

How the role of marketing drives business forwards



Curriculum Topics

- Purpose of marketing
- Market research
- Product and price
- Promotion and place

Introduction

Portakabin designs and delivers modular buildings. It provides clients with inspiring buildings of outstanding quality. Its original **market** was the construction industry, with its portable buildings providing on-site storage and accommodation. In the last 40 years its portfolio of modular buildings has extended to include offices, medical centres and schools.

The two main *Portakabin* markets are both in the building sector. It produces both modular buildings and single module buildings. Modular buildings are permanent, all-steel 'kits' that can be used to construct almost any size and shape of large building as required. These are made in a factory and transported to sites to be built. For example, schools, call centres and office space can all either be extended or created as a new build. Single module buildings include toilets, office space, shower blocks and storage units. These can be transported directly to the client on a lorry, extremely quickly.

Portakabin operates in a highly competitive market. There are now other businesses producing similar buildings. *Portakabin* needs to provide products and services that satisfy customers' needs. *Portakabin* must also ensure that customers understand the difference between *Portakabin* products and competitors' products in terms of quality and levels of service. To keep its

leading position and **market share**, *Portakabin* focuses on two areas: it seeks new customers and provides exceptional service to retain existing ones.

This case study shows how *Portakabin* uses marketing to identify and anticipate customer needs and then meet them.

The purpose of marketing

The Chartered Institute of Marketing (CIM) defines marketing as: *'The management process responsible for identifying, anticipating and satisfying customer requirements profitably.'*

Marketing is therefore about finding and keeping customers. Business writer Peter Drucker points out how important good marketing is to a business:

'Because the purpose of business is to create a customer, the business enterprise has two - and only two - basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business.'

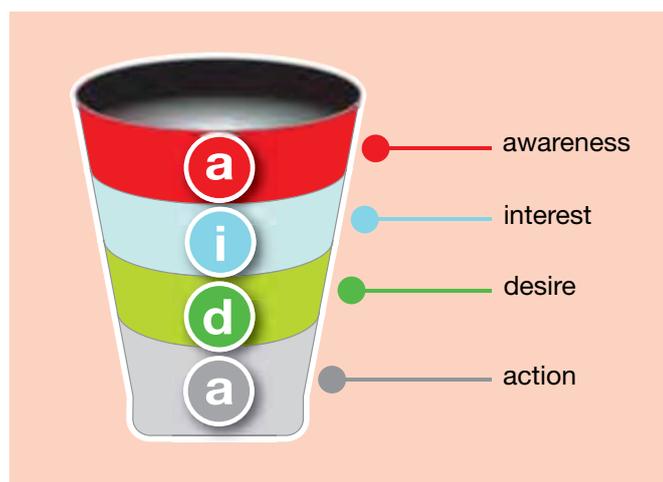
Portakabin demonstrates innovation in its exciting range of products and new ideas.

Market: Any medium through which sellers and buyers can negotiate a sale.

Market share: The percentage of sales within a market that is held by one brand or company.

Customers can choose from a range of applications. These may be for nurseries and children's centres or classrooms, surgeries, clinics and hospital wards. These differ from competitors' products through their high quality specifications and the outstanding service provided to the customer.

Portakabin divides the market into different **market segments** to enable it both to identify and meet the needs of customers in those areas. Three of its main segments are Manufacturing, Education and Health. The business must understand what its customers in each segment need and then provide goods and services to meet needs. Marketing activities inform customers about products and services and persuade them to buy. An effective marketing campaign takes account of the AIDA model principle - that it should raise Awareness of the product, excite Interest in it, create a Desire for it and encourage Action to buy it.



Raising awareness and creating interest may involve the use of promotional techniques such as exhibitions, websites, direct mail, email and telemarketing campaigns. The sales force will then capture the demand that has been generated and turn this into sales. Satisfied customers then come back for more products but also recommend the business to friends. Such **customer loyalty** and word-of-mouth recommendation is essential to a business like *Portakabin*. *Portakabin* regularly scores more than 9 out of 10 for customer satisfaction and this translates into increased recommendations. These, in turn, drive sales growth. This high rate is one of the reasons why approximately 50% of the *Portakabin Group's* business is from past customers.

Market research

Portakabin uses both primary and secondary **market research** to find out what its customers need.

