

A strategy for Solergy.



Solergy
Power your future

UNIVERSITEIT TWENTE.

Bachelor Thesis

- Solergy -

Author

Geert-Jan Bakker

S0203459

Student Bk

Supervisors Solergy

Arsades Afsafar

Zadik Surup

Supervisors Universiteit Twente

Gabi Kaffka

Martin Stienstra

Preface

This thesis wouldn't have existed without the help of some people. I would like to thank Arsades Afsar from Solergy and Zadik Surup for their help and guidance and their patience in this research. I would like to thank them for giving me the chance to carry out this research at their firm.

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Summary

This thesis describes the strategy formulation process for Solergy. Solergy is a small start-up company in Almelo, The Netherlands. Solergy doesn't know how to reach its customers as a starting solar panel installer. These customers are the most important determinant for Solergies marketing strategy. This brings us to the research question of this thesis:

Research question:

Which strategy does Solergy need to reach its customers and gain market share?

Sub questions:

- A. Who are the customers and what is the most appropriate segment for Solergy?
- B. Which strategy is needed to reach the customers in this segment?

This thesis focuses on finding market information for Solergy. This means finding the most relevant information on the customers. This has to be done in order to find out which is the best marketing strategy. The theory of Segmenting, Targeting and positioning is used to narrow the market down. An analysis of the external opportunities helps in the strategy formulations process.

Various levels of strategy are distinguished. These are the functional level and the business level. For the business level the model of Mohr, Sengupta and Slater is used. This model distinguishes the strategies of the product leader, fast follower, customer intimate and the operational excellent company. For the functional level the model of Treacy & Wiersema and the model of Lauterborn are used. The model of Treacy and Wiersema distinguishes three different approaches to the market, based on quality, price and service. The model of Lauterborn makes it possible to implement these strategies. It uses the terms: customer, cost, convenience and communication.

The information is gathered by carrying out a desk research. Afterwards the information is analyzed and the relevant parts are selected. The exact nature and the methodological implication of these methods and techniques are also discussed in this research, as well as questions about the validity and reliability of the found information. The findings of this research are used to formulate a new strategy for Solergy. The essential strategic implications are: It's the best for Solergy to follow a fast follower strategy on a business level and a service approach on a functional level. This is the best strategy to reach the targeted customers. The targeted customers are house owners. The people above the age of 50 and higher educated customers are the most interesting ones. More specific information can be found in thesis.

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Chapter 1: Introduction

Solergy is a two men start-up company located in Almelo, Overijssel. Solergy wants to make a move on the Dutch solar panel market as a distributor. Solergy wants to get a piece of this growth in the future and they are looking for the best possible way to do so. This chapter starts with a brief introduction of Solergy.

1.1 Solergy

In the year 2011 Arsades Afsafar and Zadic Surup decided to start up as a distributor of Solar panels. They called their company Solergy. Solergy is set up in an environment in which alternative forms of energy become more and more important. The founders of Solergy saw a chance to set up a company and aim to get a piece this developing market. The founders state three main reasons for starting up this company: Firstly they want to pursue corporate social responsibility; the solar panels provide them with an opportunity to do this. The second reason is; they have great affinity with green energy. They also see the solar panel market as a growth market with huge potential, as a good place to start a business.

The company has two employees. These are the founders themselves. The company doesn't have its own building yet. Solergy wants to be a distributor/retailer of solar panels. Being a distributor means for Solergy that it has to buy solar panels and other parts of the installation from the manufacturer. Being a retailer means Solergy delivers those products directly to the customers. These installations are composed by Solergy. After the composing and the storage of the different parts Solergy brings their products to the customers and installs them. Solergy also provides maintenance services.

It is important to understand the exact nature of the product en services that Solergy is going to provide. The product Solergy is going to sell is not just a solar panel. It is more like a solar installation. Solergy sells installations that use solar panels to generate electrical power. This kind of installation is also called a 'Photovoltaic-installation.' (PV) Solergy wants to sell a complete solar installation including the installing of the panels. Such an installation consists of:

- Solar panels, and if needed a position at which the panels can be placed.
- An adapter to transform the output in to 230V.
- A KWh meter to measure the output.
- Wiring between the different parts of the installation.
- The installation of the panels and the connection to the power web.
- Service afterwards.

The product comes with a certain service. Solergy will provide service like; replacing the adapters, replacing broken panels or wiring and checking the condition of the installation.

These services are optional and people need to pay extra in order to get these services. The products can also be found on the website of Solergy: On this website is also shown what the costs of the different solar installations are and what the grid parity of such a system is.

1.2 The Problem definition

Solergy doesn't only want to be a distributor in the Dutch PV-market. It is their goal to gain a large market share in the Dutch solar panel installation market within 5 years. But according to Solergy the Dutch market is very underdeveloped and the competition is very high. This paragraph discusses two questions that rise from the ambitions of Solergy.

The goal is to find out 'how to reach the customers.' But firstly Solergy needs to find out who those customers are before these customers can be reached. Solergy doesn't have much client records or history because they didn't sell much solar installations yet. This means Solergy is not only challenged in reaching their customers but there is also a lack of knowledge of the customers. The first question that rises is: Who are the best customers for Solergy and what do they prefer? This is the first question that will be answered in this thesis. The answer to this question will provide Solergy with information about their customers. This is the first step of the strategy formulation process. The information gathered based on this firm sub-question is needed to formulate a new strategy for Solergy.

Solergy wants to know 'how to reach the customers.' But the people of Solergy don't know how. This means the second central problem of Solergy is the lack of a marketing strategy. As the founders of a small start-up company the people of Solergy do not know how their customers should be contacted and market share can be gained. Solergy needs to know which strategies there are and which strategy is the most preferable one. The information on the customers gathered in the first sub-question will be used to determine the best strategy for Solergy.

These considerations lead to the following research question:

Research question:

How can Solergy gain market share?

Sub questions:

- A. Who are the customers and what is the most appropriate segment for Solergy?
- B. Which strategy is needed to reach the customers in this segment?

The research starts with the theories that are needed to find out who the customers are. This is explained further in chapter 2. The customers and their preferences form is the first part of the research. The second part of the research will consist of the formulation of different types of

strategy which can be used by Solergy. This is to explain the possibilities Solergy has. The research methods can be found in chapter 3. The findings on the market orientation are displayed in chapter 4. The connection between the theory and the findings is made in chapter 5. The thesis ends with a chapter of discussion.

Chapter 2: Theory on Customer information

The first sub question of this research is: Who are the customers and what is the most appropriate segment for Solergy? That is why the chapter starts with an explanation why the customer information is so important. After that the importance of environmental factors is discussed very shortly. The three paragraphs after that discuss the segmenting, targeting and positioning theory. The last part of this chapter discusses the innovation adopters theory.

2.1 Customer orientation.

The links between a market-oriented culture and organizational performance have been demonstrated repeatedly in recent empirical research. A market-oriented organizational culture may work as a critical driver of various aspects of superior performance, including product quality, new product success, and profitability not only for large-scale firms (e.g. Deshpande et al., 1993; Hult and Ketchen, 2001; Morgan and Strong, 1998); but also for small and medium enterprises (e.g. Appiah-Adu and Singh, 1998) SMEs can overcome the size and efficiency related advantages of larger firms, such as market power, economies of scale, broad product lines, and superior production technology, by developing capabilities for closeness and responsiveness to market demands (e.g. Slater and Narver, 1994 & Alpkan et al, 2007). This means the strategy of Solergy is determined by the environment, but not all the aspects of the environment are equally important. This is explained in the next paragraph.

The market demands come for example from the customers in the market. But the market consists of a lot more factors than just the customers. Factors like; the rate of competition, economic conditions, political stability, market development, market entrance, technology development, legal issues, and etcetera are also of influence. These factors are important to a company, but the focus of this research lies especially on the customers. The focus on customer information has three reasons. Firstly the information about the customers brings us nearer to the answers on the research question. The question is; 'how to reach the customers?' and not; 'how can Solergy beat the competition?' The second reason is more practical. There is not enough room for such a broad analysis of the market in this thesis. It would take too much time and work to work all the types of information out. The third reason is that customer information is the most important type of information. The customer information is the most determining factor of all. If the customers are not pleased a company cannot exist. Peter Drucker (1973) states it this way; 'a firm exists to fulfill the needs of customers'. But in order to fulfill the needs of customers a firm should first know who the customers are and what the customers want. This corresponds with Narver & Slater (1990) who say that a company needs to find out what the customers want in order to be customer oriented. In paragraph 2.3 is explained how these customers are found.

