

The impact of the marketing in Hilti company

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Introduction

Marketing process is a process of analyzing the opportunities in the market, selection of the target market, development of the Marketing mix and management of the marketing efforts.

Hilti is one of world`s leading organizations operating in building-construction market. Hilti provides products, systems and services to construction professionals. More than 29 000 team members in over 120 countries take part in Hilti and the company stands for direct customer relations, class and innovation.

The head office of the Hilti Group is located in Schaan, Liechtenstein, since its founding in 1941. The company is privately owned by the Martin Hilti Family Trust, which ensures its long-term continuity.

As many company Hilti follows all marketing process and steps involved in marketing process. (Hilti, 2019)

The Marketing Process steps

1. Analyze the market/ what does the market look like?

-market sense; customer needs; market and market dynamics; company capabilities; competition; partners

Market sensing is important because it gives a clear picture of customers, competitors and company place in the market. It allows making strategic decisions based upon market structure and trend, competitors` trends and strategies, customer needs, behavior and their preferences and their perception of Hilti.

Key point is finding opportunities that are related to the customer needs. Marketing research is the tool that helps finding information about customers, competitors, target groups, different regions and potential. Because of direct sales model, collecting information from first hand is easy. Market research significantly reduces the risk incurred with new products and new markets.

2. Marketing selection /how do we go after?

- Market segmentation; market selection; segment targeting; product positioning

General decisive criteria for starting to segment market are trade, geography, customer size, and potential and leadership position.

The main method for segmenting customers at Hilti is by their specific trades. Hilti operates in building construction market in several different trades -Building construction, Steel and Metal, Mechanical and Electrical, Interior Finishing, Civil engineering, Energy and Industry. Customers are divided by trade, potential and size /numbers of employees/. Big product portfolio/ more than 1000 products/, innovations and direct sells model helps for easier marketing selection.

3. Marketing mix /what, where and how do we sell?

About product:

-brand-well recognized since 1941

Company logo is  - red background in white letters.

The brand name stands for innovation, top quality performance, care, reliability, user and environment sociability.

-Packaging-regional distributive centers, different units, Logistics services

About services:

- Fleet management- an all-inclusive service where tool costs are covered by a fixed monthly fee

This service covers everything from organising tool repairs, paying maintenance charges to replacing stolen tools.

-Tool service- Repair made within three days or it is free of charge

Throughout the product life, Hilti repairs free of charge all tools that have defects due to material or manufacturing defects.

-On! Track - gives contractors visibility into who has their assets, where are they located, and tracks as they are moved between warehouses and jobsites

-Training and instruction- Comprehensive application and safety training for clients, companies and contractors

-Technical advice- Phone and on-site consulting

-Comprehensive online service- Product availability monitoring, store locator and much more

-Anchor selector and Volume calculator apps

About price:

-list price, discount, credit terms

Price has to be in line with the value perceived by the customer. Fair pricing and transparency lays in Hilti business model. Depends on customer's trade, loyalty and number of employees there are different discount level. Agreements are high-level customer engagement and satisfaction.

About place:

- channels, logistics, inventory

Due to direct sales model, near to customers with different sales channels Hilti relies on Multi-channel system /MCS/ structure: Hilti center; Hilti Pro Shop; Territory Sales-person; Customer Service, E-business. Every Channel has separate responsibilities, fortes and limits that make it important for customers to be using at least two channels to receive optimal service.

Channel marketing has the primary goal to optimize the network through defining the right channel investment allocation based on the market potential, to match channel strengths and roles to customer needs and through the definition of right

marketing mix for each channel. It is responsible for creating synergies and integration among the different channels to speak with one voice to customers.

About promotion:

- sales force, sales promotion, advertising- it means communication and creates enthusiastic customers

Depends on the target group, region, seasonality and sales channel, Hilti offers different marketing activities- on-line specials, product of the month, INNO hour, trade days and open days.

