Identifying customer needs in the craft-based industry in context of the Colored Glass Company

Author: Daan Steen
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT,

Identifying customer needs is an important process for success in small businesses in the craft sector. Deeply understanding customer needs can result in the increase of their prospective customer base. This study aims to show this importance based on the context of The Colored Glass Company. The company faces a problem of relying on a small long standing customer base. It wants to improve the identification of their customer needs in order to create strategies that can increase their prospective customer base in both Business-to-Business and Business-to-Customer environment. By using the design research methodology by Keskin and Romme and the CIMO framework, this study researches the identification of customer needs through a structured literature review and qualitative interviews. The findings highlight several tools regarding identifying customer needs of small craft-based companies: regulating communication with customers, actively collecting feedback, having good relationships with customers through high customization and personalization, and proactively exploring the market.

Graduation Committee members:

Dr. R Harms,
Dr. M Goethner,

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1. INTRODUCTION

Stained glass, an old western art created by the Christian church at the start of the 12th-13th century that was combined with the "Gothic" architecture, is colored glass used to make windows and other objects that create amazing effects with light passing through (Sowers, 2024). As Sowers (2024) describes it, stained glass is mostly fitted into a large panel connected by lead. The color of the glass is created by adding metallic oxides into the molten glass. Stained glass artists started to focus more on the realistic effects that the renaissance painters brought to the art scene after the 13th century. This halted the use of light reflections which resulted into lower quality glass (Sowers, 2024). Although the use of this glass had a dip in popularity in the 19th and 20th century, it became more popular because of the Gothic revival, and the work of other artists like designs of Louis Comfort Tiffany and Mark Chagall (Sowers, 2024).

Stained glass is a handmade product that requires artistic skills and knowledge. It therefore covers the craft entrepreneurship. This kind of entrepreneurship is "an opportunity pursuit through the establishment and development of a business venture of appropriate value, created through the application of handwork sector specific knowledge, skills and traditions" (Smagina and Ludviga 2021, pp. 409-410).

The stained glass market in the Netherlands has, from experience, not been the biggest market to expand a business in as the products made in this market follow relatively higher prices in smaller quantities. Because of this niche market, craft based companies have a small customer base. They have actively put themselves on the market in ways that attract the right customers.

1.1. Business context

The Colored Glass Company (a fictive name, used for anonymity) is a company that is specialized in the traditional making and supply of stained glass for new construction, renovation and/or restoration. They provide stained glass resolutions for doors, windows and skylights. The company mainly trades in Business-to-Business (B2B) operations but also operates in Business-to-Consumer (B2C) operations, for personalized items and deliveries.

The Colored Glass Company operates and delivers mainly throughout the entirety of the Netherlands. At this point in time The Glass Company mainly supplies to the door industry, in which it provides stained glass windows and grilles in doors, both standardized and custom made. Different techniques are applied when making this stained glass such as: normal stained glass, lead patination, and colored glass. In addition to this, the company also provides Tiffany and fusing accessories.

Currently, The Colored Glass Company is selling mostly to a small group of clients which come from a long standing relationship that has been established from the start. This only means that the company is highly dependent on this limited group of clients.

The Colored Glass Company wants to mainly focus on B2B operations, but also still wants to keep selling to private customers. As the B2C transactions are more labor intensive, the goal is to have a realistic division between B2B customers and B2C customers when looking at the revenue streams. This division of revenue streams will consist of 70% of the revenue coming from B2B and 30% of the revenue coming from B2C. The B2B revenue stream can be divided into several subcategories of types of businesses that will buy the product. The 70% of revenue will be distributed into: 40% coming from bigger door factories, that include stained glass into their doors, 30% coming from painting companies that also include stained glass into their practice, and the last 30% coming from door specialists, retailers who are specialized in selling inside and outside doors. The main risk lies on the B2B customers, as these customers will be a consistent buyer of the product, making them most important for the company. Thus to diversify the risk, the goal is to spread the revenue of the selected revenue streams over multiple separate customers. The goal for the door factories is to achieve a minimum of two separate companies/factories. For the painting companies the minimum amount of diverse customers lies at fifty different companies. Lastly, the aim for door specialists is to achieve a minimum of thirty separate companies to supply to. For the B2C revenue stream the aim is to reach 30% of the total revenue through private customers and other non-B2B orders, by selling the product through the internet and thus mainly through the official website of the company.

As stated before, The Glass Company faces a serious challenge of over-reliance on a small group of long standing clients, struggling to acquire new customers. A visualization of this can be seen in figure 1. This increases the risk of revenue instability which disrupts the potential sustainable growth of the company. The current model is vulnerable to disruptions as the loss of any key client could lead to a significant decrease in revenue, which can potentially endanger the existence of the company.

The company is primarily being managed and financed by one sole individual with limited time and resources, creating personal financial vulnerabilities in the event of customer attrition. To create a long term operation and growth, it is crucial for The Colored Glass Company to understand customer needs that will help with attracting prospective customers, mitigating the risk that comes with depending on a small customer base and promote sustainable revenue growth.

This study will explore solutions for identifying customer needs to help solve the problem of the Colored Glass Company. It will mainly look at how the company can discover the customers' needs. The insights of customer needs can lead to enlarging the prospective customers base for small craft companies. It addresses this problem by answering the following design question:

How can small craft-based companies identify their customer needs, resulting in enlarging their prospective customer base?
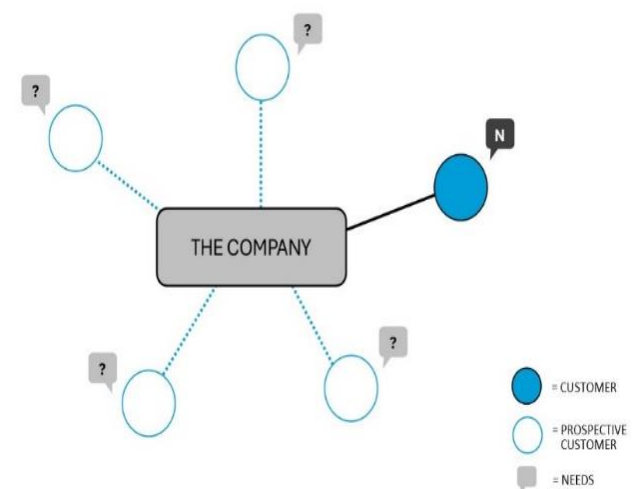

Figure 1: Visualization of the problem the company faces

2. METHODOLOGY

In this thesis we will be following the research design cycle as discussed by Keskin and Romme (2020). It involves a series of iterative steps aimed at addressing practical problems through the creation and evaluation of artifacts. The cycle revolves around the concept of design principles, which guide the entire design science research process. It consists of four main steps: exploration, synthesis, creation, and evaluation, each emphasizing different aspects of problem-solving and knowledge generation.