As said in the last paragraph the focus of this research will be on customer information. But also environmental factors can be of influence in a strategy determination process. That is why the best external opportunities for Solergy will also be mapped in chapter 5. This is done to ensure completeness of the research and to avoid missing obvious chances in the environment.

2.2 Segmenting

The scope of the research is on customer information. The customers in the market are not one homogenous group. Different segments can be distinguished. This process is called 'market segmentation' and it is a theoretical approach to the market. "Market segmentation is a state of demand heterogeneity such that the total market demand can be disaggregated into segments with distinct demand functions. Each firm's definition, framing, and characterization of this demand heterogeneity will likely be unique and form the basis for the firm's marketing strategy," (Dickson & Ginter, 1987). This means the market has to be segmented in order to distinguish the best possible segment for Solergy to gain their market share.

Types of Segments

When a market has to be segmented there are several ways to do so. For example, a market can be segmented with regard to: Age of customers, Benefits sought by customers, Purchase occasion for a customer, purchase behavior of a customer, education level of the customers, usage, demographic factors, product attributes and more segmentation types are possible. In this research is choosing for ways to segment the whole Dutch market into product market combinations. These PMC segments are important because it directs Solergy into the best direction within the solar energy branch. The branch will be further segmented on to the ways mentioned at the beginning of this paragraph. This further segmentation leads to an insight of the solar panel market and will be helpful in the strategy determination process. In the next paragraph the targeting process will be discussed.

The theory of segmenting as discussed in the paragraphs above is the approach towards the customers. In this paragraph this theory is applied to another model. This theoretical model of an upcoming market is shortly introduced. This model has useful strategically implications and can be very helpful in the strategy determination process. The very well-known model to segmenting is based on the categories of innovation adopters (Figure 1). This model is a very useful for Solergy in the developing solar panel market. The typologies of innovation adopters are based on the work of Bass (1969) and Rogers (1995). When a company wants to formulate a strategy for a developing market they have to understand this model. The model consists of the five stages which a market passes through from start to decline. (Mohr, Sengupta & Slater, 2010) The five stages can be found in figure 2.

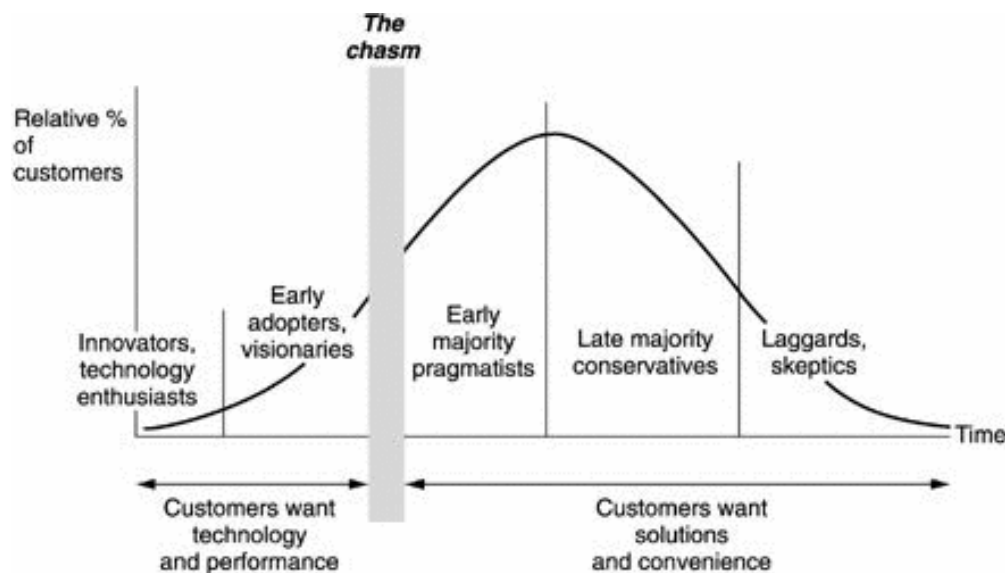


Figure 1

2.3 Targeting

After the first step in the segmentation process the next step is to target the most favorable market segment(s). Blythe states that targeting is the process of choosing a segment or segments. (Blythe, 2006) This process of choosing the right segment has to be executed carefully. To be suitable for targeting a segment has to meet some criteria. A market segment has to be; **Definable or measurable**. This means there must be some way of identifying the members of the segment and knowing how many of them there are. It must also be **accessible**. This means it must be possible to communicate with the segment as a group, and get the product to them as a group. The third criterion is; it must be **substantial**, so it must be big enough worth targeting. The last criterion says it must be **congruent** and **stable**. The members must have closely similar needs and the segment should not change substantially over time, either in its needs or in its membership.

The most important criteria are accessibility, substance and measurability. These three criteria are absolutely essential. The last two criteria are less determining what a suitable market segment is for Solergy. This is because Solergy doesn't want their market to be stable but rapidly developing. This leaves better chances for a small company like Solergy. The current market for solar panels is very congruent but not very stable. Solar installations don't differ very much from another but the market is still developing. These factors are determining the marketing strategy but are not essential in the targeting process.

Targeting the early majority

In this paragraph the targeting theory is applied to the innovation adopters theory. The market is now in the first phase. This means Solergy has to deal with early adopters and visionaries customers. In this phase the power belongs to the technology providers. 'Successful technology-based innovations must be accepted first by early adopters who tend to be market visionaries.' (Moore, 1991) Solergy is not such a technology provider. They are not able to invent new types of solar panels or new technologies. But their market environment consists

mainly of market visionaries. These visionaries are a small group of people who are the true lead-users, so customer-oriented suppliers expend considerable effort to identify and work closely with members of this market segment to develop and to refine the concept (Moore, 1991). This means for a company like Solergy it is important to listen to the customers before they will be able to reach the early majority. The early majority and also the late majority are the biggest and most interesting segment of the market and provide the best possibility of gaining market share.

Segment	Descriptive Label	Characteristics
Early Market Innovators	Technology Enthusiasts	Appreciate innovation for its own sake Motivated by the idea of being a change agent in their reference group Interest in new ideas leads them out of narrow circles of peers into broader circles of innovators Willing to tolerate initial glitches and problems that may accompany any innovation just coming to market and are willing to develop makeshift solutions to such problems
Early Adopters	Visionaries	Look to adopt and use innovation to achieve a revolutionary improvement Attracted by high-risk, high-reward projects Because they envision great gains from adopting innovation, not very price sensitive May demand personalized solutions and quick-response, highly-qualified sales and support
Mainstream Market Early Majority	Pragmatists	Rather than looking for revolutionary changes, motivated by evolutionary changes to gain productivity enhancements Averse to disruptive change; want proven applications, reliable service, and results Want to reduce risk in the adoption of the innovation The bulwark of the mainstream market
Late Majority	Conservatives	Risk averse and technology shy; price sensitive Need completely preassembled, bulletproof solutions Adopt innovation just to stay even; often rely on a single, trusted adviser to help them make sense of technology
Laggards	Skeptics	Want only to maintain the status quo Tend not to believe that innovation can enhance productivity and resist new technology purchases Buy only if they believe all their other alternatives are worse and cost justification is absolutely solid

Figure 2

The early majority consists of pragmatists. Pragmatists require the supplier to deliver a whole solution that is more effective or efficient than the buyers' current solution. Pragmatists are unlikely to be true lead-users because of their investment in and commitment to the traditional solution. However, the market oriented supplier must work effectively with the pragmatists to demonstrate economic value because the pragmatists represent the mainstream market. (Moore, 1995). This is also agreed with by Narver and Slater. 'The pragmatists are the early majority. When a company wants to reach the early majority it has to provide a substantial economic value to its customers'. (Narver & Slater, 1998) In order to reach the early majority a company has to cross 'the chasm'. This is the barrier between the Early adopters and the Early majority. Moore (1991) recommends a two pronged approach for a company to cross the chasm. First; Identify a beachhead, a single target market from which to pursue the mainstream market. The second step is to find a Partner to develop a whole product solution, an integrated end to end solution that allows the customer a seamless experience in buying the company's product.

