



INCREASE GROWTH AT KIDKII

DANISH DESIGN

Aalborg University

4<sup>TH</sup> SEMESTER, MASTER OF SCIENCE IN  
ENGINEERING

Operations and Innovation Management 2019

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Graduation Project



**AALBORG UNIVERSITY**  
STUDENT REPORT

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**Title:** Increase growth at KIDKII Danish Design  
**Semester:** Graduation Semester  
**Semester theme:** Academic Internship  
**Project period:** 1st February 2019 – 3rd June 2019  
**ECTS:** 30 ECTS  
**Supervisor:** Harry Boer  
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**Abstract**

This graduation project is done in collaboration with KIDKII Danish Design. KIDKII design, market, and sell furniture for infants and children. They are selling in four different markets to different customer segments. They have outsourced the production to manufacturers in China, and for the European market, KIDKII has an inventory in Denmark. The scope of this graduation project is to analyze and improve strategies for sales at KIDKII. The focus in the empirical background is to establish an understanding of the company. The analysis focuses on the market in Europe and the operations at KIDKII, goals, the European market, customers, performance, products, and competitors to understand the fit between these and determine what strategies need to be improved to obtain growth in the European market. The solution provides guidelines for how to create marketing and sales strategies, and different plans are included for KIDKII to be able to implement the strategies and fit the operations.

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**Number printed:** 1  
**Pieces:** 1  
**Pages:** 77  
**Pages Appendix:** A-O  
**Enclosures:** 15

By signing this document, each member of the group confirms participation on equal terms in the process of writing the project. Thus, each member of the group is responsible for the all contents in the project.

## *Preface*

This graduation project is written by Carina Morell Kollerup during her study in the master's program Operation and Innovation Management (OIM) at Aalborg University, Denmark. This graduation is composed during the spring semester from 1st of February 2019 to the 3rd of June 2019, and it is made in collaboration with KIDKII Danish Design and in their office in Denmark.

The focus of the project is to investigate the problems regarding establishing long-term strategies and determine if it is possible to obtain more customers and increase revenue in the European market based on marketing and sales strategies.

The theoretical knowledge and the methodology that is used in this graduation project has been derived from both lectures attended and literature obtained during the bachelor's degree in Global Business Engineering and master's degree in Operations and Innovations Management. Additionally, information has been accomplished through additional literature, interviews, meetings, and data collection.

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## Introduction

This graduation project describes the need for KIDKII Danish Design to focus on making sustainable long-term strategies to ensure growth in the company. KIDKII Danish Design is a Danish company designing interior and toys for children. The products are produced in China, and for the European market, there is an inventory located in Denmark.

The products are sold in Asia, North Europe, North America, and Canada. However, the customer base in each area is small, and KIDKII is in a vulnerable situation and needs to ensure growth. The focus of the analysis is to investigate the European market.

The main issue that has been underlined during this project is the need for KIDKII to make strategies that can be implemented to ensure growth in the European market. Furthermore, the strategies to ensure growth must fit with the company operations, and therefore, the Terry Hill strategy framework has been used in the project to ensure alignment between different activities.

## 1 Empirical Background

This chapter presents the case company KIDKII Danish Design ApS (KIDKII), which is introduced by a short description of how the company started, which products it offers to its customers. Furthermore, this chapter includes a description of how the company owner has organized the company to provide a contextual understanding of the organizational situation of KIDKII.

### *KIDKII Danish Design ApS*

KIDKII is a Danish-owned company, located in the Northern Jutland, which sells children toys and furniture. However, the company started under the name Misioo Handmade and was a collaboration between a Danish designer and company owner and a Polish manufacturer. In the timeline, in table 1, highlights of different milestones of the company are shown.

Timeline	Milestones
May 2016	Misioo PL get established
January 2017	The collaboration begins between the Danish designer and the Polish Manufacturer The company is renamed Misioo Handmade The production is up and running with the newly designed products
February 2017	Sales reaches international customers
September 2017	Fair in Germany and Misioo Handmade obtains 100 new customers Customers in the Asian market shows interest for the product New colors of the products are introduced to the market
0January 2018	Has reached more than 400 rebuying customers Looking for production in China to supply the Asian market A new product line with furniture is introduced
February 2018	Fair in Germany – Expands the customer base
April 2018	A production in Ukraine is opened
June 2018	Experiencing the first large problems regarding quality The manufacturer in China producing balls is ready
July 2018	The collaboration ends and splits into two separate companies KIDKII Danish Design ApS was established The manufacturer in China producing the fabric and foam products are ready for production
August 2018	Sales in the Asian market begins
September 2018	The webpage Kidkii.com is launched The warehouse in Denmark is established Fair in Germany
October 2018	Sales starts for the European market
December 2018	KIDKII gets into the American market
January 2019	Fair in France New product line is introduced
Marts 2019	Collaboration starts with European distributor
April 2019	Fair in Singapore
Maj 2019	Expands product portfolio

*Table 1 The Timeline of KIDKII Danish Design*

The inspiration to create the main product, the ball pit, was based on a birthday wish. The Danish designer began looking for a partner to create the product of her idea. The Polish manufacturer opened his company Misioo PL in May 2016. He had three Danish customers and a few other customers in

Europe. His focus was on manufacturing, and he lacked experience in selling products. They began the collaboration, and in January 2017 the new company name Misioo Handmade was introduced. They experienced immediate success and got customers all over Europe.