Exploration: the first step involves delving into the problem space to gain a comprehensive understanding of the problem or opportunity within its context. Information gathering through literature review and field research is used to identify the causes, challenges and potential solutions (Keskin and Romme, 2020).

Synthesis: This step involves making sense of the collected information to create actionable insights and formulate design requirements and principles. Inductive and abductive sensemaking are employed to distil empirical data into meaningful chunks. Tools such as affinity diagrams and flow diagrams aid in synthesizing data and formulating design principles, which define the expected outcomes and guide the steps (Keskin and Romme, 2020).

Creation: The third step in this process by Keskin and Romme (2020) is the creation step. It focuses on developing artifacts, both generic and specific, to address the identified problem or class of problems. Ideation, conceptualization, visualization and prototyping are key activities in this phase which are supported by several design tools and techniques such as brainstorming and system mapping.

Evaluation: Finally, Keskin and Romme (2020) describe the evaluation phase, which involves assessing the pragmatic value and theoretical relevance of the design solutions. Looking at the effectiveness and usability of the solution and from a theoretical perspective, the underlying mechanisms that drive the desired outcomes are explored. This step often involves testing and evaluation solutions through methods like computer simulation experiments, case studies, and surveys. The last step in this thesis however, will not be addressed as it is not feasible for this thesis and its time frame.

2.1. Exploration

The exploration part of this thesis uses an extensive literature review method to build on the definitions of the variables in the design question. It aims to create a theoretical background that will aid in creating design propositions for answering the design question. The method of this literature review is to systematically gather relevant information from existing academic and industry sources. The focus lies on understanding customer needs and methods surrounding customer needs.

The literature review was done by searching in various academic databases, such as Google Scholar, Research Gate, Wiley-online library, Scopus, and the University of Twente database. The following keywords were included in the search: "Customer Needs", "Craft-Based Companies", "Market Segmentation", "Customer behavior", "The Role of Customer needs", "Best practices in small markets", "Craft entrepreneurship". These key words are used to find relevant academic papers, books, and articles that add relevance to this thesis. Adding onto this, follow up referencing is also used to find additional papers through the originally found papers, making sure of a thorough coverage of relevant literature and diverse perspectives on the subjects.

To ensure this relevancy and the quality of the found information, only peer reviewed articles, relevant books and critically viewed articles, blogs and websites were used in this research. The information used comes from all times, ranging back to the roots of some theories. Each source was critically evaluated for its contribution to understand and address the design question and the problem which The Colored Glass Company faces.

The selected literature has been systematically reviewed, from which the key points, theories, and frameworks are used to write this thesis. Finally, these points were combined to create a general theoretical background of the topic following the design cycle by Keskin and Romme (2020).

Individual, qualitative interviews were conducted on the topic of identifying customers' needs and the processes behind identifying these needs. At the start of the interview, questions about the general background of the interviewees and their industries were asked. Then, the interviews focused on the customer needs of their companies, how they identify these customer needs, and the process of identifying customer needs. The questions asked and the summarized results can be found in appendix 2, 3 and 4.

The interviewees have signed a consent form, explaining the purpose, details, confidentiality, and anonymity of their participation in this interview. The participants agreed to a voluntary participation while remaining anonymous, so that no answer will directly traced back to their identity or organization.

These interviews have been conducted through phone calls or in real life meetings and have not been recorded in any way. However notes of the answers to the questions were made which have been used in the research of this topic.

2.2. Synthesis

The next stage involves making sense of the collected information to create actionable insights and formulate design requirements and principles. Inductive and abductive sensemaking are employed to distil empirical data into meaningful chunks (Keskin & Romme, 2020). In the synthesis step, the information of the exploration part is used to create design propositions surrounding the topic of identifying customer needs in the context of The Colored Glass Company. The design propositions follow the CIMO framework designed by Denyer et al. (2008).

2.3. Creation

The third step in this process by Keskin and Romme (2020) is the creation step which focuses on developing artifacts, both generic and specific, to address the identified problem or class of problems. Ideation, conceptualization, visualization and prototyping are key activities in this phase which are supported by several design tools and techniques such as brainstorming and system mapping. This thesis will create solutions based on the finding of the exploration stage and the strategies of the synthesis phase for solving the design question.

3. EXPLORE

The goal of the exploration part in the context of The Colored Glass Company is to create an understanding of the problem, in terms of identifying customer needs. This is done by finding and defining the key terms and theories behind the specific problem, and putting this in the light of a broader more general problem in which the specific problem can fit.

3.1. literature

As mentioned before, the first step of exploration involves delving into the problem space to gain a comprehensive understanding of the problem or opportunity within its context. Information gathering through literature review and field research is used to identify the causes, challenges and potential solutions.

3.1.1. The introduction of customer behavior in economic circles

Early marketing theory originated from economic principles emphasizing rational decision-making in a marketplace where products were seen as similar. Industrial buying prioritized the lowest price with acceptable quality and delivery. While preferences were formed, decisions were primarily driven by securing sales from the most cost effective supplier (Hadjikhani & LaPlaca, 2013).

John Wanamaker (1889), a pioneer in retailing, was one of the first to understand the dynamics between customers, retailers, and producers. His philosophy emphasized a balanced relationship between buyers and sellers, which clashed with the view of the economic theory which only focused on maximum profits for sellers (Tadajewski, 2008). Instead of focusing only on low production costs and profit, Wanamaker emphasized customer service and fair pricing to make customers repeat their purchases resulting in profits. This shift in perspective reshaped marketing by prioritizing the needs of both customers and sellers. Wanamaker's stress on reciprocity, mutuality, and trust shows that he was close to the recent B2B marketing research (Hadjikhani & LaPlaca, 2013).