Identify a beachhead

To identify a beachhead means to find a single target market that can form a beachhead to the mainstream market. Such a single target market has two critical characteristics. (1) Its customers have a single, compelling 'must have' reason to buy the product. This reason should match the capabilities of the firm. And (2) the beachhead provides interfaces to enter contiguous segments. So it should be possible to reach new segments beyond the targeted one. (Moore, 1991) These segments should have two key attributes; a word-of-Mouth relationship with the beachhead market and similarities in the whole product needs.

Develop a whole product

Mohr, Sengupta and Slater (2010) state that the market segment of early adopters tolerates some incompleteness in the product but the early majority wants total system integration. This means a company has to provide a complete product and has to take care of all the wishes of the customers in the beachhead segment. This information helps positioning the product. Mohr, Sengupta and Slater (2010) also state that Partners can drive expansion of a company. They can do this by helping Solergy develop a complete solution. The wishes per segment can differ. (Mohr, Sengupta & Slater, 2010) But with solar installations this will be marginal.

2.4 Positioning

When the market is segmented and the right segment(s) are targeted the positioning of Solergy has to be executed. This will be done by using the four C's of positioning. These Four C's are explained in paragraph 2.8.

Theory on Strategy

The following paragraphs provide theory to define the term 'strategy'. This is essential because there are a lot of different views and ideas about the term strategy. After that the different levels of strategy are discussed. The last two paragraphs talk about the different strategies on a business and functional level.

2.5 Strategy

The market approach of the company should be completely dictated by the marketplace and particularly by what the customers need. (Webster, 1992) Also confirmed by: Slater and Narver (1994), Alphan et al (2007) and Dickson & Ginter (1987). Slater et al (2007) state that the actions that are fundamentally concerned with creating superior customer value in the firm's market, in order to achieve superior performance, are dealing with business strategy. So basically everything a firm does in order to fulfill the needs of customers is called business strategy. This brings us at the three most important strategic questions that every company has to answer. (Mohr, Sengupta and Slater, 2010)

- Who are our customers?
- What value do we offer them?
- How can we create and deliver that value efficiently and effectively?

These questions show us that a Solergy has to adjust its strategy to the customer preferences. This is also discussed in paragraph 2.1. Different possible strategies will be discussed later on in this chapter. But firstly it is important to understand that there are different levels of strategy.

2.6 The levels of strategy

There are different levels of strategy. Piercy and Cravens (1999) distinguish 4 different levels and focus of organizational analysis in marketing. The **Functional, Business, Corporate** and **Enterprise level** of analysis. This means a strategy can be implemented on four different levels within an organization. The corporate and the enterprise levels are only relevant for big companies and companies who have partnerships and/or strategic alliances. Solergy is a very small company and the focus of this paper will not be on making partnerships and/or strategic alliances.

For Solergy the business and the functional level of analysis are relevant. The business level of marketing tells us how the company should behave as a whole. In which direction it should move. This is the fundamental strategy of a company. The functional level of marketing handles about the marketing sub-systems. On this level the best way to reach the customers is made specific for every product. (Piercy & Cravens, 1999) Important to know is that Solergy only sells one product and also a very small company. That seems to mean from the company's

perspective that there is one level of strategy necessary. But this is not the case. A strategy is not for the short term but also for the long term. Solergy can grow in the future and will differentiate and offer more and more different products. And therefore need different strategies for different products. Another and more important reason to distinguish different levels of strategy is that there are different segments of the same market. Solergy may have one business strategy but it might be useful to pursue different functional strategies for different market segments. This way Solergy can satisfy the needs of the customers better.

2.7 Strategies on a business level.

In this paragraph the different types of strategy are discussed. First we discuss the different types of strategy on a business level. The theory used for this level is the theory of Mohr, Sengupta and Slater (2010). This theory shows similarities with the very well-known strategic types of Miles and Snow. (1978) According to this theory there are 4 archetypes of marketing strategy. These are the product leader (prospector), the fast follower (analyzer), the customer intimate (defender) and the operational excellence (reactor).

	Who are the customers?	What value?	How is it created/ delivered?
Product leader (Prospector)	Innovators Early Adopters	Innovative new products	Focus on speed, commercializing ideas quickly.
Fast Follower (Analyzer)	Early adopters Early majority	Superior products Lower prices New business models	Focus on cost, distribution
Customer Intimate (defender)	Early and later majority. - Narrow Niches - Specific customers	Customized solutions Superior service	Relationship marketing. Intimate customer knowledge
Operationally Excellent (Reactor)	Early and late majority. - Mass market - Price sensitive customers	Superior combination of quality, price and ease of purchase. Cost leadership	Value chain efficiency.

Figure 3. (Mohr, Sengupta and Slater, 2010)

Every category represents an approach to the market for the whole company. It is important to know in what category Solergy should be. The right approach is a so called contingency approach. This means; the best possible strategy is determined by the environment of the company.

The product leader is a category of companies who always are looking for new business opportunities and new products to bring to the market. These companies are equipped to react fast on the trends in the market and commercialize their ideas quickly. The second category

consists of companies who look at the market and try to follow the product leader. Their goal is to beat product leaders at their own game by delivering better and/or cheaper products/services.

Two different categories are the customer intimate category and the operationally excellent category. These strategies focus on the customers in the current market. They try to keep their market share by being very intimate with the customers and listen to their needs, or by making small improvements to the products. The four categories are elaborated in the model beneath. (Mohr, Sengupta and Slater, 2010)

2.8 Strategies on a functional level.

The strategy on a functional level has to accord with the strategy on the business level. Treacy and Wiersema (1993) offer three value disciplines. These value disciplines offer a direct market approach and therefore a strategy on a functional level. These disciplines are: operational excellence, customer intimacy and Product leadership.

They recommend a company to become a champion in either one of these disciplines. A company has to meet industry standards in the other two disciplines. A choice between one of these three strategies has to be made. A company can choose to try to meet the demands of the customers as well as they are able to. (Customer intimacy) This means a company delivers high service to their customers. A company can try to perform internally excellent. This means all the internal processes are optimized to deliver the cheapest product possible. And at last a company can try to reach product leadership by delivering the best product. This product might be a little bit more expensive or the service might be not as good but it is the qualitative best product. (Treacy & Wiersema, 1993) This means Solergo has a choice out of three strategies on a functional level. They choose to excel in quality, price or service. The other two disciplines have to meet industry standards. This choice will be made in chapter 6 because the market has to be researched first.

When the most preferred strategy type is determined. This business strategy also has to be implemented on a functional level. The most commonly known way to position a company on a functional level is by using the four P's, the marketing mix from Jerome McCarthy. The model states that an organization can organize his marketing activities by using the four elements of the marketing mix. The four P's represent the most important factors that can be controlled by the company, to implement the preferred market strategy. The four P's are easy understandable and are able to give a clear interpretation of the marketing strategy. (Kotler & Armstrong, 2009).

Another well-known way to implement a strategy is the 4 C's of Robert F. Lauterborn. (1990) Instead of the terms; product, price, place and promotion this model uses the terms: customer, cost, convenience and communication.



Marketing C's
Customer
Cost
Convenience
Communication

Figure 4

The model of Lauterborn(1990) uses the customer as the starting point instead of the company. Instead of product the company should focus on the customer's needs. This way of thinking helps the companies think of an end-to-end solution for the customer instead of making the product to the standards of the company itself.

Price is replaced by Cost. This means the total cost of ownership and not just the purchase price. Factors like, costs of changing and implementing, costs of damage, costs for not selecting the product of the competitor, costs of maintenance, service costs, etcetera, bring extra costs to the customer. Convenience sits in for place. Not only the place matters but also how easy is it for the customers to get to the product and buy it. With the use of the internet the place doesn't really matter that much anymore. It is important that the website (or any place where a product is sold) provides decent information and an easy buy for the customer.