In September 2017, they participated in a large German toy fair and got more than a hundred new customers. Besides different purchasers from large Asian retailers expressed interest in the product. The success in branding Misioo and gaining new customers meant that Misioo's customer base grew to more than 400 rebuying customers in the first year of collaboration.

At the beginning of 2018, the two company owners looked for other locations for the production. Both to produce cheaper, increase the production capacity and if possible, to get closer to the Asian customers. In May 2018 Misioo opened a new production facility in Ukraine. However, over a few months, the first customer complaints were coming in, with issues concerning the quality of the product and damages during transportation.

In July 2018, the collaboration ended and the company Misioo Handmade split into two different companies, where KIDKII Danish Design ApS is one of them. To differentiate from the former company, KIDKII emphasizes high quality in material choice and customer service. The products are of different quality, and KIDKII is currently working on new products to add to their product portfolio.

### *The Product Portfolio*

The company is aiming to develop beautiful toys and interior for the modern family, which both children and parents will love. Furthermore, what characterize the products are simplicity, functionality, and minimalism. Therefore, the mission is to create toys and furniture that invites to joy and stimulates children's motoric development, so they experience joy from both physical development and enhancing their motoric skills.

KIDKII is developing and selling toys and furniture for children, and currently, the company started with a product portfolio which included more than 120 different products in the categories ball pits, playmats, and furniture. The variety of products is ball pits in three different shapes and many sizes, balls in many colors, different playmats in different colors, chairs, and a footrest. In Appendix A, there are a collection of pictures with different products KIDKII is selling. The most substantial part of the products is foam, and a new type of plant-based foam is chosen for the product to achieve high quality. The foam is comfortable and appropriate for the products, and the balls are produced in LDPE plastic. The types of fabrics are OEKO-tex, and all products comply with the toy safety regulations accordingly to EU, USA, and ASIA. The foam KIDKII is using is different from the synthetic foam as it is an organic material.

### *The Organization of the Company*

KIDKII is a Danish company, the products are produced in China by suppliers and distributed to Asian customers from China. In Denmark, a warehouse is located to supply the European market, the

American customers are either supplied from the warehouse in Denmark or from China. In table 2, a table regarding KIDKII's organization is shown.

<b>Goals</b>	Design beautiful toys for the modern family, which both children and parents will love, and the products should be characterized by simplicity, functionality and minimalism. High customer service
<b>Size</b>	6 employees Expected revenue 2019
<b>Environment</b>	Customers: Located in Asia, Europe, North America and Canada Suppliers: Located in China Competitors: Mainly located in Eastern Europe
<b>Outsourced</b>	Kuehne and Nagel: Shipping and Distribution Production Accounting
<b>Culture</b>	Informal Value high customer service
<b>Technology</b>	Main operations: Design, Purchase, Marketing and Sales
<b>Structure</b>	Little formalization Little specialization Horizontal/ flat structure and hierarchy High centralization Little professionalism
<b>Tasks</b>	Sales, Customer Service, Marketing, Product development, bookkeeping Inventory Management Sales and Quality in China

*Table 2 KIDKII Danish Design Company information*

In Denmark, the employees are the Company Owner who is managing the company and designing the products, two sales Managers, and a Warehouse employee. In China, two Sales Managers are selling to the Asian market. One of the employees in China is also the liaison between the two factories in China and the Company Owner in Denmark. Furthermore, bookkeeping, marketing, and customer service is a part of the Danish employees' assignments.

KIDKII has hired a third-party logistics service (3PL) provider Kuehne and Nagel to handle the shipping of the products from China to the warehouse in Denmark. Additionally, KIDKII has customers in many parts of the world, and Kuehne and Nagel are handling the delivery to a large part of these customers.

As it can be seen in table 2, then KIDKII has hired an accounting company to do there accounting. Meaning that in Denmark, the main tasks are design, sales, customer service, marketing, and inventory management. Whereas the primary operations in China are sales and ensuring high quality at the suppliers.

The company is in size, small or micro, as there are only 6 employees, including the Company Owner. Since KIDKII started in August 2018, there has been little work in structuring the company. There are no fixed standards or guidelines on how to perform the tasks, and the employees are covering many of the same functions. The tasks of the day are planned day to day, and often there are coming more urgent tasks during the day, which pushes other tasks aside. The atmosphere in the company is

informal in daily work. However, at customer visits and representing the company, the tone is formal. The aim of the company is always to perform a high level of customer service.