As the behavioral approaches in marketing grew, researchers displayed new interests in behavioral sciences, investigating emotions and motivations in consumer decision making (Hadjikhani & LaPlaca, 2012). However economic theories kept dominating due to power dynamics and the limited explanation of consumer behavior (Hadjikhani & LaPlaca, 2013). The introduction of managerial economics empowered these economic views even further overshadowing the behavioral perspectives (Hadjikhani & LaPlaca, 2013). Despite that, the development of the marketing mix theory represented a significant breakthrough in behavioral sciences (Sheth et al., 1988). Consumer marketing researchers swiftly implemented behavioral sciences for understanding buying behavior, while B2B marketing researchers gradually recognized flaws in traditional approaches (Kleinaltenkamp & Jacob, 2002). Despite this long journey of B2B marketing, the relationship marketing started growing only after decades of neglect, eventually changing from an economic transaction theory to the behavioral theories.

3.1.2. Market orientation

Becherer et al. (2003, p. 13) define market orientation as a culture where organizations aim to deliver exceptional value to their customers and achieve superior business performance by prioritizing customer needs and long-term profitability.

A theory discussed in a study that can help in analysing the market is Market segmentation. Market segmentation serves as a critical tool for marketing managers in the process of identifying a target market for a specific product and formulating an effective marketing mix (Tynan and Drayton, 1987). It can be seen as one of the foundational elements of strategic marketing, and is a crucial part in achieving marketing success, as proven by the strategies of the most successful firms, which prioritize segmentation (Lilien and Rangaswamy, 2003).

Smith (1956) defines market segmentation as "The process of dividing a heterogeneous market into smaller, homogeneous segments based on consumer characteristics deemed critical by management".

3.1.3. Customer Needs

Customer needs are defined as "The problems that a product or service solves and the functions it performs. They describe what products let you do, not how they let you do it." (Griffin, 2004, p. 214). Customers can only give companies reliable information about their needs which they are familiar with. This means that as long as customers do not have any knowledge or experience with a certain product then they cannot give reliable information about their needs (Griffin, 2004). The problems the customer faces and the need to solve this problem are thus only relevant to their particular situation. To get a comprehensive understanding of customer needs for a product area, it is essential that companies gather detailed information from multiple customers, each piece of information providing a small piece onto the complete understanding of customer needs (Griffin, 2004).

Gathering this information in a B2B market is challenging because products impact multiple stakeholders. An accurate understanding requires investigation across various groups to fully understand functional difficulties, as individuals can only provide reliable information based on their experiences (McQuarrie, 1998).

Small businesses should focus on understanding the needs and preferences of their target customers. This consists of gathering and analyzing the market to figure out what customers want and the market trend in the market (Blankson et al., 2006).

A customer base refers to the group of customers who regularly buy from a company. These customers represent a significant investment for the company. Managing a firm's customer base involves continual research and development, understanding customer behavior, and delivering products or services that encourage repeat purchases. In order to attract and retain customers and consequently generate profits, companies must create new and distinctive value in their market offerings. (Agwamba et al., 2018). By understanding customer needs, a company can create this value by solving the problems of customers. Assuming that when companies understand their customer needs, they can increase their customer base. This results in the ability to reach business prosperity and continuation.

Griffin (2004) describes three techniques for deeply understanding customer needs: Be an involved customer who has those needs and problems, critically observe and live with customers who have those needs, and talk to customers with those needs.

A significant amount of knowledge can be obtained by having employees behave as customers who face the problem the company is trying to solve. When a company has a product in a specific functional area, employees should use this product and competitors' product in everyday situations and complex situations (Griffin 2004). This technique gathers tacit knowledge about the product. This tacit knowledge is the intuitive understanding that individuals have about their needs (Griffin, 2004). Although this technique is very useful in gaining a deep

understanding of customer needs, it also has some drawbacks. The main issues are that it is hard to transfer the knowledge to others as the knowledge is based on intuitive feelings, and the process is time consuming and expensive.

The second technique described by Griffin (2004) is to critically observe and live with customers. This technique works when employees cannot become customers, but can live with customers. To ensure the correct gathering of information, the customer has to be critically observed, which involves questioning about why they are doing something (Griffin, 2004). The best results come from team members who spend significant time with a variety of customers to understand the full range of issues they come across. Observing both typical and unusual conditions is necessary. Furthermore, using employees from different functions is an important aspect as this helps gain perspective from different angles (Griffin, 2004). This technique, however, also has some negative aspects as it is very time consuming and expensive. Next to this, the process of translating the observations into reliable words is a difficult task.

The third technique that Griffin (2004) describes, is to gain an understanding of customer needs through talking to customers. This is done in structured, in-depth, one-on-one, situational interview technique called voice-of-the-customer. This approach effectively shows both broad and highly specific customer needs (Griffin and Hauser, 1993; Zaltman and Coulter, 1996). It is important to focus on functional needs rather than specific features. Constantly asking "why" uncovers underlying needs (Griffin, 2004). Also, during this process, it is important to make sure that the interviewee has previous experience surrounding the topic. Asking about unfamiliar experiences gives hypothetical responses rather than practical responses (Griffin, 2004). Lastly, asking detailed questions about specific situations of using the product is essential, as they give more precise information that is valuable for product design and therefor customer needs (Griffin, 2004). However, this technique has some flaws. Firstly some customers struggle to articulate their thoughts effectively, which can initially hinder communication. It is essential to avoid prematurely translating specific problems into solutions before fully understanding the entirety of the customer needs. Also tacit and process-related needs may not be fully expressed and thus require careful thought (Griffin 2004).

After having obtained customer needs, it is possible that some of these needs will change over time. Filip and Voinea (2012) describe the process of customer acquisition in their paper. One reason they give for customers to switch between companies that offer a product is because buyers will change into another age or income class and thus they might change home addresses and their lifestyle leading to buying at a different company. Furthermore, Filip and Voinea (2012) state that in the business environment customers switch for several reasons other than the obvious performance reason. These exact reasons were not stated.

To replace the lost customers or gain new ones, Filip and Voinea (2012) describe that this process involves identifying prospects, selecting communication channels and offering products that suit with new customers. A customer can either be entirely new to a company or new to a product category. In mature markets, organizations try to compete with competitors through better prices or diversifying their product.