The last one, Communication, is the substitute for promotion. This is a broader term for any kind of interaction there is between the company and the customers. Not only the promoting activities but also the way the company interacts with customers who already are attracted to the product. This 4 C's approach is far more preferable for Solergy because it fits directly into the customer orientation theory. The 4 C's approach asks for a different mindset. The company shouldn't try to convince the customer to buy their product but should listen to the customer in order to become successful. In this thesis we use the 4 C's model because the 4 C's focus on the customer and not on the company. This fits in the customer orientation theory.

Chapter 3: Data collection

This chapter discusses the methodology which is used in this research. First, the research philosophy is discussed. After the first paragraph the research strategy and the validity and the reliability of the methods are reviewed. In the fourth part of this chapter the research process is elaborated. In the fifth and last paragraph of this chapter the data analysis is discussed.

3.1 Research philosophy

In the methodological philosophy are three purposes possible for a research: Exploration: That is; to explore a scientific topic. Description: The researcher describes situations and events, because a scientific description is far more accurate and precise than casual ones. Explanation: This is a research answering the question of what, where, when, why and how. (Babbie, 2007)

The research will be descriptive of nature. As explained in chapter 2, the customers are the focus of this research. This means the customers will be described using scientific papers and scientific methods. This will not be an exploration because there are already a lot of researches on this topic. This will also not be an explanation because it is not the goal to explain or understand the way the market works but to describe it in order to use it for a strategy formulation.

3.2 Why a desk research?

The best way to understand the needs of the customers is to execute a survey on the customers in order to understand their needs and wants. Solergy doesn't have any customers and Solergy does have only two employees. This produces the problem therefore this survey cannot be executed by questioning the current customers or the employees of Solergy. Executing a survey on potential customers is also not an option to gain market information because it wasn't clear who those customers were.

In order to gather more information several research organizations were contacted in order to get raw data of previous studies. The access to this data was declined because most of the studies were executed for another solar energy company. Desk research is the solution to this problem. Desk research combines all the published data that is available on the solar panel market. It is also easy to execute and it delivers the best possible information in this situation. It delivers the right information because there are already some very interesting studies executed on the topic of customer preferences towards solar power. These studies will be used in this thesis.

The studies

The first study used in the research of PriceWaterHouseCoopers. PriceWaterHouseCoopers (PWHC) performed in 2009 a research to find out about the preferences of the customers in the Dutch energy market. In this study the researchers try to find out what customers think of

green energy. The study gives information about which customers are willing to buy a solar installation. Relevant facts can be extracted from this specific study to determine what the customers value. For example; how important is the price, the service, etcetera. All these facts can be found in appendix B.

The second and third study used to determine what the home owners are the USP researches of 2011 and 2012. USP Marketing Consultancy performed this study commissioned by UNETO-VNI. UNETO-VNI is a Dutch association of installation companies. The study is yearly executed to find out the preferences of home owners towards a solar installation. The studies can be found in Appendix C and D.

The fourth research used in this paper to learn about the home owners is a study of 'Natuur & Milieu' an environmental organization. They asked research organization 'Motivaction' to execute a research on Dutch citizens. They questioned 1036 Dutch people between 18 and 70 years their opinion on solar panels. The sample is representative of the Dutch population. 61% of them are home owners and 39% rents a home. (Motivaction, 2012)

3.3 Validity and Reliability of the desk research

Different studies are used in the desk research. The studies and researches are executed by big established research companies and institutions. They are used to ensure the reliability of the research. The forecasts of the market differ somewhat at every research. This is due to the fact that there is very little information about the Dutch solar panel market. But independently the researchers the conclusions of the researchers are despite the differences very much alike. The most reliable studies are the most specific ones, the ones with the most respondents and sources, and the ones that are performed by the most appropriate people. The information in the studies is triangulated in order to ensure the reliability. When different studies tell the same about a market the outcomes are more likely to be reliable.

Internet resources like forums and websites can be great sources of information. But these sources are far less reliable, because most of the time there is no mentioning of the sources of information gathered on these websites. Therefore the amount of information from forums and websites will be minimized.

The desk research is a combination of different researches about the solar panel market. This is done to ensure reliability. But some of these researches focus only on one specific segment of this market. Like for example the homeowners. This makes the researches more valid and specific. The triangulation of the studies used in this research also validates the information. This is because different studies use different techniques and samples of the population to come to conclusions.

3.4 The research process

The information of the market orientation process is being gathered by using the internet. Websites and search engines are used to get to the right information concerning this market. Internet sources like the 'Centraal Bureau Statistiek,' lots of different solar panel oriented websites and internet reports/researches are used. At each part within the analysis in the next chapters the exact nature of the information will be discussed. Also will be explained why this information is used. The information gathered by the desk research will be of qualitative and quantitative nature and can be found in chapter 4. The next step in the research process is the analysis and carefully selection of relevant information for Solergy. This qualitative analysis tries to find the relevant information in order to determine the right strategy for Solergy.

Chapter 4: Analysis of customer segments

To segment a market a lot of different ways can be used. The first step in this chapter is the segmenting of the world market and the targeting of the Dutch market. After that the Dutch market is segmented using different product market combinations and target the most preferable one. The third step is to distinguish the customers in this segment and find out what their preferences are. This chapter ends with discussing the external strategic options of Solergy.

4.1 An introduction to the solar market

The world solar panel market turnover shows a huge increase in the last 20 years. An average growth of 50 percent is realized each year. This is also shown in the figure below.

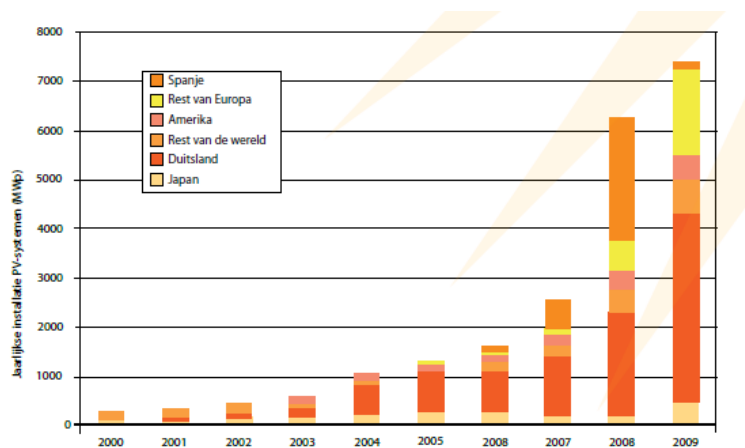


Figure 5. (Bron: Pv status report 2010)

There were 8282 PV-installations registered with Certiq in juli 2011. 46 percent of the total amount of installations are realized without governmental help and therefore not included in this registration. (Certiq, 2011) So that brings it up to a total of about 12000 installations in the Netherlands. The table in appendix A shows that in 2010 20,7MW of solar power is installed. That brings the total installed solar power up to 88MW in 2011. (Certiq, 2011)

But this amount is really small especially when compared to the Belgium and the German market. Germany has installed a total of 7000MW only in 2010 and Belgium 213.4MW.

The future of the market

As shown in Figure 6 the world PV market is developing very fast. The growth offers great opportunities to companies like Solergy. In the Figure below the expectations of the European market are shown. It shows two scenario's a politically driven and a 'business as usual' scenario. (Zon op Nederland, 2009)

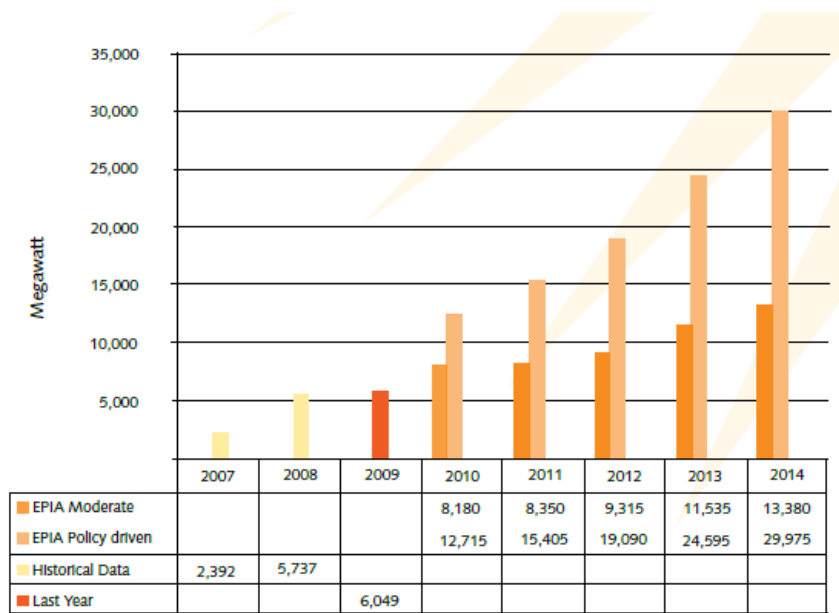


Figure 6.

