with the most effective way.

c. Print

1. Orientated to Maison One
2. Orientated to Modernization
3. New installations

d. Fairs & Events | Public relations & publicity

1. Lift ex 2019 (orientated to modernization and home Lifts)

2. RIBA (Royal Institute of British Architects). Registration and participate to events. The purpose is to come closer to the architects, increase KLEEMANN awareness.

3. There is need for searching and evaluating new fairs all over UK in order to promote modernization and Home Lifts. During 2018 we had examined our choices in order to participate (if there is something valuable) during 2019 and 2020. Possible fairs would be:

London Build, Homebuilding & Renovating Show (London, Birmingham, Harrogate, Edinburg and Glasgow), Vision London, UK Construction Week (Birmingham), Build Show (Event)

More over there is an opportunity to broaden our network in order to cover KLEEMANN's fields.

- Online

1. Orientated to Maison One
2. Orientated to Modernization
3. Orientated to New installations

We choose the above **media mix** in order to achieve the optimum reach and exposure. By using **lift trade journals** we achieve targeted long life exposure and increase KLEEMANN's awareness.

Via **online advertising** we are able to achieve frequency and targeted ad by providing modernization and maison lifts.

By participate in a **fairs** we are able to meet the right people, the existing and potential customers, contractors, developers, architects and even better key decision makers. Moreover KLEEMANN is able to present its solutions to the right people

5.2 Loyalty Programs

5.2.1 Type of Loyalty Program

The final form and strategy of the Loyalty program are currently being decided. It is a running project. Below we present the main characteristics. After the project

completion we will be able to have a more in-depth analysis on this particularly interesting and rewarding relationship marketing tool, directly related to the Customer Experience,

We will be applying a combination of **Appreciation program** and **Rebate program**.

The appreciation program includes rewards to loyal customers with additional services. The rebate program provides discounts for customers that reach a certain level of turnover.

5.2.2 Our goals

- Increase customer loyalty/retention
- Increase sales / purchase frequency
- Increase profitability
- Improve brand's reputation
- Differentiate from our competitors
- Avoid participation in price wars
- Attract new customers

5.2.3 Elements – Criteria

- It is simple and comprehensive.
- It is easy to understand and communicate.
- It motivates the customers by giving them exclusive benefits.
- It is personal therefore it provokes emotional connection.
- It provides valuable feedback.
- It is easy to manage and control in order to evaluate the results.

5.2.4 Methodology

Customer segmentation in 5 categories according to the annual turnover. Specific benefits for each category. Annual review.

5.2.5 Departments that are involved

- Top Management
- Sales Department
- Marketing Department
- After Sales Support Department
- IT department
- Customer Experience Department

5.2.6 Benefits

- Top Management

Specific number of visits to the customer's premises from a member of the Top Management.

Meeting with the customers in our premises during his visit in our premises.

- Sales Department

Priority in pre-sales / quotations

Priority in orders and delivery

Visits from Sales Managers and Sales People

Discount policy for complete or set orders

- Marketing

Special gifts

Covering whole or part of costs in exhibitions or events

Providing KLEEMANN clothing

Providing showroom equipment

Advertising materials

Reference in our web site

Consultancy support in marketing activities

- After sales support

Priority in after service support

Swift technical support on site

Special discount policy on spare parts

Yearly visits from the After Sales Support Manager

Favorable cost charging in case of order cancellation

Training of customer's technicians in our premises or on site

5.3 Customer Service & Support

We have one employee dedicated to the customer service. We also have a 24hour support line.

- ✓ Key elements of customer service and support that relate to marketing strategy

24 hour technical support over the phone / spare parts delivery within 24 hours / support on site within 48 hours / personal service / follow up on important cases

- ✓ Other elements of customer service

Technical support (by phone or site visits) / spare parts requests / claim reports / clients training

- ✓ Customer service hours

24/7 technical support // 8a.m.-5p.m.: spare parts orders

- ✓ Level and method of customer service/support provided (telephone, website, live chat, email) –

Telephone / e-mail / mobile support for electronics / website

- ✓ Performance levels that will be maintained

Delivery of trading pieces within 24 hours

- ✓ Response time to customer inquiries

Should be 10 minutes. It often takes more time than it should for us to respond.