4. Customer Acquisition/ how do we gain and retain customers?

- Awareness, commitment, interest, loyalty

Customer loyalty and retention is a key success factor for Hilti. Truly loyal customers promote Hilti and become best advocates in the market place. They purchase frequently and typically, Hilti has a high share of their wallet. Meeting and exceeding customer expectations, clear database, value propositions, product uniqueness and suitability, customer service, daily interactions, direct sells model, talking in one voice- all that creates awareness, loyalty and commitment.

Direct customer relationship, consistently communication; getting customer feedback; following GDPR policy, showing customer appreciation.

The primary way that Hilti creates awareness is through brand management. If customers are aware of entire Hilti offer, they can see how Hilti solutions meet their needs. (Umar Farooq, 2015)

Hilti and the leadership

The company aims to accomplish sustainable value creation through leadership and diversity.

Market leadership through benefit for Hilti customers by offering products, services and software that provide superior productivity and safety to customers and differentiate from the offering of Hilti participants.

Purpose statement: “We passionately create enthusiastic customers and build a better future!”

At Hilti, there are lots of definition of leadership circulating—product leadership and innovation leadership are two of the most common. Company might have the best product, but if few buy it, it does not increase Hilti market share relative to competitors.

Market leadership is the most important key for creating sustainable value. However, if Hilti does enter a new market, Company should aim and focus on being the leader.

Relative Market Share is what should be on focus on increasing with the goal of having the highest for a business category or area. (Hilti, 2019)

Advantages of leadership

-The market leader leverages economies of scale in operations.

Greater cost efficiencies, more cost competitive, higher margins.

-The market leader is able to invest more into research and development.

More innovation, greater differentiation, greater competitive advantage.

-The market leader earns more brand recognition than any follower does.

More enthusiastic customers, more customer promoters, more new sales with less work.



Market leaders outearn followers including their next biggest competitors by two to three times. (Will Kenton, 2018)

Leadership is the key.

- Leadership is the proven way to create sustainable value.
- Relative Market Share defines leadership.
- Many companies lose focus and do not achieve sustainability.
- When moving into new markets it is important to focus on those markets where you can become the future leader.

The benefits are enormous and is an essential ingredient in achieving sustainable value creation.

Market Leadership alone does not secure sustainable value creation. Differentiation allows charging higher margins, which Hilti needs to finance their direct sales

force. A strategist has to think like an investor and a customer. It is customer who buy and company needs to understand why customer buys and what customer does. This informs decisions about what products to make, services to offer, and software to develop, what makes customers loyal and willing to pay extra for certain brands. (William Craig, 2018)

There are two basic strategies to market leadership - cost leadership and differentiation leadership. They each require entirely different focuses, organizational cultures, operations, and marketing /selling approaches. Hilti has chosen the Differentiation Leadership path.

Goals of a Differentiation Strategy:

- Create loyal customers who pay premiums.
- Higher margins on sales fund more investment in research and development, greater customer service, and more sales and marketing.
- Build and increase a sustainable advantage.
- What are Hilti sustainable differentiation drivers?
 1. Direct Sales Force- close to customer to understand their problems; ability to sell innovative /differentiated products and services to customers. Being close to the customer helps Hilti innovate in Services and Software and bring these to market.
 2. Significantly smarter engineers.
 3. Spending in research and development-to achieve product differentiation.
 4. Skill at optimizing the entire application chain.
 5. Access to technologies that others don't have. (Brianna Whiting, 2019)

Not all customers create the same amount of sales, profit, or return. Learning which customers bring the most value to Hilti will help to make decisions about where to spend time and resources. An engaged Hilti customers order from Hilti at least once a month, use multiple Hilti channels a year and purchase greater than six of Hilti product lines. Engaged customers Integrate with and rely on Hilti to help run

their operation, have multiple contacts within Hilti that they rely on, various people in their company contact Hilti and have unique needs and believe that Hilti is a great partner and understand the value that Hilti offer.

Implications of the 80 /20 Rule - 80percentage of Hilti customers only add 20 percentage of the value. There is much greater sales growth, profit growth, and capital return potential in existing loyal and engaged customers than in any other ones. They buy more of everything, they buy often, and they do not question the price.