Even when governments are not going to stimulate solar power growth is expected. Experts think that solar energy is going to be the most important type of alternative energy in the future. (energieportal,2011) The price of solar power is going to decline and the price of common energy is going to rise. This provides Solergy with great perspective for the future. But the solar energy market is not going to grow rapidly within a couple of months; this is going to take a couple of years.

4.2 Segmenting the Dutch market

The roadmap 'Zon op Nederland' distinguishes several segments based on PMC's. A PMC is an application of solar panels which create a market segment. This way of segmenting is very interesting because these segments satisfy the conditions stated in paragraph 2.3. Because these segments distinguish a couple of segments which are definable; the different groups are clearly distinguished. A couple of them are also accessible by Solergy, but Solergy can't access all of them. This will be explained later on in this paragraph. The different segments are also substantial, especially when the future potential is counted in. The segments are also congruent. The demand of the customers in each PMC segments is the same. The different PMC segments are not stable, but this is because the strong development within the market. The different parts will be discussed in the next paragraph.

The PMC's are:

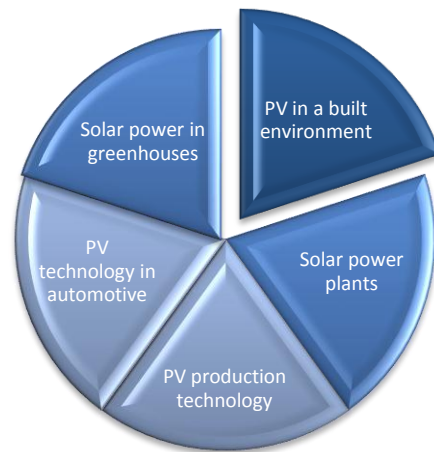


Figure 7

PV in a built environment. This means PV integrated in roofs of buildings. This segment contains also infrastructure, lampposts, sound barriers, floors and industrial buildings. This segment is the segment at which Solergy is concentrating right now. This market is still growing and by far not saturated. This makes this PMC not only the strongest but it is also the biggest which we try to elaborate later. The next five years will be years of huge growth.

Solar power plants. This segment focuses on projects which the development of solar power plants. These plants can be used as a decentralized way of raising power. This segment is probably not going to boom because the prices of solar plants are yet too high. Solergy can deliver panels but the number of these plants will not be very high.

Production technology. This segment concerns the development of technology, production machines, etc. chances lie in the production of high end panels (thin film) or the development of new technologies. Solergy choose not to be a producer as stated in chapter 1. So this segment is not directly relevant to Solergy.

Solar power in greenhouses. This segment will also be a growth market in the future. Thin film technology can provide power for the greenhouses or to buildings close to the greenhouse. This technology still needs development.

PV technology in automotive. Technology used in, for example; cooling in parked cars. This segment is interesting because of the higher cost price of energy in cars. Solar energy can provide cheaper power compared to power in cars then compared the power of the national net. But this category has other demands concerning esthetics, maintenance, reliability and

duration of the solar panels. When Solergy wants to participate in this market they would have to develop the skills to participate in the highly technological category.

In the table underneath is shown which demands are important at each product category.

PMC	Eisen					
	Efficiency	Euro/Wp	Levensduur	Gewicht	Esthetica	Flex/vast
Renovatie en nieuwbouw (integratie in daken)	●	●	●	○	●	●
Nieuwe energieconcepten voor huis en kantoor	●	●	●	○	●	●
Infrastructuur (lantaarnpalen, geluidsschermen)	●	●	●	○	●	●
Energieopwekkende kassen	●	●	●	●	●	●
Bedrijfshallen	●	●	●	●	○	●
Zonnecentrale groot	●	●	●	○	○	○
Zonnecentrale klein	●	●	●	○	○	○
Transportmiddelen	●	●	●	●	●	●

● Is belangrijk
 ● Kan belangrijk zijn
 ● Niet belangrijk
 ○ Niet onderscheidend

Figure 8: (Zon op Nederland, 2011)

The category 'PV in a built environment' is the most relevant to Solergy. This is because this segment has the biggest potential and the market needs suit the possibilities of a small company like Solergy. The other PMC segments are not very relevant for Solergy. Production technology isn't relevant because Solergy isn't a producer. PV in automotive is a very specialized business, Solergy is just starting so they do not have the knowledge to build this kind of integrated systems.

The categories; 'solar power in greenhouses' and 'solar power plants' could become interesting for Solergy. But solar power plants are not built very often and greenhouses are more located in the West of The Netherlands. This doesn't mean these categories will always be irrelevant to Solergy. Huge break-through developments can change the market, Solergy can choose to become a producer themselves or external developments can disrupt the market. . This means the most preferable customers of Solergy so far are home owners and or the owners of other kinds of buildings like factories, offices and etcetera. This segment is discussed further in the next paragraph.

4.3 Targeting the right customers in the built environment segment

The segment 'PV in a built environment' is very important to Solergy. In this paragraph we discuss the characteristics of the segment 'PV in a built environment.' The information is based on the roadmap 'Zon op Nederland' (2011).

There are different groups of customers within the built environment segment. There are home owners, companies, institutions and rented home owners. Note that these segments within the built environment segment also satisfy the conditions of definability, accessibility, substance

and congruence. This paragraph continues with some characteristics of these segments within the built environment segments.

The potential of the built environment segment is huge. The surface of all the roofs which are orientated on the South is more than 100 square kilometer. There is not much space in the Netherlands for Solar plants so it is natural to place the solar panels on these roofs. With a peak power of 150Wp a m2 is the potential of this 100 square kilometer 15 GWp. This is huge. As even a bit of this space will be used for PV-installations this still means a huge potential. The market is not booming yet because The Netherlands doesn't use feed-in-tariffs like Germany. This means revenues on the solar panels are not insured. This makes the initial investment more risky. Solergy has to find a way around the high risks of this initial investment or make the initial investment lower.

The roadmap 'Zon op Nederland' (2011) distinguishes several developments who can help develop the potential of this market segment. The first development is new built homes with bigger and more sun orientated surfaces. Solergy could work together with builders and place their solar panels on new homes. Another and very interesting one to Solergy is the rent of roof surface to power suppliers. The last one is the availability of green loans. These financial solutions give home owners relatively cheap money which has to be invested in green solutions. The purchase of PV-systems happens mostly on natural moments. These are moments like the building of a home/office/factory or the renovation of one. This is the time where Solergy has the best chance of getting an order. When people already are changing something about their home or building, they are more willing to purchase solar panels.

The customers in the built environment

The first part of this paragraph shows that there are different groups of customers within the built environment segment. There are homeowners, companies, institutions and rented home owners. Note that these segments within the built environment segment also satisfy the conditions of definability, accessibility, substance and congruence. This paragraph continues with some characteristics of these segments within the built home segments. The information in this paragraph is based on information retrieved from Roadmap Zon op Nederland (2009) and conversations with the founders of Solergy.

Homeowners pay a lot of taxes on their energy bill. The home owners who raise their own power won't have to pay taxes. This makes the power relatively cheaper opposed to 'grey energy.' Growth in the home owners segment can be caused by: financial support for the development of building integrated PV, ambitious goals and obligations concerning the energy goals in new built homes, financial incentives for users of PV and an obliged part of sustainable energy in the portfolio of energy suppliers. When this happens Solergy has to adapt its strategy and should try to profit from this.

