

Sales & Marketing IV: Marketing Resources in the Elevator Industry

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National Association of Elevator Contractors



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About this Study Guide

This guide is intended to supplement your individualized Skillsoft learning by providing materials and examples specific to the vertical transport industry.

The learning objective of this section is for the student to be able to identify the variables and resources used by elevator suppliers and contracting and service companies to segment and target a market and position themselves with the marketplace.

This section contains lists of variables and resources for each step in the marketing process for both contractors and service companies, and supply companies.

Information included in this study guide is intended for educational purposes only. Check with your company for specific guidelines.

Part A: Marketing Factors and Resources for Elevator Construction and Service Entities

Identify the variables/factors, and industry and public resources an XYZ elevator construction and service company would use to :

- a. segment a statewide market
- b. target the market and
- c. position XYZ in the target market.

List the information each resource would provide.

Segmentation

Definition: The division of markets into subsets or “segmenting” of customers that have similar characteristics and demonstrate similar buyer behavior. Segmentation variables can be a single variable or multiple variables. Examples for the elevator industry would include geographic and financial stability.

Resources for segmentation and the data provided by resource

RESOURCE	DATA/INFORMATION PROVIDED
DOL list of statewide elevators	Total number of elevators in state, location, clusters
Financial demographics/urban vs rural designations	Estimate of residential high rise, industry, professional buildings, stability of region, potential for growth
County budgets /school districts	Estimate of funds available /spent for municipal/school district elevators

Targeting

Definition: Targeting is the selection of those market segments that that have the most potential value to the organization. Examples of targeting factors include:

1. growth capacity of the market segment
2. how much competition exists within the segment
3. profit potential of the segment and
4. how the target market fits within the current and future direction of the company

Resources for targeting factors and the data they provide.

FACTOR	RESOURCE	DATA/INFORMATION PROVIDED
Growth capacity	AHJ code enforcement agency-	Building permits and description of building
	Local business journals	New construction
	Reports of local zoning hearings	New construction
	BOMA memberships	Existing elevators for service and mod opportunities
Profit potential of the segment	All resources listed for “growth capacity”	
	Internal finance, pricing and accounting resources	Capacity of organization to provide and expand services/pricing strategies/set geographic regions for service
Competition	Websites of area elevator companies	Number and size of companies and services provided
Target market fit with current and future direction of company-XYZ’s	XYZ’s current service/construction capacities, areas served, XYZ’s strategic plan.	Defines current and future capacity to serve a region and or expand product or region served

Positioning

Definition: Positioning is the determination of the competitive position of the organization within the targeted segments. During positioning, marketers select their competitive strategy and communicate that position to customers and consumers. There are six basic steps: identify competitors, determine their competitive position, determine customers' perception of XYZ Company, determine perception of competitors, choose a positioning strategy, and implement the positioning strategy.

The choices of positioning strategy include: 1) needs based (creating a product that no other company is providing) 2) variety based (providing varieties of features that no other company is providing) 3) access based (developing innovative ways to reach out to customers, or make products more accessible to customers).

Resources for determining the positioning strategy and the data they provide.

RESOURCE	DATA/INFORMATION PROVIDED
Industry association member lists –NAEC	Companies by region
Google	Companies by region
Websites of elevator companies	Types of services and product

Part B: Marketing Factors and Resources for Elevator Supply Entities

Identify the variables and industry public resources a QRS elevator Supply Company would use to:

- a. segment a national market
- b. target the market and
- c. position XYZ in the target market.

List the information each resource would provide.

Segmentation

Definition: The division of markets into subsets or “segmenting” of customers that have similar characteristics and demonstrate similar buyer behavior. Segmentation variables can be a single variable or multiple variables. Examples for the elevator supply industry would include type of distributor, geographic location of distributor, size of distributor, etc.

Resources for segmentation and the data provided by resource

TYPE OF DISTRIBUTOR	RESOURCE	DATA/INFORMATION PROVIDED
Elevator contracting company size	NAEC Exhibitor List/Google/ECNY Exhibitor List	Size and location
Elevator parts	NAEC Exhibitor List/Google/ECNY Exhibitor List	Size and location
Whole elevator distributor	NAEC Exhibitor List/Google/ECNY Exhibitor List	Size and location

Targeting

Definition: Targeting is the selection of those market segments that have the most potential value to the organization. Examples of targeting factors include:

1. growth capacity of the market segment
2. how much competition exists within the segment
3. profit potential of the segment and
4. how the target market fits within the current and future direction of the company

Resources for targeting factors and the data they provide.

FACTOR	RESOURCE	DATA/INFORMATION PROVIDED
Growth capacity	Utilize face to face meetings and electronic resources to survey potential distributors on the following factors.	
	<i>1.Competence to install</i>	<i>Past performance, references</i>
	<i>2.Resources</i>	<i>Maintenance capabilities, customer service</i>
	<i>3.Reputation</i>	<i>Survey of competitors, previous work</i>
	<i>4.Financial</i>	<i>Credit reports, D&B report, bonding capability</i>
	<i>5.Ability to provide quality assessment</i>	<i>Response to follow up surveys, direct communication</i>
	<i>6. Growth potential</i>	<i>Top line revenues for last three years</i>
Profit potential of the segment	Internal finance, pricing and accounting resources	Capacity of organization to provide and expand services/pricing strategies/set geographic regions for service
Competition	Websites of area elevator supply companies	Number and size of companies and services provided
Target market fit with current and future direction of company	QRS's current service/construction capacities, areas served, QRS's strategic plan.	Defines current and future capacity to serve a region and or expand product or region served

Positioning

Definition: Positioning is the determination of the competitive position of the organization within the targeted segments. During positioning, marketers select their competitive strategy and communicate that position to customers and consumers. There are six basic steps: identify competitors, determine their competitive position, determine customers' perception of XYZ Company, determine perception of competitors, choose a positioning strategy, and implement the positioning strategy.

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Resources for determining the positioning strategy and the data they provide.

RESOURCE	DATA/INFORMATION PROVIDED
Industry association member lists –NAEC	Companies by region
Google	Companies by region
Websites of elevator companies	Types of services and product

Example of market assessment for expansion of cab manufacturer:

King Cab is a fictitious cab interior manufacturer. It has been in existence since 2011 serving the Atlanta market. It has been selling only to a few local elevator contractors, but is looking to expand its presence into the Southeastern US. King Cab offers an in person technician in 36 hours if there is a problem with fit or finish. King Cab's high level of customization for each cab and each cab's relative high dollar cost place give it a unique selling position in the marketplace.

King Cab's has two main competitors in the southeast region, each very different.

The first is Nation Cab. They are a national company that specializes in basic cabs that can be delivered very fast through a network of distributors. The level of customization is low, but so is the cost. Their customer service tends to rate low, and it is not an option to get an in-person rep from the company to the site.

The second is Savannah Cab, a company based in Savannah, GA. They are a very small business that specializes in historically accurate and ornate cabs. Savannah Cab is a one man show that serves a small niche market. The cost of a Savannah Cab is very high.

By understanding the competition, choosing a position in this case is relatively easy. King Cab is the high service, medium cost provider. King Cab can provide customization, but not to the level of Savannah Cab. The level of service will be much higher than Nation Cab. The cost will be higher, as well, but that will be communicated to the customer as a positive instead of a negative. Another position item will be the geographic area of the South Eastern US.

Based on this assessment, the principals of King Cab decide to expand in the Southeast region. King Cab will be the high service, medium cost provider of elevator cabs to the South Eastern United States.