Considering the environment, the company is in, then they have customers in China, which the employees at the office in China are serving, then there are customers in Europe, which two employees in Denmark are responsible for. The customers in Europe are mainly in the North countries and Scandinavia. Furthermore, the Company Owner at KIDKII have a few retail customers in North America and one distributor in Canada. The competition in the market is mainly from low-cost competitors from Eastern Europe, KIDKII differentiates from them in the material choice, making KIDKII's products the organic choice for the conscious consumer. KIDKII gets its products produced in China and send to Denmark by ship to the Danish warehouse.

### *Business plan, Strategy and Markets*

Although no actual business plan has been made, KIDKII has made different action plans for the start-up of the new company, and in the first six months, most of the action plans have been fulfilled. The action plans include three main things. The first part is about starting the company in Denmark and China. The second part is about starting up the webpage and moving inventory to Denmark. Whereas the third part is concerning the different markets that the company must penetrate, and this part has not been fulfilled yet. KIDKII both pressure business in Asian, Europe, and North American. KIDKII's strength in the North American market is that they are the only supplier, which products have been approved for the North American market and KIDKII is the only one having the license to use the approved foam material for ball pits. In the Asian market, KIDKII's competitors are also selling ball pits. However, KIDKII is the only company with the production of the products in China currently, which is given them an advantage in Asia. In the European market, KIDKII has several competitors, and the competition is assumedly based on price. This assumption is based on customers who had competitors' products will buy KIDKII products if KIDKII is willing to make an offer on the price of the products.

The next step for the company is to determine a sustainable strategy for the company and how to increase sales in the three different markets. As the company has an office in China, handling the sales of the products in the Asian market, it will not be included in this project. Additionally, the North American market is much different from the European market and KIDKII is planning on finding distributors and only high-end retailers for this market, therefore, it is not further investigated for this project as it is a much different strategy than for the European market.

### *Project Objective*

Presented in this section are the project objective and the scope of this graduation project. The information obtained from the empirical background presented in the previous section serves as the foundation of the research objective.

As described in the empirical background regarding the organization of the company then the ownership situation has changed, and it has changed the company from being a manufacturing

company, to be a company that designs products, gets them manufactured by suppliers in China and then sells the products in the three different markets. Meaning they are mainly distributors of the products.

As KIDKII is a small company, there have not been paid much attention to how the company must be organized and what strategies to follow as they have had their focus on attracting customers and designing products. The company has a department with two employees in Shenzhen, China, which focus on collaboration with the suppliers and sales in the Asian market. KIDKII has three employees in Denmark, which are concentrated mainly on sales.

This graduation project will concern the case company KIDKII and the lack of strategies. The empirical background has revealed that the company is not structured, and little considerations have been made on what strategies are best compared to their markets and products. Currently, KIDKII does not have any guidelines for how to perform the tasks, and employees are covering the same tasks making the company inefficient nor effective. The company is inefficient as the tasks are planned on a daily basis, and no long-term strategies are in place. The employees get little instruction in what is expected when given a task, resulting in some tasks are done twice. The reason for being ineffective is due to the lack of structure, and no strategies to follow and the company often makes agreements with customers which are not written up and therefore, it is time-consuming to serve the customers for the next order resulting in the actions is both ineffective and inefficient.

The remaining of this graduation project focuses on the company's lack of strategy and how to determine a sustainable strategy for the company. The project objective is:

*"To analyze what makes KIDKII's product qualified in the market, what is their product-market strategy and how do they win orders. Determine improvement needs for the market strategy to be implemented at KIDKII to achieve growth."*

Since KIDKII is both selling to the Asian, European, and American market and the delivery is based on size of the order and location of the customer, then the remaining of the project will be focusing only on the market and competition in Europe to determine a strategy for this market.

### *Recapitulation and Unit of Analysis*

The Empirical Background has provided a context and understanding of the case company KIDKII. KIDKII is an eight-month-old company which focuses on designing products and selling them. The company is collaborating with companies in China, which supply KIDKII with products and a 3PL is hired to manage the delivery of the products from factory to KIDKII's customers whether they are business customers or consumers.

The research objective highlights the challenges KIDKII is experiencing regarding making sustainable strategies and become a professional company. The unit of analysis is to investigate and understand the product-market strategies as well as presenting solutions to the introduced problem.

The task of analyzing the company's strategies or lack of strategies can be broad. However, to narrow the scope of the analysis into the core of the company, the Strategy Framework, first presented by Terry Hill, is used. This means that the analysis will include sections to cover the product-market strategy and the performance of the company. Furthermore, sections regarding the competitors, qualifiers, and order winners are added to fill in the middle part of the strategy framework. Moreover, a section is included regarding sales, marketing, inventory, suppliers, and shipping to provide an understanding of the context and the operations performed at KIDKII today.

This project will not include all KIDKII's products and markets in the analysis, and the emphasis is on the product ball pits and the European market. Besides the organizational issues at KIDKII is not included in the study as these are outside of the scope of this graduation project. In the Literature review, Chapter 2, the Terry Hill strategy framework is presented. However, some parts of the framework will be excluded, for example, "product" under the topics operation strategy as it is outside KIDKII's performance area.