Rented buildings/homes are different. The ownership of homes lies by housing corporations or the landlord. Some of these housing corporations are interested in solar energy. When Solergy can contract such a corporation they can sell off lot of installations. These corporations have a lot of money and a lot of homes. The roofs of flats or terraced homes can be used for declining the total living costs.

Home owners are the biggest segment within the built environment. A solar installation provides a bigger advantage for a home owner than for a company. This makes it relatively uninteresting for companies to invest in a solar installation. The best segment for Solergy to gain market share is by trying to focus their efforts on the home owners. In the next paragraph the preferences of these home owners are discussed.

4.4 The preferences of the home owners.

The home owners segment is the most appropriate segment for Solergy. To learn about the customer preferences three researches are analyzed. These researches are executed by other researchers in the past years. These studies are discussed in chapter 3. The findings of these studies are used in the conclusion to formulate the most appropriate strategy for Solergy.

The preferences of home owners.

In the USP research (2011) can be found that six out of ten home owners (61%) are willing to consider buying a solar installation. In the 2012 research 8% state that they are considering buying one, 59% doesn't want them (yet), and 33% doesn't know (yet).

This gives great opportunity for Solergy. Financial matters seem to be the most important factor in the buying behavior of the consumers. 76% of the home owners see lower power bills as an important advantage of buying a solar installation. This means the cheaper the panels get, the more people are going to buy a solar installation. In the research a distinction is made between homes owners and home renters. The research focuses on home owners because they can decide for themselves whether they want to buy a solar installation or not. (USP, 2011) The USP research 2012 states that 300.000 home owners are considering the purchase of a solar installation. This is 8% of all the home owners in The Netherlands. (USP, 2012)The huge interest for solar panels is confirmed by the Motivaction (2012) research. Half of all the Dutch citizens are willing to buy Solar panels. This means a huge potential for Solergy. The biggest obstacle is the costs of a solar installation. The average customer is willing to pay 3% more for solar power. This is not much. This means Solergy has to offer a product that provides energy at the cost of not more than 3% higher than 'normal energy.' (PWHC, 2009)

The home owners do not only have a preference towards a solar installation. They also did research on solar installations. But they didn't buy one yet. Again the home owners are very interested in the price. They are less interested in architectural matters, support & advice or

installation companies. This can mean home owners stop searching when they find out about the costs of a solar installation. The reason for this could be that they think the costs of a solar installation are still too high. In that case Solergy needs to become cheaper or find a way to take away the initial big investment of a solar installation. This is confirmed by the Motivaction research: people think the purchasing costs are too high (45%), the payback period is too long (20%) or they are waiting for the prices to drop (21%). (Motivaction, 2012) The consumers see the price as the most important determinant. But the price isn't so important that Solergy can cut on the service that comes with the product. Consumers really don't like it when there is a lack of Service. (PWHC, 2009)

Like the PWHC research the USP researches also state that money is the most decisive factor in the process of buying a solar installation. Solergy needs to be aware of the drivers of people towards solar energy. Notable is that only 2% of the people see no advantage in buying a solar installation. This is a very low amount. It means that amount of potential customers is high because most people are interested in buying a solar installation. (USP, 2011) This is also displayed in the fact that 89% of the Dutch homeowners want the government to lower the taxes on solar panels. Notable is that in all the segments of the society the support for this plan is very high. The Dutch people want more solar panels in the Netherlands. 90% of the people votes for this idea. (Motivaction, 2012)

According to the USP research the market is not developing very fast. The reasons for that are: Home owners think the purchase price is too high (39%) and the payback time is still too long (36%). Another reason is that home owners see a solar installation not only as a way of lowering their energy costs. They see a solar installation also as a solution for environmental problems, (49%) They think Solar energy will be cheaper in the future, (42%) they think Solar power makes them independent of a power distributor (33%) and they are convinced a solar installation makes their home worth more. Of all home owners only 8% is interested in the high tech dimension and 2% sees no advantage in buying a solar installation. (USP, 2011) This is also reconfirmed in the USP research of 2012 which states that costs and environmental reasons are the decisive factors in that purchasing process. (USP, 2012)

64% of the people see themselves as 'energy-concerned' or 'very energy-concerned.' The elderly people (above 50 years) are more concerned about energy and are also more likely to purchase green energy. Higher educated people are more willing to buy a solar installation. Elderly and higher educated people are willing to swap to solar power for a lower discount. This means that Solergy has to try to reach the higher educated and elderly consumers. Because they want to pay more, are better informed and take the environmental problems more seriously. Normally elderly people also have more money to spend and bigger homes which are better usable for solar panels. (PWHC, 2009) This can also be found in the USP (2012) research.

They distinguish a very interesting difference in the willingness of buying a solar installation. 15 % of the home owners who earn more than 3000 euro's a month are considering buying a solar installation. This is three times as much a home owners who earn less than 1675 euro. The higher educated home owners are also very interesting for Solergy. 13% of the higher educated home owners consider buying a solar installation compared to the average of 8%.

About 35% of all home owners already did internet research on solar panels. In the model in appendix C is shown what information they were looking for. It is interesting that the home owners are especially researching on the financial matters. Like the purchase price (77%), payback period (73%) and subsidies (68%). 41% of the home owners is interested in the amount of power they can be raised by an installation. But the home owners seem less interested in architectural matters (22%), support & advice (18%) or installation companies (16%). (USP, 2011)

Even though the home owners state that financial matters are the most important ones people lack knowledge about the prices of solar energy. This was also stated by Solergy. 69% doesn't know what the price of 1 Kwh is or is wrong informed. Consumers also don't know how much energy they use. Men (31% doesn't know) know more about it than women (55% doesn't know) and elderly people (30% doesn't know) know more about it than younger people (50% doesn't know). This is strange because 62% of the respondents think the price is the most important factor in the decision which energy distributor they choose. This is relevant for Solergy because; now it becomes the job of Solergy to inform the consumers about the prices of solar power. But not only the prices of solar power, people also don't know the average prices they pay already. Consumers are apparently not informed enough to make a considered decision themselves. (PWHC, 2009)

This lack of knowledge is also researched in the 2012 USP research. Customers lack knowledge about the costs of the investment, payback period and legal issues. This slows the development of the market because home owners state that the high costs are the main reason for considering not purchasing an installation. This is odd because 42% doesn't know how high the costs of solar power are related to regular energy. One third (33%) of the home owners think that solar power is cheaper and 14% think it more expensive. The average home payback period is 11 years, and only 37% of the home owners know this. There is no permit needed for a solar installation but only 19% of the home owners know this. (USP, 2012)

Another very interesting fact for Solergy is that 40% of the home owners state that the solar panel installer is the best way of installing their solar panels. The manufacturer (23%) is the second party to take this job and 10% of the home owners name a third person. Only 6% wouldn't use the help of a professional and do the installation themselves. This means here lays a big chance for an installer like Solergy. But due to the earlier discussed uncertainty and a lack

of knowledge it is important that Solergy also provides the customer with information about the solar panels. So Solergy shouldn't only focus on the technical aspects of a solar installation but also advise the home owners about prices, legal issues and the payback period.

4.5 Positioning.

Home owners are the most interesting segment for Solergy. Within this segment the elderly (50+) and the higher educated home owners are the most interesting segments. How these segments can be reached is discussed in the positioning part of this thesis. Before that the external opportunities must be discussed to avoid missing obvious chances. After that the strategic implication are discussed and these are also taken into account in the positioning of Solergy in the market. This positioning can be found in paragraph 5.2.

4.6 External opportunities

In paragraph 2.2 is explained that the possibilities of Solergy in the external environment need to be mapped to avoid missing obvious strategies changes. A list of possible opportunities in the environment of Solergy is made to state these changes. After the list is discussed how these opportunities help Solergy reach its customers. The list is based on information from; roadmap Zon op Nederland (2011).

The Dutch solar market is not as developed as for example the German market, so here lays a great business opportunity. The market is still in the early adopter's stage and the majority of purchases have yet to come. The market is growing rapidly because the grid parity for a consumer-grade solar cell installation is reached; an installation is a good investment for a consumer even without an incentive from the government. This especially true in the future when common energy prices will incline further; this makes solar panels relatively cheap.