- Primary research is first-hand research, such as interviews and focus groups. Such research often gives better qualitative data in the form of opinions, views and comments. *Portakabin* held focus groups with customers and found that they wanted more light in office buildings as this increased productivity. *Portakabin* was able to respond with the *Ultima Vision* range, which lets in more light through its increased window space.
- Secondary research uses data and information that has already been published. It may provide market and industry quantitative data, often in the form of statistics. Brand Vision quantitative research showed the importance of 'on time and on budget' delivery. In 2009, *Portakabin* delivered 99.6% on time and on budget. This compares very well against a construction-industry average of 59% on time and 46% on budget.*

Portakabin also uses market research to find out what new products or services customers may want. Sometimes it carries out one-off research projects. This is called 'ad hoc research'. These may focus on developing a specific new product or finding out how to develop an existing one. For instance, *Portakabin* developed the new *Ultima Vision* range in response to the need to provide existing buildings with more light. *Portakabin Datakom* has met the need to deliver data cabling to office buildings by providing telecoms systems, computer access points and air conditioning already installed. This allowed customers to move in and begin work straightaway.

Portakabin market research focuses on two **key performance indicators (KPIs)** - customer satisfaction and **Net Promoter Score (NPS)**. Using over 2,000 customer surveys a year, *Portakabin* finds out if clients are happy and what issues affect them. It asks customers to rate *Portakabin* on a scale of 1 to 10 on aspects such as administration, delivery and installation, the quality of the building and their overall experience. The results are used to target and improve customer satisfaction. The average score has risen from 8.2 per customer in 2003 to 9.1 in 2009.

Portakabin also uses mystery shopping, where researchers pose as normal customers. The results of mystery shopping show that clients are impressed with the 'human' skills of *Portakabin* staff. These include courtesy, being helpful, building rapport and professionalism. Such skills are a key factor in building customer satisfaction, creating loyal customers and generating repeat business.

*Construction Statistics Annual 2009, Office for National Statistics

Market segments: A recognisable consumer group consisting of people with similar needs and characteristics.

Customer loyalty: The action of a customer in returning to a business due to a good previous experience.

Market research: The systematic process of collecting and analysing primary and secondary data about customers and their relationship with products and brands.

Key performance indicators (KPIs): Any significant variable that can be used to monitor how well an organisation is fulfilling its objectives.

Net Promoter Score (NPS): A way to measure customer loyalty through those who would recommend the business to colleagues.

Business writer Frederick Reichheld, who devised the Net Promoter Score tool, claims that the only real question a business needs to ask its customers is: 'How likely are you to recommend us to a friend or colleague?' The NPS score shows how popular *Portakabin* is with existing customers. This is important as procuring a building is a large and often long-term commitment. A high score shows that customers are happy with *Portakabin* and ready to recommend them. NPS also predicts sales growth – the higher the score, the faster the business grows. *Portakabin* uses NPS to measure the strength of this customer loyalty. The results are extremely positive. On average, across the UK hire and sales businesses, *Portakabin* achieves an NPS score of 89. That compares very well with the scores of other industry leaders, such as Google (78), Waitrose (73), Nokia (60), and Starbucks (56). Customers are clearly happy with the quality of *Portakabin* products and the service they receive. This is vital in the competitive industry *Portakabin* operates in as repeat business is an important and cost-effective way of generating sales.



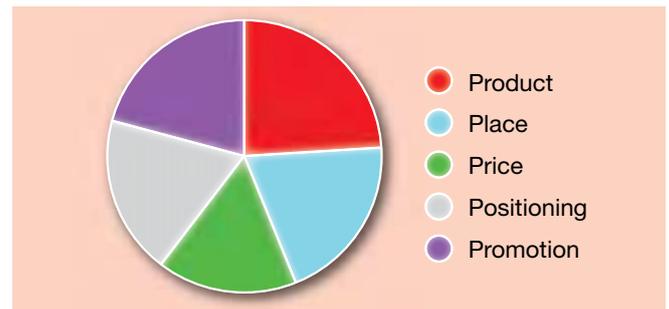
The marketing mix: product and price

Traditionally the marketing mix – the balance of elements needed for effective marketing – is referred to as the 'four Ps'. These are Product, Price, Promotion and Place. *Portakabin* adds a fifth 'P' to this mix with 'Positioning'. This shows how the business intends to position itself to customers so that it is different from its competitors. It is closely linked to its **Unique Selling Point (USP)**. *Portakabin* has positioned the **brand** at the top end of the market, offering high quality buildings and high levels of service. It gives customers added value in terms of confidence and peace of mind. This is supported by the *Portakabin* Customer Charter which promises buildings will be delivered on time and on budget.

Unique selling point (USP): A specific benefit of a product or service that competitors do not or cannot offer.

Brand: A name, design or symbol that gives a product, product range or company an identity that is distinct from competitors.