## 2 Literature Review

This chapter will include the different theories which will be used throughout this project. The purpose of the chapter is to present the relevant literature as well as why it has been found appropriate for this project. As it was introduced in chapter 1, Empirical Background, KIDKII has no guidelines for the strategies to follow, and the company evolves along with the opportunities that emerge. As there is no link between the strategies used in the company, then the central part of this literature review will include an overview of different strategies.

### Strategy

Strategies include two aspects, which is direction and implementation. Direction describes what to do, and implementation describes how to do it. Every company owner has goals or a vision for its company, which he or she wants to achieve in the future. A strategy can never be written in specific details. However, it must include general terms and provide a direction on how to reach the goals. The objectives in a strategy must be long-term rather than short-term and be on a higher level than just the day-to-day operations. A strategy is more than one decision of how they reach the long-term goals, it is a pattern of linked decisions, which forms the direction of the company [Hill, 2005].

There are three levels of strategy, which represents different levels of the company. The three strategies are corporate level, business level, and functional level. The corporate strategy is decisions made at the top in the company and concerns the overall business, the money invested, and goals for growth. The business level is strategies linked to the individual business unit. The strategies involve the economic decisions, identifying markets, the competition in the market, and the competitive criteria in the market and future markets. The strategies on the functional level are allocated to each function in the business unit. The strategies at this level must support the overall strategies in the company. The market becomes the factor for decision making and the development of strategies [Slack, 2013].

Making strategies on different levels can be challenging to manage, and they must serve the same goals. Terry Hills has created a strategy framework which can be used to reflect on operations strategy issues in corporate decisions. The five areas of the strategy framework can be seen in figure 1 [Hill, 2005].



Figure 1 The five areas of the Terry Hill framework and how they affect each other



The framework is called a strategy framework, and it has been found useful to use in the case of KIDKIL, as the Company Owner needs to be able to reflect on the choices she makes to determine if they fit with her strategies or contradict her company set-up. The framework will provide a holistic view of the strategies within the different functions of the company, which is needed as a strategy in one function will automatically affect other functions. According to Terry Hill, then in many companies, the most challenging part in making strategies are due to different goals in different departments and many companies sees the internal customers as the customer to serve instead of aiming all strategies at the external customer. This means that marketing and operations have two different goals and two different customers to serve, and therefore, their strategies do not fit together. The strategy framework can help to eliminate this problem and as it has the marketplace in the middle, which represent the external customer and the other functions can use the framework to reflect on their strategies and adjust them to the requirements of the marketplace [Hill, 2005].

### *The strategy framework*

The strategy framework consists of five areas, which is used to develop an operations strategy for a business. The whole strategy framework can be seen in table 3. The five areas are not a step by step guide for how to develop strategies. It is more like an ongoing process of reflections and adjustments.

Corporate Objectives	Marketing Strategy	How do you qualify and win orders in the market place	Operation Strategy	
			Delivery system choice	Infrastructure choice
Sales revenue growth Survival Profit Return on investment Other financial measures Environmental targets	Product/service market and segments Range Mix Volumes Standard versus customization Level of innovation Leader versus follower alternatives	Price Quality conformance Delivery speed and reliability Demand increases Color range Product/service range Design leadership Technical support supplied Brand name New products and service – time to market	Choice of various delivery systems Trade-offs embodied in these choices Make-or-buy decisions Capacity: size, timing and location Role of inventory in the delivery system	Function support Operations planning and control systems Quality assurance and control Systems engineering Clerical procedures Payment systems Work structuring Organizational structure

*Table 3 The Terry Hill Strategy Framework and content (Hill, 2005)*

The first part is the corporate objectives, these are targets for the whole company and includes revenue growth, profit, and return on investment. There can also be other types of, such as targets with environmental character. The second part is the market strategy set by the marketing function to meet corporate objectives. Meaning that it is approaches dedicated to generating sales growth and entering new markets. The third column of the figure is the core of the development of core functional strategies, as it is about how the products qualify to be in the market, and the company wins orders in the marketplace. The two last columns are about operations strategy, which is divided into two areas.

One about the choice of the delivery system and another about the choice of infrastructure. Choice of delivery system concerns strategies to make a delivery system which can deliver the products involved and at the same time support the qualifiers and order-winners. These strategies include parameters such as price, quality, and on-time delivery. The second part of the operation strategies is the infrastructure of the company. The strategies are developed to form the relevant aspect of the company's structure. Therefore, they must include, for example, organizational structure, procedures, and control systems [Hill, 2005].

The description of the framework is short, and therefore, the parts that will be used in depth in the analysis will be described further in the following. The following section in this chapter is about the market as the theories must be used to analyze KIDKII to fill in the column about market strategies [Hill, 2005].

#### *Market-driver and Market Driving Strategies*

In most companies, their current and future market includes a mix of both market-driven and market driving strategies. What is sold, whom it is sold to, and the market a company competes in is the same as yesterday and tomorrow. However, being conscious of proactively drives markets and exploit resource-based opportunities is an essential part of the strategic task when markets are competitive.