The solar panel installation branch is still very underdeveloped. This means the standards is still to be set. Although the branch is underdeveloped there is a high knowledge level in the Netherlands on solar panels. This means it is easy to find a high tech partner who can help Solergy improve and/or develop their products. This is interesting because experts expect that new technological developments will make solar power much cheaper in the future.

These experts also see solar panels as the most promising type of sustainable energy for the future. This might be one of the reasons why sustainable energy sources get a lot of public attention. Green solutions are a hot topic and Dutch people are very open towards them. The government also picked up on the possibilities and subsidizes the purchase of solar panels. This provides a great opportunity for the home owners segment.

Relation between Solergy and external opportunities

The owners of Solergy have experience in setting up a business. This has to be done with Solergy as well. The list of opportunities for the Dutch solar panel market is huge. Therefore the

focus of Solergy should lie on market acquisition. How this should be done is discussed in the next chapter. The other strength Solergy has is the flat business structure. This makes it easy to communicate with the customers and deliver exactly what they want. This is an angle to deliver excellent service and use the strength of a small company against the competition.

Solergy has also some weaknesses. They have a small network, small amount of resources, they are inexperienced in the solar panel market and their product is not distinguishing. First of all; to strengthen these weaknesses the company has to grow, this helps improve the financial position of Solergy. How this can be done is discussed in the next chapter. After that the network of Solergy has to grow. They need to meet companies/institutions that can help improve their product and they can lay their hand on better technologies. The knowledge to do this is available in the Netherlands. This is the only way Solergy is going to get a distinguishing product and expand their market share further.

Chapter 5: Conclusions.

5.1 Answers to the research questions.

In this chapter the information gathered in the research and the theory in chapter 2 are brought together in order to answer the research questions. The sub question and their answers are lined up underneath to provide an answer to the main research question. The information used to answer sub question A is gathered by the three researches.

- **A. Who are the customers and what is the most appropriate segment for Solergy?**

As the findings in chapter 4 already showed; the world market of solar panels shows a huge growth. The Dutch market will show growth in the next years and is seen by experts as a high potential market. This makes it a great place to start a business. The market is still in the early adopters phase. This means that only technological enthusiasts buy a solar installation. It is very important for Solergy to break through 'the chasm,' reach the early majority and profit from the market growth.

As discussed in chapter 4 'PV in a built environment' is the best segment for Solergy. This means solar panel on homes, companies and governmental buildings. Home owners are the most interesting segment for Solergy. The three researches show us that the Home owners are very interested in solar installations. When home owners look for information they are especially interested in the financial costs and gains of a solar installation. According to the consumer the price of a solar installation (initial investment, payback period) is still too high, home owners lost their interest or waiting for the prices to go down. Home owners declare that here are also other reasons to buy a solar installation: people see it as a solution for environmental problems or it makes them independent from a power supplier.

Price is seen as the most important factor but consumers lack knowledge about. The higher educated & elder people (50 years and older) are more willing to buy a solar installation. They form an interesting sub-segment for Solergy. Consumers state that lack of service can be decisive for a consumer when he is choosing a product. This means Solergy has to provide great services.

The best way to reach people is to contact them at natural moments, such as building and renovation of their homes. The pragmatists in home owners segment are the early majority; they are the core of the huge potential the market has got. Total integrated systems will be the future of the solar installation market, but this is on the long term.

- **B. Which strategy is needed to reach these customers?**

Business strategy.

In this paragraph is discussed which of the four business strategies is the most preferable one for Solergy. This choice will be based on the findings in chapter 5. This means the studies on the customers and the external opportunities.

The solar panel market is still a developing market. Solergy doesn't have a huge customer base. This means a defenders strategy is not very reasonable. This makes the customer intimate and the operationally excellent strategies, these are defenders strategies, less relevant. But the idea of a customer intimate strategy can be interesting for Solergy. This way a small company can protect itself from the bigger companies by providing products for a small niche market. Being operationally excellent is not possible because Solergy is a small company; bigger companies deliver larger numbers of products and have the economics of scale advantage. On the other hand there aren't much big installation companies in the Netherlands so Solergy has to compete mostly against small companies.

This leaves us with the product leader and the fast follower strategy. The product leader strategy is not possible for Solergy. This strategy needs the company to be the product leader in the branch, delivering the latest technology to the market. Solergy doesn't have the resources and knowledge to develop the technology themselves, or the connections to deliver this technology to them. This leaves us with the fast follower strategy. This strategy is the best fitting strategy for Solergy. This is because the fast follower strategy fits perfectly in a strong developing market, like the Dutch solar panel market.

This strategy focuses on the early adopters and the early majority phase of the market. Solergy has to follow a strategy to overcome the advantage of the bigger players in the market by serving the markets the bigger players have overlooked. It is possible to follow this strategy on a functional level by delivering lower priced products, superior products, a product with better service or it can be followed with a new business model. This last one will be discussed in chapter 7.

In order to reach the customer in the early majority a two pronged approach is introduced in chapter 2. This is the identification of the beachhead market and the Development of the whole product solutions. In the customer information part, the market is segmented and the best 'beachhead market is discussed. The best way to expand the company right now for Solergy is to focus on the market segments of home owners. This segment can be used to gain experience, to learn about the market and the product. When technology developments make panels cheaper, new ways are found to finance the panels or the government decides to subsidize the panels further, some serious growth in the consumer market can be expected. It

is important when this happens that Solergy has a complete product solution for their customers. This means giving the customer what they want.

Strategy on a functional level.

All the information that is gathered in the research will be used to answer this question in the best way possible. This question handles about the positioning of the product of Solergy on the market. This positioning is a choice between three dimensions. These are based on the three dimensions of Treacy and Wiersema (1993). Solergy can choose to excel in Quality, Price or Service and meet industry standards in the other two.

Quality

The quality of a product is important for Solergy, about that there is no doubt. But we are dealing with solar panels. Solar panels have a life expectancy of 25-30 years. It is really hard for customers to see the difference in quality of panels on a short notice. Solergy doesn't follow a product leader strategy so concerning the quality of the product; Solergy should meet the industry standards and not try to sell the best panels in the market. They won't be able to do that because they do not have the resources to develop new solar panels themselves.

Price

Price is the most important determinant given by the customers, especially when applied to the pragmatists in the early majority. The first thing the customers look at is the price of the product. But Solergy is a small company that doesn't have the 'economics of scale' that bigger companies have. The emphasis of a price based fast follower strategy is better suited for bigger companies or perhaps for Solergy in a couple of years. On the dimension of price Solergy should meet the industry standards.

Service

Service is not a primary determinant like the price of the product. But consumer will pay the average amount of 3% more for good service. The lack of service is a major reason for customers to find another solar panel supplier. Bigger companies are relatively bad in service because the communication for the customers is much harder. There are different people for different tasks and not everyone is informed about all the aspects of a solar panel installation. This is where a small company like Solergy can excel. They don't have different tasks within the company. Both the founders have insight in the process, prices and characteristics of the product. This makes the service and communication with the customers better. That is why Solergy needs to focus on the service dimension.

5.2 Positioning

The strategies on a business level and on a functional level are determined. Solergy should pursue a fast follower strategy. This strategy tries to fill the gaps the bigger companies looked over. The best way to fill these gaps is by emphasizing the service dimension, as explained above. To make this as concrete as possible the four C's model is implemented to discuss the position of Solergy on the market. Note that this positioning is based on the findings of this research. This will be discussed further in chapter 6. The conclusions we can draw based on this research are displayed underneath. The four C's model is used to position Solergy on the market.

Customer

The research learns that the focus of Solergy should be on elder people (older than 50 years) and higher educated home owners. The segment of Home owners is huge. The early majority of this segment can be reached when a complete and pragmatic solution is provided for these customers. They want value for money and an adequate solution to their problem. Service is very important as is discussed before. When the company lacks service, the customers won't be happy.