This promise gives *Portakabin* a significant competitive edge over traditional-build suppliers. The *Portakabin* Hire Customer Charter has built in penalties of one week's free hire for every day that the project is late. The *Portakabin* Sales Customer Charter gives an additional 12 months product warranty free of charge if there is delay. Since the launch of its innovative warranty package in January 2004, *Portakabin* has sold over 2,000 buildings and only 0.17% of customers have made a claim against the warranties.



Portakabin assures product quality through a process called the '3 stage gate'. This is the planning, manufacturing and delivery of the solution. Its **external accreditation** process also demonstrates approval of its standards by an independent body.

An example of getting the product right can be seen in its *Portakabin* Decant School concept. The process of moving a school into new buildings is often a difficult and lengthy one. Many short-term buildings may be needed during the move. The *Portakabin* Decant School provides a total accommodation solution designed to enable a school to transfer with minimum disruption. To understand what teachers and students needed, *Portakabin* referred to government recommendations for standards of space and light in schools. The buildings it provided exceed government standards for space per pupil. A variety of other products and services such as access ramps and steps, security and fire alarms, air conditioning, interactive whiteboards and data cabling mean that *Portakabin* provides a 'one-stop-shop' for all the needs of a school. This makes the transition from old to new buildings quicker and minimises disturbance to students' learning.

The price of *Portakabin* buildings is set at a competitive level. However, this may be higher than rivals to reflect the better levels of building quality and service that are offered. High quality, support services and the Customer Charter mean that *Portakabin* can charge a premium price for its premium service.

External accreditation: When an outside body is used to ensure quality, usually up to preset industry, national or international standards.

Portakabin has moved away from its original focus of construction site accommodation (now only a small part of the business) to office, education and health environments. For example, it was able to replace the health centre facilities destroyed by floods in Cockermouth, Cumbria in 2009 in just 15 days. It provided 21 consulting rooms, patient waiting areas and ample office space. The new building offered a standard which, according to the clinical director 'exceeded expectations'.

Promotion and place

Promotion helps to turn 'prospects' (i.e. possible customers) into actual customers. Research shows that it takes around five 'touches' to turn a prospect into a customer. A 'touch' can be a communication, such as advertising, or a sales contact.

Portakabin uses both **above-the-line** and **below-the-line** methods. Above-the-line involves paid-for advertising through targeted channels such as trade magazines.

Below-the-line promotion is generated in other ways. *Portakabin* methods include direct mail, public relations and open days. Its website (www.portakabin.co.uk) is also a point of promotion as it gives customers immediate access to the scale and capability of *Portakabin* product and services. It seeks to persuade them to buy its products and services through detailed information and product images on the website.



In the case of the launch of the new Decant School product, *Portakabin* targeted local education authorities (LEAs) and education contractors. It used several methods to reach them. For instance, it placed a double-page spread advertisement in relevant education and construction magazines. It also used several methods of below-the-line promotion:

- Direct mail. This was a letter, with a printed leaflet that showed a decant school complex.

- Email. Promotional emails were sent out to a key database of prospects.
- Public Relations. This took the form of press releases to appropriate education and construction publications.
- An additional targeted web page was added to the *Portakabin* website to support the campaign.
- Time lapse construction videos showed the stages of a project on the *Portakabin* website and on YouTube.
- Special school open days were organised through *Portakabin* hire centres.

Place refers to where customers can buy products or to distribution channels. *Portakabin* is a business-to-business (**B2B**) operation, which has 45 hire centres across the UK. This means no customer is more than a one-hour drive away. Service teams are therefore close to customers so can resolve issues quickly.

Conclusion

Portakabin supplies premium working environments to clients who demand ever-higher standards. It maintains its leading position in a competitive market with a balanced marketing mix. This is designed to provide clients with quality products and highest service levels. It has developed as a trusted brand.

Market research is particularly important in helping to measure the effectiveness of the marketing mix. Customer loyalty is measured by how likely a client is to recommend the business to colleagues. High satisfaction scores show that *Portakabin* is providing goods and services which continue to delight customers.

1. Describe how a business such as *Portakabin* uses marketing to drive business.
2. Explain how *Portakabin* uses different types of market research, both primary and secondary, and different methods within these.
3. Analyse the balance of price, product, promotion and place in *Portakabin*. Explain why the balance of the marketing mix is more important than any single element.
4. Evaluate the contribution of customer feedback to the success of *Portakabin*. Suggest at least one other way by which *Portakabin* could collect feedback and give reasons for your suggestion.

QUESTIONS

Above-the-line: Promotion through advertising: TV, radio, internet, press etc.

Below-the-line: Indirect sales promotion other than advertising e.g. price promotions and point-of-sales displays.

B2B: Sales by one business to another, rather than B2C which involves selling directly to the final consumer.