3.1.4. Craft-based companies
Craft companies do not only aim for profits, but also the entrepreneur's creativity and design (Saiyed et al., 2023). This unique focus places craft entrepreneurship within a unique environmental context, involving the production of essentially cultural goods. Entrepreneurs in this environment often collaborate with like-minded individuals who are often driven more by content rather then commercial interests (Chaston & Sadler-Smith, 2012; Wennekers et al., 2010; Smagina & Ludviga, 2020). This typically results in the development of very small enterprises or self-employment, supported by stable networks and focusing on creating local handmade products tied to tourism and local culture (Lounsbury & Glynn, 2001; Ratten & Ferreira, 2017; Tregear, 2005).

Researchers have explored the relationship between marketing and entrepreneurship in the craft and art sectors, finding that craft entrepreneurs often face significant challenges when selling their final product. This often results in poor business performance and failure. Generally these challenges come from a lack of marketing capabilities or an inadequate understanding of marketing strategies (Fillis, 2000, 2001, 2002a, 2002b).

Bouette and Magee (2015) conducted a survey of the values and goals of craft practitioners in Ireland. Their survey also finds the same results as several other studies. They found that personal satisfaction, independence, and sustainability are more important to business owners in the craft sector compared to the normally used growth indicators (Smallbone & Wyer, as cited in Carter & Jones-Evans, 2006; Stokes & Wilson, 2006).

Therefore, craft entrepreneurship is mostly seen in the context of the creative industries (Müller, Markworth, & Söndermann, 2011). However, some scholars argue that it falls under the umbrella of cultural entrepreneurship (Jones et al., 2016; Ratten & Ferreira, 2017). Given the significant importance and the impact of the craft sector, researchers promote it, recognizing it as an independent phenomenon (Gibson, 2016).

According to Kajalo and Lindblom (2015), and their study on market and entrepreneurial orientation among small retailers, the marketing concept serves as a fundamental principle of marketing management, guiding companies in identifying customer wants and needs and designing strategies to satisfy them. A market-oriented company aligns its actions with this marketing concept. Mudjijah (2023) found in his study that craft entrepreneurs can implement market-oriented learning to enhance business performance. This implies that as companies improve their ability to conduct market and competitor analysis, they gain deeper insights into market dynamics and consumer needs thereby enhancing their capacity to deliver the best consumer service (Mudjijah 2023).

3.2. Practice
For the second part of the exploration phase Individual interviews were conducted, asking questions about their background industry and how they identify their customer needs. The interviews were conducted with three different individuals that operate from different perspectives. The first individual, Interviewee A, is an agent that works with both perspectives. They work as an intermediate in the steel market in the Netherlands connecting customers and suppliers. Interviewee B, operates from a B2C perspective and owns a small carpentry that makes personalized, high-quality products for high end customers. Lastly, Interviewee C has experience as the head of the operational purchasing department of a prominent Dutch door manufacturing company. Working in a B2B setting, they provide insights from a customer perspective to a supplier, such as the Colored Glass Company.

3.2.1. Results interviews
Understanding customer needs is a fundamental aspect of business success for all three interviewees. The methods and approaches they use to gather insights into their customers' needs

provide valuable lessons on the importance of customer-centric strategies.

3.2.1.1. Understanding customer needs through communication

All three interviewees imply that maintaining regular communication with customers or suppliers is crucial for understanding their needs. Interviewee A emphasized the frequent contact through email, WhatsApp, and personal meetings. This approach helps in establishing a clear understanding of customer preferences and requirements. Similarly, Interviewee B relies on personal conversations and feedback to measure customer satisfaction and create products that follow the specific desires of his customers. Interviewee C mentioned that personal meetings and studying all available information about suppliers ensure that the right decisions are made based on a thorough understanding of needs and capabilities.

3.2.1.2. Active feedback collection

Actively seeking feedback is another important activity across all three interviews. Interviewee A gathers feedback to focus on process improvements, ensuring that his services meet client expectations. Interviewee B values customer enthusiasm and feedback about the products. This helps in fine tuning the requests received by the company and ensures that they maintain a high quality standard. Looking from a B2B perspective, Interviewee C also highlights the importance of feedback in evaluating supplier performance and making the necessary adjustments to meet quality and reliability standards.

3.2.1.3. Customer centric approach

Each interviewee emphasizes a customer centric approach as essential for business success. Interviewee A aims to fully relieve customers by thinking proactively and by fulfilling his promises. This is also seen with Interviewee B, where creating unique, high-quality products based on specific customer requests sets the business apart. This is also the main focus of their business, as their target audience is older, high-end clients with more disposable income that specifically look for their company and its skills. Interviewee C named several factors such as: financial integrity, price, reliability, quality, a good history and delivery conditions as crucial factors when finding suitable suppliers. In addition, they mentioned that suppliers could improve their image by showing sustainability and adhering to contractual terms. Creating the need for suppliers to have a strong customer-oriented strategy, which needs a thorough understanding of customer needs.

3.2.1.4. Engagement and relationship building

Engaging with potential customers and building relationships are other factors that are important in order to understand customer needs. Interviewee A engages through trade fairs, networking and cold acquisition in order to find new potential customers and understanding customer needs. Interviewee B relies on word-of-mouth, google searches, and direct approaches to its store to attract customers. The engagement in their line of work is always high as the products are always highly personal and unique, needing a good relationship with the customer. Interviewee C works together with a strategic team to search for new suppliers and builds relationships through personal meetings and thorough evaluations.

3.2.1.5. Customization and personalization

Customization and personalization are the last aspects found in the interviews which are key to meeting customer needs and understanding them. As mentioned before, especially for Interviewee A this aspect is the driving factor for their business.

They focus on creating customer specific products that follow the specific requirements of the customer, creating a unique and personalized experience. This focus on customization is also relevant in the sector of Interviewee B as linking together the options of suppliers and needs from requests received from customers is essential in his line of work.

3.4. Combined findings

The findings of both the literature review and interviews highlight that understanding customer needs is an essential part of success for small businesses in the craft sector. Historically, marketing began with an economic focus on cost and quality, but pioneers such as Wanamaker introduced the customer centric perspective, highlighting the importance of building trust, quality service and fair pricing. This shift created the foundation of modern marketing practices that prioritize understanding and addressing customer needs.

The literature review emphasizes several key techniques for identifying customer needs such as involving employees as customers, critical observation, and structured interviews. These methods are designed to gather detailed reliable information about customer needs and problems.