The market-driven strategy is about being able to provide competitive criteria in the market to the required level of the customers. The market driving approach is about being ahead of competitors and finding ways to change the competitive norms and as a company can change the situation and create a better market position for itself. Market driving strategies can either be market-based or resource based. A market-based strategy is to proactively identify where advantage can be taken to outperform competitors and to invest in it. Whereas the resource-based strategy approach is to exploit the potential resources that are in a company to beat competitors [Hollensen, 2010].

#### *Segmentation and Product-Market Decisions*

The second area of the strategy framework is a market strategy. To make a market strategy, you need to understand the market that you operate in. In this project analysis of the market, there will be conducted a market segmentation and a description of the product range.

According to Terry Hill, then today's markets are increasingly different instead of increasingly similar. To present the picture of the buyers, a market segmentation can be made. Market segmentation of the business to business (B2B) customers will be made in the analysis as it is still a used tool in many companies today. Furthermore, KIDKII is targeting many different customers and therefore, making the B2B segmentation it can help them to understand the customers' requirements better and thereby adjust for example forecast, capacity and inventory levels to meet the customers demand in supply. The framework that has been chosen is Bonoma and Shaprios Macro/Micro-segmentation process for B2B customers. This is a tool that can be used both before targeting a specific customer, and it is a tool which can be used to fill in information about the collaboration over time. It is used to identify variables

that can help to segment the potential buyers. Then the buyers can be segmented based on the specific needs and similarities. B2B segmentation is often based on the size of the company, who their end users are, and their decision style. Thus, the B2B customer market segmented on many bases. However, broadly, the segmentation can be classified into Macro categories, and Micro-segmentation like Bonoma and Shaprio suggest. The framework of Bonoma and Shaprio is shown in figure 2 [Hollensen, 2010].

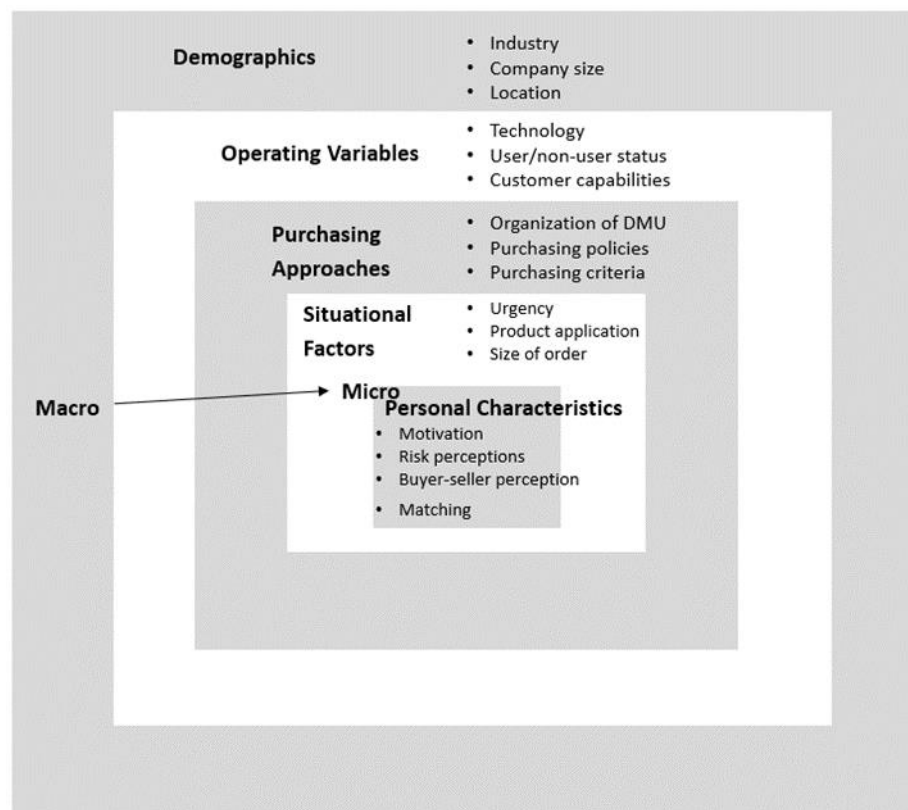


Figure 2 B2B segmentation model (Hollensen, 2010)

The framework must be filled in from the macro level and ending and the micro level. The starting point is the Demographics, and this nest tells something about the company's size, location, and what industry. The industry helps to understand who their customers are, whereas size can give some indication of their order size and location is relevant in terms of delivery [Hollensen, 2010].

The next nest is Operating Variables, these variables are stable as it tells something about the operations and activities in the company and strength and weaknesses. This nest helps categorize buyers into groups based on their characteristics found in this box [Hollensen, 2010].

Purchasing Approaches reveals based on the organization's decision-making unit, buying policies, and buying criteria important information about the power structure and buyer-supplier relationships. The purchasing criteria are determined based on the products and important benefits that a buyer demands, and the supplier needs to be able to satisfy these requests before a buyer-seller relationship

begins. The purchasing policies can either be bidding, leasing, or only do business with well-established companies [Hollensen, 2010].