Technology is changing the way people do business. Digitalization is all over us. Nearly 90% of buyers research major purchases online before buying. Online business allows finding specific information quickly and learning a great deal as never before. E-comers can free up people to spend more time adding value in ways that drive more customer engagement. Hilti online is one of the fastest growing sales channels. (Hilti, 2019)

Hilti Stakeholders and their impact

Stakeholders -a person, group or organization that has interest or concern in an organization.

Internal stakeholders: employees, managers, owners.

People who have sustainable high personal qualifications and professional competencies can achieve ambitious company goals. Hilti encourages initiative and offer excellent opportunities for personal development. Employees receive information about the state of Hilti Group, strategies, markets and all changes that affect them.

A lively dialogue is encouraged across all hierarchical levels. Different training and development programs help employees to act in accordance with Hilti's corporate culture and to refine their expertise, skills and competences. Besides training and development, Hilti offers their employees many opportunities to grow and learn through projects and team activities.

Hilti rewards performance with attractive compensation and benefits. Hilti strives for a balance between individual and team compensation components.

Managers usually manage a business. They are involved in all company strategies, they control working process and employees, following company's goals and growth.

Owners - they invest capital in the business and get profit. Their main goal is profit and after that comes other aims as growth and penetration.

External stakeholders: suppliers, society, Government, creditors, shareholders, customers.

Government- collecting taxes from business and monitoring; locally regulates laws and policies.

Customers-they buy goods and services. They rely on safe and suitable products, value for money and after sales service.

The Community- all other people who are affected by the action of the business.

(Garikai Dzoma, 2015)

Employee Engagement

When we speak about engagement, this is the name of The Game for Hilti. As an organization, Hilti focuses first on employee engagement. If you do not have

engaged employers, how to have engaged customers? Having a diverse motivated people and building a well-working machine dream-team is first priority.

Through investing in innovations and developing team members, Hilti has the engaged people in Logistics, Finance, Marketing, Multi-Channel system and Sales Force who are the stakeholders to drive to outperform. This strong foundation gives the opportunity to create special relationship with customers, to whom Hilti sees itself as a business partner.

Having engaged customers is having secure future through sustainable value creation, which forms the two pillars of the true engagement. (Kathy McGovern, 2015-2018)

Reflection of the project

Having a successful marketing activity or campaign is not an easy thing to be done. You have to set goal, targets, expectations and rules. Many departments need to be aligned and preparation to be done in advance. Marketing has to do the game plan, key points, lead list of targeted customers; Logistics has to plan the goods and have the right quantity items on stock in the warehouse and ensure transportation in the promised timeline; Finance has to set the margin, while Sales Force executes and provides qualitative feedback.

Only organizations working in one direction, as a team of developed specialists win the game of true engagement!

Defining and positioning Hilti value proposition is first step in selling process. Next step is communicating the chosen value position. Communication has to be correctly made with customers and sales force. It is important to remember that Hilti approach must deliver a clear, consistent and compelling message. Hilti sales model is direct selling. That's why direct communication is preferred method of communication:

- direct contact face to face with customers
- direct mail /mailing campaign

- Advertising - new products or services
- trade shows - open Hilti store days, field days
- Hilti on-line
- PR events
- invoice stuffers
- tool box stuffers
- customer newsletters
- catalogues

Some similar elements of the communication with customers were used in my personal blog for woman fashion and style. There is no difference between the sectors when we speak about products for sale or brand which want to develop. We just need to understand the marketing and how is working because everything is business.

In the fashion industry the rules of marketing are the same. There are strategies and advantages, methods that should be used if you want to promote new fashion collection. The blog posts via internet are good choice for one new business. I need to be focused on direct mail, direct quick communication, good advertising. Blogging is the fastest way to get started and the cheapest PR.

Before I start writing I made big research about the topic and some interesting facts. I thought what I want to share with my auditory and created action plan including how to present the topic easily and interesting. I feel really great after reading many blogs and articles about how to create my own.

Considering all that, let's go back to Hilti. Company's customers have opportunity to create experience with Hilti product and services, to interact with Hilti sales channels, different materials and direct printed communications.

**“Owning market share is more important than owning factories.”- Martin
Hilti**

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