- ✓ Time required to fix problems: 1 hour

5.3.1 Customer Service

Staff

Number of employees 29

Type of employees (full-time/part-time) - full time

Working hours - 50%_ 7.30-15.30 & 50%_ 8.30-16.50

Responsibilities - technicians for telephone support / spare parts engineers / training technicians / technicians for site support

Training - Ongoing

- Customer service policies - Group Commercial policy / Policy of canceled orders / Returnable parts / Procedure of 1st order technical support on site

5.4 Market Research

We would like to buy the Plimsoll research. It offers valuable data on the UK market.

In order to keep up with the local market needs we need to keep constant touch with our customers. We need to get feedback and try to obtain information on competition, trends, market specifications and above all, their needs. This will be executed by our sales representatives both locally and on the phone.

Apart from this procedure, we also need to make frequent surveys using questionnaires and interviews.

The Customer Experience executive will be accountable for them.

Research findings will be analyzed by each department depending on the topic i.e. products, sales, innovation, customer satisfaction etc.

5.5 Personal Selling

KLEEMANN mainly practices personal selling to promote its products to the market. There is a vast experience and special skills the sales team has. The vast majority of the sales force of KLEEMANN is mechanical engineers, specially trained to be able to sell our products.

They use the KLEEMANN company profile presentation, pictures, KLEEMANN corporate videos and more. There is a vast variety of marketing tools available to support the personal selling procedure. Please visit \\Atlas\marketing\ΕΡΓΑΛΕΙΑ ΠΩΛΗΣΗΣ

5.6 Salesforce

The UK & Ireland sales force team is divided per account. Each sales representative is responsible for a number of accounts not necessarily based on the same geographic area.

5.7 Chapter 6 Summary

The marketing program is based in the will of the company to establish long term partnerships with loyalty programs and benefits. All the departments and the corporate services aim to that goal.

CHAPTER 6. SALES

6.1 Tools - Info - Procedures

6.1.1 Reporting Schedule

The marketing team needs to have the following reports available for each market.

Order promotion goal achievement	Daily
Actual total sales to budget for all KLEEMANN companies	Monthly (& Year to date)
Actual sales per product for all KLEEMANN companies	Monthly (& Year to date)
Sales Trip Report	Per visit

6.1.2 Performance Index

The New ERP is to include performance index. However, till then, there is not a configured performance matrix to measure the sales performance.

The only tool used to measure results is the actual versus budget and breakthrough goals file.

Although this is the indispensable performance metrics tool, there are many more performance levels we could compare the actual sales to.

Such are:

Actual sales to expectations based on population size, to expectations based on normal sales performance, to marketing spending, to sales expenses etc.

6.1.3 Meeting Schedule

The Marketing department will be meeting once a month to track the marketing activities according to plan

Each team (KLEEMANN / KLEEMANN COMPANIES) will have weekly meetings.

There will also be monthly meetings with people from the KLEEMANN Companies (KLEEMANN Companies team) and with the managers & directors of sales (KLEEMANN team)

6.1.4 Customer Profiling

It is very important to know as much as possible about our customers. As previously mentioned, one of our core strategies is the relationship marketing strategy.

Our main goal is to understand who are customers are in order to make sure that we apply the correct targeting strategies and have a clearly segmented market. In any other case, any action we take is probably doomed to fail.

We have to have their permission to gather their information.

Information to store and analyze:

Demographics (Company size, No of employees, annual turnover, Address)

Personal details (Age, Birthday, Title, department, position, language, contact details, likes & dislikes, behavioral data)

Customer type (Authorized, exclusive etc.)

Customer main activity (Installer, Construction Company, maintenance, renovation, consulting etc.)

Where they buy

What they buy (from us, from competitors)

Frequency of purchase

Communication exchanges (through call center, sales and service)

Marketing (How marketing has supported them)

Quotation requests (Opportunities)

Types of customer feedback forms and market research methods

Focus groups

Information from the sales department

Information through social media

Phone surveys

Web surveys

Secret shoppers

Exhibition / Events contacts

We are currently working on setting the Infor3 CRM to work as we want it according to the above. It takes time however, it will be a necessary tool to help us achieve our goals and have a uniform database available to all.