The fourth box, Situational Factors, is about the delivery of products. Urgency tells a company something about the customers' inventory policies. The higher the inventory level, the less urgent is the delivery. Product application is about the specifications of the products and size of the order is useful to know as you could be interested in only having customers placing orders that fit with your economy of scale in production [Hollensen, 2010].

Personal Characteristics are at the Micro level. It measures the buyer's members to fit in personality with the supplier's members [Hollensen, 2010].

The market segmentation does not need to include all five boxes, as filling in the some of the bullet points from the Macro level towards the Micro level can provide enough information to determine the needs and request of the buyers.

#### *Product-Market Matrix*

This part is included to determine what product-market strategy KIDKII is using. The theory of Ansoff is used, it provides four different growth strategies based on a company's approach to its market and product. The four strategies are Market penetration, Market development, Product development, and Diversification and in figure 3, the different strategies and their mechanisms for achieving growth are shown [Hollensen, 2010].

	Current products	New products
Current market	<b>Market penetration strategies</b> <ul style="list-style-type: none"> <li>- Increase market share</li> <li>- Increase product share</li> <li>- Increase frequency of use</li> <li>- Increase quantity used</li> <li>- New applications</li> </ul>	<b>Product development strategies</b> <ul style="list-style-type: none"> <li>- Product improvements</li> <li>- Products-line extensions</li> <li>- New products for same market</li> </ul>
New market	<b>Market development strategies</b> <ul style="list-style-type: none"> <li>- Expand market for existing products</li> <li>- Geographpic expansion</li> <li>- Target new segments / customer groups</li> </ul>	<b>Diversification strategies</b> <ul style="list-style-type: none"> <li>- Vertical integration</li> <li>- Forward integration</li> <li>- Backward integration</li> <li>- Diversification into related businesses</li> <li>- Diversification in unrelated businesses</li> </ul>

*Figure 3 The product-market matrix (Hollensen, 2010)*

Market penetration strategy is used when a company wants to achieve growth by increasing sales of existing products, to the current market segment and this is done without making changes to the product [Hollensen, 2010].

Market development strategies are when a company uses existing products to attract new customers. The most common method is to try to market the products in new geographic regions [Hollensen, 2010].

Product development is a strategy where a company makes modifications to products to achieve growth. It can be by changing the quality of the product and other improvements or improve the style or performance of the product or by adding variety [Hollensen, 2010].

The last strategy is diversification, and it is used when a company makes a new product for a new market. Meaning that a company is stepping out of its core competence area but sees an opportunity in a market, they will try to achieve and thereby grow as a company [Hollensen, 2010].

Each of the strategies in the product-market matrix present different opportunities, risks, and returns. The strategies must be planned and performed well to succeed. A company must also know how they perform, and therefore, the next section is included.

#### *The five performance objectives*

This section is included to present the five performance objectives as they are indirectly a part of Terry Hills strategy framework. The five performance objectives apply to all types of operations. The five performance objectives are measures of a company that wants to do to satisfy customers and stay competitive. The five objectives are listed in table 4 [Slack, 2013].

Objectives	Definition	How to measure
<b>Speed</b>	Being able to do things fast. Meaning that a company can minimize the time from a customer ask for a product or service until it is delivered.	The time it takes to manufacture one or more products Time to research and develop new products Time to fulfil and order from stock
<b>Flexibility</b>	Being able to change what you do. Meaning that a company can vary or adapt their activities to cope with unforeseen events or meet customer requirements	Is the company producing different quality of the same product? Does the company's products fit to different markets
<b>Cost</b>	Being able to do things cheap. Meaning that a company can produce a product or service at a cost, which enables them to price the product or service appropriate for the market.	What is the retail price of the products? What is the price of producing the products The ratio of volume and variety of the products
<b>Dependability</b>	Being able to do things on time. Meaning that a company can keep all the promises they make.	Do the company deliver what they promise delivery date and number of products and types of products
<b>Quality</b>	Being able to do things right. Meaning being able to make no mistakes and deliver good error-free products and service every time	What material is used What is the color range What is the brand value

*Table 4 The five performance objectives definition and measures*

The five performance objectives can both be internal measures in the company, where the customer is the next process or activity that need the previous activities output as input. Or they can be external measures where a company wants to measure how they perform compared to competitors or towards their customers [Slack, 2013].

The different objectives are important. Quality is important as it is sometimes the most visible operation and easiest to judge. Therefore, it has a significant impact on customer satisfaction or dissatisfaction. Quality does also have an effect on the price of the products and producing them. The few mistakes made in the production reduces the time to make a product and correct errors. Furthermore, good quality increases a company's dependability in the market, as the customer will return if the quality is right every time. This shows that the quality objective, like the four others both can be measured for internal and external importance [Slack, 2013].