The interviews support these findings by showing some practical instances of these types of techniques. Regular communication through various channels such as email, WhatsApp, and personal meetings was highlighted as crucial for understanding customer needs and preferences. Collecting active feedback was also shown as a valuable source of information for this. All interviewees noted that it is important for understanding customer needs, process improvements, and for maintaining a high-quality standard.

Customization and personalization were identified as key strategies for meeting customer needs. This is especially important in industries of Interviewee B and the Colored Glass company. This is because the products in these industries are mostly highly specific to individual requirements which is the case in a lot of craft-based businesses. Creating unique, high-quality products, based on specific customer requests, helps businesses differentiate themselves. This builds customer loyalty resulting in a better understanding of customer needs.

The interviews also showed the importance of engaging with customers and building upon relationships with customers. This enhances insights into customer needs, as they get to know their customers better.

The literature and interviews highlighted that a strong market orientation, involving thorough market, and competitor analysis, was a must for enhancing business performance. Both underscore that understanding and meeting customer needs through detailed information collection is of high importance to develop better product designs and higher customer satisfaction.

Two out of three interviewees also highlighted the importance of visiting potential customers and suppliers, searching the internet, visiting fairs and using a cold approach to figure out customer needs for prospective customers.

4. SYNTHESIS

Following the findings of the exploration, the synthesis will develop several design propositions (DP's) in the light of identifying customer needs in the context of The Colored Glass Company. These design propositions follow the CIMO framework designed by Denyer et al. (2008).

4.2. Results

DP1: In the context of The Colored Glass Company (C), having regular communication with customers through various channels (I), will lead to a deeper understanding of customer needs and their behaviour (M), resulting in enhancing the ability to deliver the needs of customers (O).

Both the literature and interviews found that having regular direct contact with customers is essential when trying to understand customers' needs. In order to fully understand the customer needs in a product area, companies have to collect detailed insights from multiple customers that all contribute to the total understanding of customer needs (Griffin, 2004).

DP2: In the context of The Colored Glass Company (C), actively collecting feedback from customers (I), leads to a reflection of the made product or service (M), results in understanding the customers preferences and needs in a more detailed manner (O).

The interviewees highlighted the importance of asking for feedback from customers in order to enhance their understanding of customers' needs. By reflecting on this feedback and implementing the feedback, companies will be able to prepare themselves better for returning customers or prospective customers.

DP3: In the context of The Colored Glass Company (C), using extensive customization and personalization strategies (I) will create high engagement between the customer and supplier (M), resulting in understanding customer needs and preferences through a solid relationship (O).

The interviews highlighted the importance of customization and personalization in craft-based business. This builds relationships through compliance with specific customer requests and creating high quality products in order to satisfy the customer to a sufficient level. By having good customer relationships, prospective customers are approached through word of mouth advertising, targeting the same type of customer of which the customer needs are generally known. This was mainly found in the interview with interviewee B.

DP4: In the context of The Colored Glass Company (C), visiting fairs, potential customers, searching the internet, and using a cold approach in the market (I) leads to a bigger sample of information (M), resulting in a deeper understanding of customer needs in the market not yet part of the existing customer base (O).

Two out of three interviewees also stressed the importance of the named interventions in order to create a bigger picture of the customer needs in the market. This is also highlighted in the literature under market segmentation. Market segmentation is key for managers to find a target market and create an effective marking strategy for a product (Tynan and Drayton, 1987), by understanding the needs of the targeted customers in this market.

4.2.1. Implementation of design propositions

By creating the design propositions, functional design principles are created that can be implemented into the strategy of the Colored Glass Company. These principles consist of three parts: a design objective, an implementation strategy, and specific requirements.

4.2.1.1. Regulating communication with customers

Establishing and sustaining regular communication with customers through various channels, should result in achieving a better understanding customer needs. This will allow the Colored Glass Company to adapt their products and services more precisely to their customer needs.

To implement this, the Colored Glass Company should set up scheduled check-ins with customers, using multiple communication channels in order to reach a large number of customers and ensure a response. In addition to this, they will encourage customers to give their feedback through these channels.

The requirement of this design principle is that the scheduled check-ins through the channels must be followed at all times, as a slack of conducting in these check-ins will result in losing sight over the customer needs.

4.2.1.2. Actively gathering feedback

The Colored Glass Company should develop a systematic process for gathering and analyzing and reflecting on customer feedback. This will provide valuable insights into customer needs.

For the implementation, easy and accessible feedback channels for customers can be created. Regular review and analysis sessions of the collected feedback should be scheduled. Lastly the reviewed feedback can be used in order to make informed decisions about product and service adjustments.

The requirement is that the feedback should be considered and accepted with an open mindset in order to make the necessary adjustments while still maintaining a high quality of the products and services.

4.2.1.3. Customization and personalization strategies

Emphasizing customization and personalization in product offerings is an important factor in order to build strong engaged relationships with customers. This will help in understanding their specific needs and preferences, leading to higher satisfaction and repeat business, especially in the B2B setting.

In order to implement this, The Colored Glass Company has to continue to offer highly customizable products and services to both customers and businesses. This improves the relationships between them and their customers.

The requirement of this design principle is that they should mainly focus on improving the relationship with customers in the B2B section, when the company gains more customers in this segment.

4.2.1.4. Proactive market exploration

The objective of this design principle is to engage in a variety of market research activities, to gather a wide range of information about customer needs. This broader method will help the company gain a deeper understanding of the customer needs in the current segment, but also in other segments that are related.

Attending relevant industry events, fairs, and visiting potential customers are essential activities for achieving this objective. Next to this, using strategies for cold approaching customers will help in identifying customer needs outside the current customer base. Also, making use of online tools and resources in order to analyse these segments are useful for the implementation.

The requirement is that the visited events, fairs, potential customers, and other implementation strategies, have to be conducted outside of the current customer base. This results in insights into new customer needs.

5. CREATION

The creation phase follows up on the synthesis phase, which is focused on creating solutions that relate to the design principles from the synthesis. This segment aims to create feasible strategies and solutions for The Colored Glass company that solve the issues with identifying their customer needs. A visualization of these activities can be found in the framework included in appendix 1.

5.1. Regulating Communication With Customers

Using DP1, several strategies for regulating communications will be set up. Firstly, scheduled check-ins will be created to maintain consistent contact with our customers. Also, a routine will established of sending monthly email communications. A schedule has been initiated to ensure quarterly personal contact with returning customers, either via email or phone calls. Adding onto these schedules, the organization of annual meetings with current customers will be considered to strengthen the relationships.