All data is written by the Sales, Marketing, Service, Call center. All departments in touch with the customer can and must feed in the CRM with data.

6.2 Chapter 6 Summary

Regarding Sales, all people in the Sales force have to follow the agreed procedures for the reporting and the cooperation with the customers and the mother company. It is impossible to control a subsidiary with no procedures

CHAPTER 7. FINANCIAL INFORMATION

7.1 Financial kpi's

Kleemann 's KPI's Jan-Dec 2018 in thous €

	Year to			Annual			Month
	Date			A17	B18	E18	Dec
	A17	B18	A18				
Sales							
Gross %							
Op. Ex.							
Op. Ex. %	#ΔIAIP./0!	#ΔIAIP./0!	#ΔIAIP./0!	0,0%	0,0%	#ΔIAIP./0!	0,0%
Financial & Other							
Profit bt	0	0	0	0	0	0	0
Pbt %	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
DSO (+)							
DPO (-)							
DIO (+)							
Work. Cap.	0	0	0	0	0	0	0
Av. Employees							
Total							

Payroll							
Payroll/ sales	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Group Sales in country							
Depreciation & Amort.							
Financial Inc. (exp)							
EBITDA	0	0	0	0	0	0	0
Exchange rate Diff.							
Capital Expenditure							
Prov.for Doubt.Debtors							

7.2 Financial Assumptions

- State assumptions that allow you to make sales and cost forecasts. They may be related to the following:

Expected success rate of marketing programs

Market conditions

Legislation and taxes

Equipment performance/durability

Ease of credit collection

7.3 Budget

7.3.1 Budgeted Actions 2019

Actions 2019	Inserts/Quantity	Period	Material	Cost(€)	Evaluation
Printed					
Elevation (UK)	2	April-August	Corporate ad		
Elevation (UK)	2	April-August	advertorial for Modernization	1,650	
Elevation world (global)	4	March, April, July, September	Corporate ad	7,650	
Newsletters					
Offers & Discounts		March	Parts -20%	-	
		July	Parts -20%	-	
		September	Modernisation parts -15%	-	
Tech news		February	Tech news	-	
		May	Tech news	-	
		July	Tech news	-	
		September	Tech news	-	
		Nonember	Tech news	-	
Product		April	Maison One 10 years warranty	-	
Kleemann News		May	Liftex	-	
		August	SMM	-	
		August	Kazbuild	-	
Trade					
		May	Liftex	49,000	100 new contacts
Actions product orientated					

		April	Packet (50 brochures maison one, stand, table banner) in 30 customers in UK	2,000	
Brochures					
	300	All year		300	
Gifts and Exclusive gifts					
	50			1,500	
			Total	60,600	

7.4 Chapter 7 Summary

There are several ways to inspect the Financial and commercial issues. Some of them are significant kpi's, e.g. the evolution of the expenses, the budgeted actions and of course DSO, DPO, DIO etc. All of them, give you a good picture of the company in any time of the year.

CONCLUSIONS AND PROPOSALS

1. The UK market is definitely a key market in all terms (revenue, innovation, trends) in Europe
2. The GDP per capita indicator is one of the highest in Europe, so there is a huge potential for 'healthy' sales (regarding the profit margin)
3. The wider area of London is taking the biggest part of the market and all companies have to focus at that area in the beginning
4. We are talking for a very big market, not only in new lifts but in modernization as well
5. Brexit will affect everything in the construction activity and the Economy, but still no one can predict the exact impact

Taking that into account I propose:

1. Every company that wants to invest in the UK market, has to be very careful for the next 3-5 years due to Brexit. Every step has to be well analyzed, so bad situations will be avoided
2. Kleemann has to focus to the market area which can be competitive such as special projects, customized solutions and not in the commodity market. With that strategy, pleasant results will be visible sooner.
3. Although big multinational companies have the majority of the market, there is a big space for other companies in Kleemann's level to increase their small market shares. All they have to do, is to focus to their strong points
4. Operating and be present in the UK market is a big advantage for every company, because this market is considered as one of the most innovative markets and for many people as a 'passport' to other markets. So having that as a fact, all companies should give their best effort to achieve their goals in that market
5. A different strategy has to be designed for the homelift market. It's a total different business unit, and all companies (and Kleemann as well) have to establish a really special approach in that market

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