Speed is important as it measures the lead time of the process, a company would want a short lead time as possible. The benefit of being able to deliver your products fast is that the customers are more likely to buy the products, and they are more willing to pay a higher price for the product. Speed helps to reduce inventories in the products, as to the shorter time the product waits between processes, the lower inventory is needed, and the lower the inventory is from the process of receiving the raw material until the product is delivered. Forecasting into the future is also with the risk of making a forecast wrong. The shorter the forecast is the lower the risk, to be able to make short forecasts, a company needs to be fast [Slack, 2013].

Dependability is important as it is also a measure that is relatively easy for the customers to judge you on. Dependability is high if the company deliver the needed product at the promised time or receiving the products when the customer requesting the product wanted them to be delivered. Dependability can become the most important criteria to a customer and override, for example, cost [Slack, 2013].

Flexibility is more than being able to change what you do because that is a broad description of flexibility. As a company, you can be flexible in different ways. You can either be flexible in your product development and be able to modify or introduce new products fitted to the market. A company can be flexible in their operations and thereby be able to produce a wide range of products with the same equipment. Flexibility in volume is about scaling up or down in production or batch size when needed. The last option for being flexible is when a company can changes the timing of delivery or order size based on customer request [Slack, 2013].

The last performance objective is cost. Cost is always important, especially for companies competing on cost. However, even companies that do not compete on price is interested in keeping the cost down. As every money saved in the operations is added to the profit. Companies use their money on staff, facilities, technology, equipment, and materials. When focusing on lowering the cost, a company must also ensure that it does not compromise with any of the four others performance objectives, as it might lead to not being able to deliver what the customers expect [Slack, 2013].

### *Qualifiers and Order Winners*

In the strategy framework, provided by Terry Hill, the middle column is about order winners and qualifiers. When a company has knowledge regarding the market, then they can determine the qualifiers and order winners for the products they sell in the market. Qualifiers are the specific criteria

that get a product or service into the market. Qualifiers do not in themselves win orders, but they provide the opportunity to compete in the market, and they match customer requests. However, failing to provide the qualifiers will lead to losing orders. Therefore, they are order-losing parameters. If a company cannot provide the qualifiers, they lose orders to a competitor rather than the competitor is winning the order. When a company is competitive in a market, they win the orders on their order winners. A company must know how to win orders against competitors who also is qualified to be in the market. Order winners are what you can provide at a level better than your competitors [Hill, 2005].

The qualifiers are not less important than order winners, they are just different. The qualifiers need to be in place, otherwise is the company no longer competitive in the market. Furthermore, both order winners and qualifiers are time and market-specific, therefore the market needs to be monitored and adjusted for, for a company to stay competitive and win orders. The order winners and the qualifiers can be weighted, to gain more clarity, the best way to weight qualifiers and order winners are as follow:

- Qualifiers must be weighted into two categories.
  - Q for qualifiers
  - QQ for order-losing sensitive qualifiers – which is an alert for a company
- For order winners there are allocated 100 points across all the order winners in the market

Up until now the theories presented is about the first the columns of the strategy framework. These are the theories used in the analysis. The following theories are regarding the last two columns of the strategy framework and this is aimed at the suggestions and solution in the project [Hill, 2005].

### *Operation strategy*

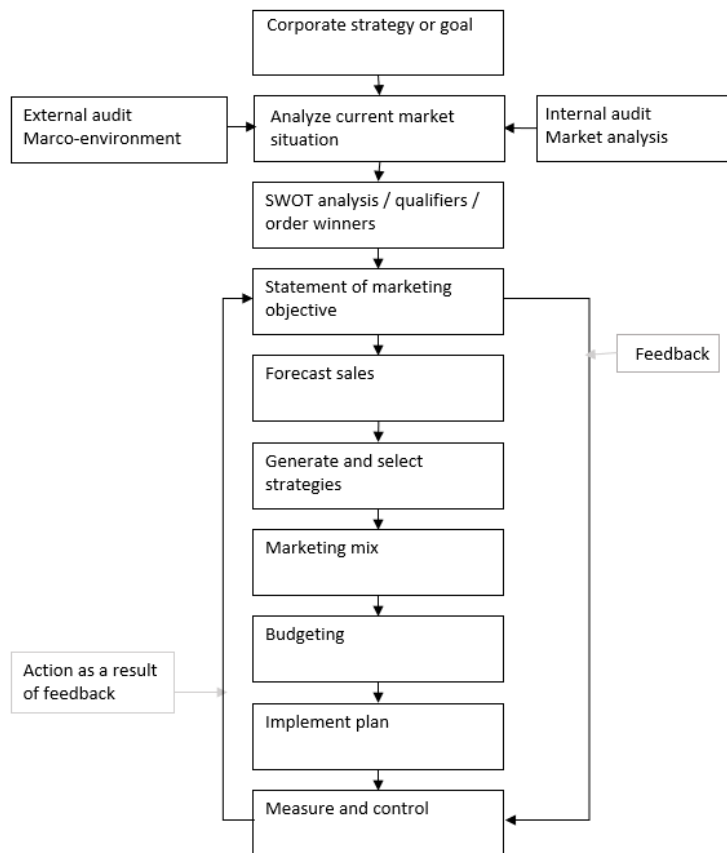
Operation strategy is a pattern of strategic decisions and actions which defines the objectives and activities performed in operation. The operations are the resources that transform input to output, and strategies are the long-term decisions on how to perform the operations. [Slack. 2013]

Terry Hill emphasis that operation strategy has two roles, and these are the Delivery Systems choice and Infrastructure choice. Slack defines the delivery system choice as structural, strategic decisions, and it is activities that primary influences design activities such as supply decisions, new product design decisions, and process technology. The infrastructural strategic decisions are those who influence the workforce organization, planning and control, and improvement activities. According to Slack, there is a list of question which is relevant for each topic, and they are listed in Appendix B [Hill 2005, Slack 2013].