Secondly, in order to reach a broad target audience, the creation of a social media marketing strategy has been set in motion with the owner of the Colored Glass company. Furthermore, the development of a customer portal on the company website has been set into motion. Here customers can check their order history, track their orders, communicate with customer support and give feedback about the company.

As the Colored Glass Company is a small craft-based company, resources such as financial and human resources are limited. This can make it challenging to implement and sustain these artifacts, as setting up these channels takes time and effort. As the company grows it becomes challenging to stay in contact to a high degree with every customer, mainly in the B2C segment.

However, implementing these artifacts can help the company significantly with regulating their communication with customers, increasing their understanding of customer needs. The regular communication with customers helps with building a stronger relationship by creating trust. Continuous communication does keep customers engaged and customers involved in the processes of the business, which is essential for returning customers.

The interventions related to actively communicating with customers, should be the first focus of small businesses in the craft sector when they want to identify their customer needs. As highlighted by Blankson et al. (2006), small businesses should focus on understanding the needs and preferences of their targeted customers by gathering and analysing what customers want. Small businesses can gain an understanding of customer needs by talking to customers, constantly asking "why" exposes underlying needs (Griffin 2004). By conducting structured, in-depth, one-on-one, situational interviews small businesses can effectively create a both a broad and highly specific understanding of customer needs (Griffin and Hauser, 1993; Zaltman and Coulter, 1996). Furthermore, all the interviewees emphasized the critical importance of engaging in personal conversations with customers to strengthen relationships and better understand their needs.

5.2. Actively collecting feedback

In order to receive feedback from customers, an automated email with links to feedback forms will be created. This will make it accessible for the customers to give feedback about their experience with the company.

As mentioned before, the creation of a dedicated feedback section on the website, where customers can easily submit their suggestions, complains, and reviews has been set into development.

Adding on to this, scheduled biannual meetings for reviewing this feedback will be set up. The frequency will increase as the customer base expands, as this calls for a more up to date customer needs analysis. The feedback will be available in the company's database, accessible for employees and stakeholders. This supports the creation of the appropriate action plans for the company. Frequently analysing the feedback will confirm if the changes were successful.

Collecting, processing and, analysing the feedback successfully over a long period of time, while the company grows, can become challenging with the available resources the Colored Glass Company currently possesses. Next to this, translating the feedback into actionable insights can be a difficult task, as doing this requires a high analytical and strategical vision.

Despite these challenges, the regularly collected feedback provides essential information needed to continuously enhance the products and services offered. This feedback can provide market insights that help with recognizing and staying ahead of trends and changing customer needs. Finally collecting and implementing customer feedback can make customers feel valued and involved in the company, improving the relationship and loyalty of customers.

Actively collecting feedback is another way of communicating with customers in order to identify customer needs. Asking questions about specific situations about the use of the products, provides more detailed information about product development and customer needs (Griffin, 2004). On top of that the conducted interviews also highlighted the importance of collecting and analysing feedback received through the active communication with customers.

5.3. Customization options and personalization strategies

The Colored Glass Company will continue offering highly customizable and personalized products. As the company grows and acquires new customers, especially in the B2B segment, the building and maintenance of relationships with customers is essential. Therefore when collaborating with new customers, a personalized plan will be developed in order to build a better relationship with this customer. This plan will include things such as understanding the customers personality by getting to know them personally through activities and business visits. Maintaining professionalism in this process is essential, but the use of casual communication is crucial in order to build a strong relationship with the customer.

Providing highly customized and personalized products can increase the complexity of the orders of customers. This creates a challenge for the company as these products take more time, effort and resources used. Increasing failure risk and impacting the lead times and other aspects of production accompany this process. This can also impact the consistency of quality and delivery times. When the customer base and, consequently, the volume increases, this challenge becomes even greater.

The customized and personalized products differentiates the company from competitors. This also creates the ability to ask for premium prices which can increase the revenue and profitability of the company. This artefact also leads to increasing the loyalty and relationship with customers because the company is meeting the individual needs.

Customers can struggle with articulating their needs and wants effectively. Businesses should therefore avoid the premature translation of the needs into solutions before fully understanding

their customers (Griffin, 2004). Customers can give reliable and useful information about their needs only when they are familiar with the products their buying (Griffin, 2004). As shown in the interviews, the customization and personalization of products is important for businesses in the craft market, such as The Colored Glass Company. When businesses use these strategies they create unique and high quality products based on specific customer requests, differentiating businesses, resulting in customer loyalty and a customer specific understanding of needs.

In order to gain a comprehensive understanding of customer needs for a product area, it is essential that businesses gather detailed information from multiple customers. Every small piece of information add on to the total understanding of customer needs (Griffin, 2004). The process of creating customized and personalized products only results in the understanding of highly product and customer specific needs. This makes this strategy the least important as it is not as effective as earlier mentioned interventions.

5.4. Proactive market exploration

For DP4, the development of an annual calendar of relevant events in the industry, trade shows, and fairs will be created. These events can take place both inside and outside the country. When visiting events, it should be well prepared by targeting relevant businesses. This will help to efficiently and effectively find the desired results, such as finding new customer needs.

Specifically for the B2B segment, scheduled regular visits to current and prospective customers should be included in the annual event planning of the company.

The network of the company and its owner, will be utilized to visit related potential customers. This will benefit in expanding the company across the borders of the Netherlands, increasing the diversity from different cultures on understanding customer needs.

Proactively exploring the market requires a lot of time and resources, which can be challenging when running a small company. Finding and entering new markets also carries a big risk through new requirements.

Exploring the market helps with identifying new customer needs Finding new perspectives from the market on customer needs can help the company find new opportunities and trends. Small companies should be able to efficiently adjust to these trends and make use of the opportunities to stay relevant in the market. It can also result in finding new product ideas or strategies by engaging with different companies on such events.

Small craft based companies work in a niche, asking for an effective market segmentation strategy. These strategies are critical tools in the process of identifying a target market for a specific product (Tynan and Drayton, 1987). The interviews emphasize the importance of targeting the right customers and exploring the market through the interventions mentioned above. This results in finding new, undiscovered customer needs through interacting with potential customers. Mudjijah (2023) highlights the importance of implementing market oriented learning strategies. These strategies are related to an increase in business performance.