Cost

Money is the primary decisive factor for customers especially for the early majority. The customers have little knowledge about the costs of solar panels, power usage and the costs of electricity. Cost doesn't mean the price of a product but it concerns the total cost of a purchase. So Solergy has to take into account the efficiency of the panels, the cost of installation, lifespan, costs of services etcetera. Everything a customer has to pay to be the owner of a solar installation during the whole period being. Customers indicate that they think the purchasing price and the payback period are still too high. They are waiting for the prices to decline. Solergy can gain market share if they offer a cheaper product or find a way for the customers to finance their product. Money may be the most decisive factor, but Solergy has to focus on the service because they won't be able to provide the cheapest product in the market.

Convenience

The theory in chapter 2 states that Solergy should provide a complete end-to-end solution for their customers. That is exactly what provides the best chance for Solergy in this market according to the strategies. Solergy is able, with a flat structure, to provide exactly what the customer wants. Solergy being convenient means Solergy needs to be accessible as much as possible. A good website helps with this. Solergy has already a good website that is clear for the user. Being easy reachable by phone is also very important, this way the customers can always ask their questions. Another way to make the Solergy-customer relation more convenient is customization. Every customer has different needs. It's up to Solergy to give the customer what they want in the best possible way. This means the whole purchasing process should be as

convenient as possible. Solergy should take all the aspects of the purchasing process into their own hands so the customers won't have anything to worry about.

When customers are approached in the period they are building or remodeling their homes, it is much more convenient for them to buy a solar installation. They already are building so why not add a little inconvenience?

Communication

Communication refers to all the contact Solergy has with customers or potential customers. Good communication starts with good information. The customers lack knowledge about the solar installations. This has to be kept in mind when the customers are contacted. This information can be found on the website, this website always needs to be up to date because it is the best way to supply the customers of information.

Another part of communication is promotion. Solergy is a small company with a small customer base. This means it is better to follow a push marketing strategy. This means finding and contacting customers yourself and convincing them to buy the product. This can be done by Using search engines on the World Wide Web, phonebook, and etcetera. Solergy needs to look for ways to reach elder and higher educated home owners. Preferable ones who profile themselves as being green and sustainable minded. Another way is visiting congresses and fairs; this will enable Solergy to get in contact with potential clients and partners for the future. The third way is through networks; once you have built a small network Solergy can use those contacts to find new ones (snowball-effect & word of mouth marketing).

There are some ways to contact these targeted customers: firstly it might be interesting to visit some targeted customers, give them your proposal and try to win them over by naming the benefits. This experience might learn Solergy more about the customer preferences. The most important one is setting up a decent website; this is done already by Solergy: This website should always be up to date, easy to find and provide the most convenient way of buying a solar panel. A second way to advertise by using the internet is try to get a banner on a website that is much visited by the targeted group. Do absolutely not use pop-ups; this is one of the most undesired ways of advertising.

Call the customers. Inform them about the product and how they will benefit from using it. Calling is the more convincing way. The problem with this kind of advertising is that it is quite expensive. Another way is to try to get an article or advertisement in magazines/newspapers which are read by the targeted group(s). This is a cheap way to reach a lot of people and when people are already interested this might be the best way of reaching the customers. The same counts for distributing leaflets in the area codes where many elder people (50+) and higher

educated people live. A last way to reach the customer is to place advertisements on the sold solar panels.

Chapter 6: Discussion and reflection.

6.1 Theory & methods used.

The results of this research can be found in chapter 5. These results can give guidance to the strategy of Solergy. These results are not conclusive for the whole future of Solergy. Solergy needs to combine the theory with the actuality. This research isn't an answer to all there questions. This research only tries to find the most probable strategic direction for Solergy. Solergy has to determine the future direction for the company on its own. The tools in this research need to be updated to future circumstances when this happens. When the market is going to grow as fast as in the past, the market environment will change rapidly.

The information found in the external opportunity analysis is generic and is applicable for all the company in the Netherlands. This doesn't make it irrelevant but it makes the customer information a much better and useful source of information. The two researches displayed in the customer information part really bring relevant information to the table. The first research focuses on home owners and the second on all people who are interested in buying a solar installation. This is not exactly the targeted group for Solergy but it is close enough. They are the early majority and except for the more esthetic factors the customers and the companies will probably look at the same way towards a solar installation.

To be sure of this and to gain more information on this topic it was possible to buy it from a research center for a couple hundred euros. The budget to do this wasn't available. As said before the research didn't give a perfect image of the market situation of Solergy. This is because some of the information is too generic and some of the information tells something about another segment of the market. This leaves the opportunity to execute an empirical research on the targeted segments which are interested home owners. Solergy needs to know what the exact preferences of these groups are concerning the four C's.

6.2 Follow up research.

A follow up research possibility comes up in the external possibilities analysis. The analysis suggests that Solergy should find partners and widen their network. A research could find out what the best partners are and why. Another research direction lies towards the future of the market. Questions like; what are the coming trends, what will be the best used technology in the future, and how can Solergy be part of that, could be asked.

Solergy needs execute this research again in the future. Not only should they focus on the external market but also on the company itself. It might be wise to occupy an own building. This helps with making the internal processes better and giving the company its own place.

A way to find more information would have been to execute an empirical research to the most preferred customer segment straight away. A questionnaire or interviews of a group of companies and/or home owners might bring new relevant information to the light. But the knowledge about the segments and the strategy wasn't available on the start of this research. In other words; the preferred segment can only be researched after recognizing the need to research it. This happened at the end of this research so an empirical research didn't fit into the borders of this research. This could happen because there was no information available on the subject. Solergy didn't have a customer base or any information on the subject. All the market information had to be found and analyzed.

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Appendix A: The amount of solar power in The Netherlands.

Zonnestroom						
	Bijgeplaatst vermogen	Opgesteld vermogen	Elektriciteits- productie	Bruto eindverbruik	Vermeden verbruik van fossiele primaire energie	Vermeden emissie CO ₂
	<i>MW</i>		<i>mln kWh</i>	<i>TJ</i>		<i>kton</i>
1990	-	1	0	1	3	0
1995	0,4	2	1	4	10	1
2000	3,6	13	8	28	70	5
2005	1,7	51	34	122	304	21
2006	1,5	52	35	125	306	21
2007	1,4	53	36	128	309	21
2008	4,4	57	38	138	340	23
2009	10,7	68	46	165	398	27
2010**	20,7	88	60	216	517	35

Bron: CBS.

Appendix B: The PWHC research.

- Consumers are willing to pay 3% more for a 100% green or sustainable energy.
- Consumers do not know how much they pay for their energy. (69% does not know the price of one kWh) Especially younger people lack this knowledge.
- Consumers do not know how much energy they use on a yearly basis. Men (31% doesn't know) have more knowledge about this than woman (55% doesn't know).
- 64% of the people see themselves as 'energy-concerned' or 'very energy-concerned.'
- Consumers above 50 years of age are more likely to purchase green energy.
- 85% of all people choose wind- or solar-energy as their favorite form of energy generation.
- 62% of all people say they took energy saving precautions the last 5 years.
- Solar energy generation is the most preferred form of energy in the Netherlands. 38% of the people say think this is the best way of generating green energy.
- The consumers prefer CO2-free energy and elaborate service.
- Elderly people and higher educated people are willing to swap to CO2-free energy for less discount.
- When people can choose between elaborate or limited service a majority of 64% chooses for elaborate service and the same price instead of limited service and a lower price. This choice comes with an inelastic effect. When the price of the service increases with 10% the demand only decreases with 4%.
- People want at least 6% discount in order to accept limited service.

- 37% of the people already have a contract for green energy.
- 62% of the consumers find price the most important factor in their decision which energy distributor they need. But only 31% of the people know what the price of 1 Kwh is.

Appendix C: The USP research.

Here is a summary of their findings:

- Six out of ten home owners who do not have a solar panel installation are willing to consider buying one.
- Financial matters seem to be the most important factor in the buying behavior of the consumers. 76% of the home owners see lower power bills as an important advantage of buying a solar installation.
- Important advantages after the financial matters are that are solar installation is:
 - A solution for environmental problems. (49%)
 - Solar energy will be cheaper in the future. (42%)
 - Solar power makes me independent of a power distributor. (33%)
 - A solar installation makes my home worth more. (19%)
 - I'm interested in high tech products. (8%)
- Only 2% of the home owners see no advantage in buying a solar installation.