6. CONCLUSION

The aim of this thesis was to find and understand the identification of customer needs of small craft-based companies. The research was based on the business context of The Colored Glass Company, a small stained glass company in the Dutch market. The goal of this thesis was to answer the question: "How can small craft-based companies identify their customer needs resulting in enlarging their prospective customer base?". This has

been done by following the research design created by Keskin and Romme, which is a methodology that follows design oriented research. This design oriented research goes through four stages: exploration, synthesis, creation, and evaluation.

In the exploration phase, an extensive literature review has been conducted. It created a theoretical background for answering the design question. In addition to this, qualitative interviews were conducted with contacts from the network of The Colored Glass Company. Following up on the exploration part, the gathered information has been synthesized, creating design propositions and design principles. The design principles consist out of a design objective, an implementation strategy, and specific requirements. The synthesized information is then combined and used in order to create feasible solutions for The Colored Glass Company. The company will implement these solutions into their current strategy for identifying their customer needs.

This thesis has shown the importance of customer needs in the context of small craft based companies and provides tools that help identify these needs. The findings of this study aims to contribute to the discussion of identifying customer needs in small businesses. It highlights that small companies in the craft-based sector should consider creating a deep understanding of their customer needs in order to enlarge their prospective customer base.

This study is limited due to time constraints, which prevents a thorough evaluation of the created strategies for identifying customer needs. It is also limited to the small sample size of interviewees. Increasing the amount of interviewees will increase the accuracy of the information. The research in this thesis on identifying customer needs is limited to small craft-based companies. However, it does show the importance of identifying customer needs for small companies. Future research on identifying customer needs, should focus on increasing the scope of the research by looking at different businesses and industries in different countries.
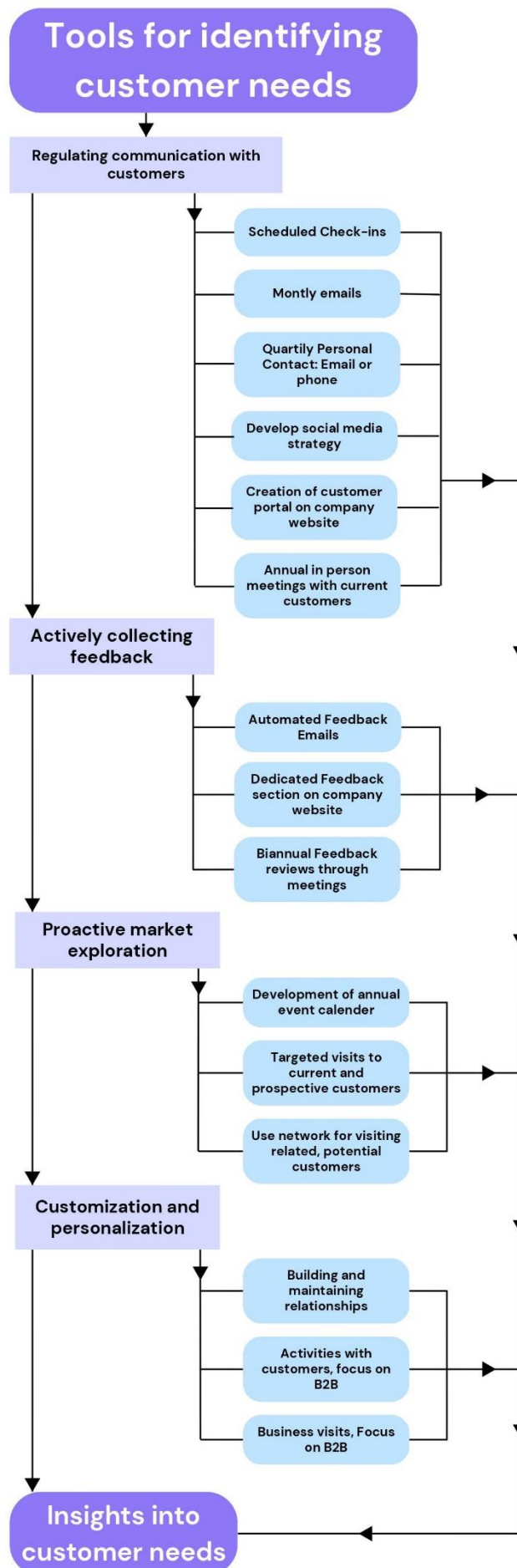
Altogether, small craft-based companies can identify their customer needs by: regulating communication with customers, actively gathering feedback from customers, using customization and personalization strategies, and by proactively exploring the market. Identifying their customer needs will result in enlarging their prospective customer base.

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APPENDIX 1

Tools for identifying customer needs

Regulating communication with customers

- Scheduled Check-ins
- Montly emails
- Quartily Personal Contact: Email or phone
- Develop social media strategy
- Creation of customer portal on company website
- Annual in person meetings with current customers

Actively collecting feedback

- Automated Feedback Emails
- Dedicated Feedback section on company website
- Biannual Feedback reviews through meetings

Proactive market exploration

- Development of annual event calender
- Targeted visits to current and prospective customers
- Use network for visiting related, potential customers

Customization and personalization

- Building and maintaining relationships
- Activities with customers, focus on B2B
- Business visits, Focus on B2B

Insights into customer needs

APPENDIX 2

Interviewee A: questions

1. Why did you decide to start this company? And what are your business goals?

2. How do you differentiate your company from others in your industry?

3. How do you get to know your customers?

4. What do you know about your customers that allows you to improve your company? (who buys your product / why do they buy it / when do they buy it, etc.)

5. How important is understanding your customers' needs to your business?

6. What methods do you or your organization use in your work to identify customers' needs?

7. What customer needs do you consider when you want to expand your customer base?

8. Can you rank these factors from most important to least important?

9. What strategies do you use to approach potential customers?

10. How would you describe the process of analyzing customer needs in your work?

11. How do you take action to increase your company's success by knowing your customers' needs?

Interviewee A: Results

In this interview, we had the opportunity to speak with an experienced agent and intermediary in the steel market in the Netherlands. The interviewee decided to start their own company from a desire to follow their own course, based on their specialized knowledge and experience. Their business goals include expanding the number of clients and doubling the turnover.

The company distinguishes itself in the industry by completely relieving the client of concerns. This is achieved by thinking proactively and always keeping promises. This customer-focused approach is a key feature of their business operations.

To get to know their clients well, the interviewee maintains frequent contact via email and WhatsApp, as well as through personal conversations. This direct contact helps build strong relationships with clients and better respond to their needs.

By actively asking for feedback from clients, the company can focus on process improvements. This helps them understand who buys their products, why they buy them, and when purchases are made. Gaining insight into the needs of clients is essential for the success of their business. Without this knowledge, it is not possible to run a successful company.

To uncover the needs of clients, they use methods such as asking clear questions and continuing to thoroughly ask questions to get a good understanding of what the client exactly needs. When expanding their client base, they take into account client needs such as the right price-quality ratio, FTR (First Time Right), and JIT (Just In Time). They rank these factors from most important to least important as follows: right price-quality ratio, FTR, and JIT.

To approach potential clients, the company uses various strategies. They visit trade shows, actively network, and engage in cold acquisition. They describe the process of analysing client needs as follows: by visiting suppliers and clients and having conversations, they gather information about the capabilities of suppliers and the needs of clients. Additionally, from the requests they receive, they create an overview to distil specific needs of clients.

To increase the success of the company by knowing the needs of their clients, they regularly ask for feedback and ensure active after-sales. This helps them continually improve and better meet the expectations of their clients.

APPENDIX 3

Interviewee B questions

1. Could you explain your background and your role in the company?

2. What industry does your business operate in?

3. Where do you hear about / look for new suppliers?

4. How do you get to know a potential new supplier? / What kind of information do you gather about your supplier?

5. What factors do you look at while considering a new supplier?

6. Could your rank these factors from most vital to least?

7. What would be a deciding factor for choosing between similar suppliers?

8. What could, in your opinion, suppliers improve when representing themselves on the market to gain new customers?

Interviewee B results

In the interview, we had the opportunity to sit down with a seasoned professional in the purchasing department of a prominent Dutch door manufacturing company. The interviewee began their journey with the company in 2010, initially taking on the role of a buyer and head of stock for small tools. Over the years, their dedication and expertise got them to the position of head of the operational purchasing department. Today, they are also an integral member of the strategic purchasing team.

The company they work for is a well-known manufacturer of both interior and exterior doors, primarily catering to the Dutch market with a strong focus on renovation projects. This specialization has allowed the company to carve out a niche, becoming a preferred supplier for high-quality doors in the region.

When it comes to sourcing new suppliers, the interviewee's approach is comprehensive and collaborative. They emphasize that the search for new suppliers is a collective effort involving the entire strategic team. The scope of this search is broad, often starting with suppliers who reach out proactively, sending offers or requesting meetings. In addition to these unsolicited contacts, the team actively seeks out potential suppliers online. Moreover, they also engage with well-established suppliers in the industry, with whom initiating contact is straightforward due to the company's strong reputation among main material suppliers.

Getting to know a potential new supplier is a meticulous process for the interviewee. They believe in gathering as much information as possible from various sources. This due diligence is complemented by personal meetings, which they consider crucial for evaluating a supplier's fit with the company's needs and values.

Several key factors guide the interviewee's assessment of new suppliers. At the top of their list are financial integrity and reliability, which they rank as the most vital criteria. Following closely are the quality of the products, the price, delivery conditions, and the supplier's history and reputation in the market. This rigorous evaluation ensures that only the most capable and dependable suppliers are considered.

When asked about the decisive factors in choosing between similar suppliers, the interviewee pointed to the importance of previous cooperation and a good market reputation. A history of successful collaborations and a solid reputation can often tip the scales in favor of one supplier over another.

In their opinion, suppliers looking to improve their market presence and attract new customers should focus on demonstrating sustainability, presenting high-quality products, and adhering strictly to contractual terms. These elements, according to the interviewee, not only enhance a supplier's appeal but also build long-term trust and reliability.

Through this interview, the interviewee offers a comprehensive look into the strategic and operational intricacies of supplier management within the door manufacturing industry. Their insights underline the importance of thorough evaluation and the value of strong supplier relationships in achieving business success.

APPENDIX 4

Interviewee C questions

    1. Why did you decide to start this business? And what are your business goals?

    2. How do you set your business apart from others in your industry?

    3. How do you get to know your customers?

    4. What do you know about your customers that help improve your business?

(who buys your product / why do they buy it / when do they buy it etc.)

    5. How important is the insight of your customers' needs for your company?

    6. What are methods you or your organization use in your line of work in order to

figure out customer needs?

    7. Which customer needs do you take into account when you want to expand your customer base?

    8. What strategies do you use to target prospective customers?

    9. How would you describe the customer needs analysis process in your line of

work?

Interviewee C results

In this interview, we had the chance to speak with an individual who decided to start their own business driven by early customer interest while still in school and experiences working at a furniture company, which revealed their independent nature. They wanted to be self-sufficient and not rely on others. Their primary goal is to make a living without being dependent on others, rather than setting specific business growth targets.

Their business stands out in the industry by offering extensive capabilities, working with solid wood, and possessing a wealth of knowledge and skills. They primarily cater to private customers. The way they get to know their customers is through word-of-mouth referrals, Google searches, and making custom-made products. Customers specifically seek them out for unique creations that have not been made by others.

The interviewee emphasized that conversations with customers make a significant difference. They pay attention to whether customers are enthusiastic about the products created. Their customers are typically aged between 35 and 70, high-end clients who have more disposable income. These customers have specific requests and seek out this particular business.

Understanding customer needs is crucial for the company. They create advertisements and adjust their approach based on customer feedback. Currently, they have enough clients, and if people inquire about prices, they are not the right customers. Their clients know what they want, which is why they base their designs on these needs.

To figure out customer needs, they are not actively seeking new methods at the moment. The market is there, and they are not actively searching for more customers. They engage in conversations and use their website to understand needs. When looking to expand their customer base, they consider making more time available beyond the typical 9-to-6 schedule and providing extra services, always being ready for their customers.

When ranking the importance of various factors, the interviewee did not provide a specific order but implied that customer satisfaction and readiness to meet needs are high priorities. They do not use formal strategies to target prospective customers. Instead, they approach furniture stores to sell pieces and offer custom work, thus integrating into that customer base. They also reach out to businesses in the same sales industry.

The process of analyzing customer needs in their line of work is informal. It relies heavily on word-of-mouth and repeat business. They believe that if they do their job well, customers will return. They have set up a basic framework that attracts customers to them. Ensuring visibility is key, though they do not aim to grow in terms of company size.