### Marketing and Sales Strategy

This section is included to present the strategies of marketing and sales. Marketing and sales are linked together, and it requires many steps to be able to make the marketing choices, which can help you in boosting your sale. In figure 4, the steps are according to Jobber and Lancaster is shown [Jobber and Lancaster, 2006].

The figure includes ten steps, and as it can be seen in the second step, information from internal and external knowledge is needed. Continuing down the figure from the statement of marketing objective a line is drawn with feedback to measures and control, and a range is pointing back with actions because of the feedback. The activities are corrections to the marketing objected that is needed to improve the marketing strategies. [Jobber and Lancaster, 2006].



Following the steps in the figure will provide a holistic picture of the external and internal situation and based on the analysis, and input needed for each box, the marketing strategies can be chosen. [Jobber and Lancaster, 2006].

The sales strategies must be fitted to the marketing as they are linked together. However, it is beneficial for a company to follow some predetermined steps in the sales process. The steps can be different depending on the market, and therefore, the company must set design the process to best fit the market which they are operating in. [Jobber and Lancaster, 2006].

Figure 4 A marketing strategy process

The theories presented in this literature review is used throughout the analysis and solution chapters included in this graduation project. The next chapter will provide an overview of the methods used in the project.



### 3 Methodology

This chapter presents the methods used to do this project. The sections which are included in this chapter presents the data which needs to be collected in this project, the sources which will be used to collect the data is presented. Furthermore, it will present how the data will be collected and analyzed as well as validation of the data. The chapter will include a section regarding solution design and trustworthiness of the data collected and use in the project.

#### *Data Selection*

The theories selected to analyze the issues of not having a determined product-market strategy and therefore lack of understanding in how to structure the company it the Terry Hill Strategy Framework and theories needed to fill in the framework. These theories are the product-market strategy, B2B segmentation, the five performance objectives, and operation strategy. These theories will both be useful in the analysis of the company and the chapter providing the suggestions and the solution.

The different theories presented is obtained through lectures, articles, and books. The literature that has contributed the most in the project is the Strategy Framework, which is used several times during the project as a collection of information and later as the evaluation of the solution.

#### *Data Collection*

This section provides an overview of the data collected and why it was found relevant for this project. Furthermore, the methods of how to collect the data and the sources to obtain the data are included.

It is determined to collect information through interviews from the stakeholders at KIDKII and the stakeholders at the two suppliers in China and a second-tier supplier. The interviews with KIDKII is to determine what considerations there have been made regarding the market and the products KIDKII is selling. The suppliers contribute with information concerning their companies, as it has been found relevant to state the context of the purchases of products and the second-tier supplier provides insight into the foam material used in KIDKII, which have been found suitable as it is different from the competitor's foam.

Based on the questions asked, it became clear that KIDKII has little knowledge regarding the impact of lacking a product-market strategy and how it affected other parts of the decision making and structuring the company. The data collected is both quantitative and qualitative data, as it contributes to different understanding and information about KIDKII. The qualitative data selected helps to describe things, whereas the quantitative data contributes to defining things based on facts. The items that need the be collecting data for is presented in table 5, together with the methods of collecting the data and the sources which can provide the data.

Item	Method	Source
Business plan	Data collection	Company business plan
Strategies	Interview	Company Owner
Business goals	Data collection	Company business plan
Mission	Data collection	Introduction release of KIDKII
Market segments B2B	Data collection	Company database
Product mix and new products	Data collection	Company database
Market strategy	Analysis and interview	Company database / Company owner
Innovation in products	Documentation of material	Supplier in second tier
Competitors in ball pit market	Interview and research	Company Owner - Webpages
Product range of competitors	Research	Webpages
How does the competitors distinguish from KIDKII	Research	Webpages
Price level of ball pits in the market	Research	Webpages
Guidelines from suppliers	Interview	KJ, Kim and Cindy
Shipping cost	Data collection	KN offer of shipping
Inventory policies in Denmark	Interview	Company owner
Distribution method	Interview	Company owner
Contribution margin of ball pits	Data collection	Company database
Product portfolio 2018	Data collection	Company database
Product portfolio 2019	Data collection	Company database
Brands sold by KIDKII	Data collection	Company database
Manufacturing time	Data collection	KJ, Kim and Cindy
Time to market for new products	Data collection	Company owner and suppliers
Order fulfilment rate for B2C customers	Data collection	Measurements
Time range of deliveries (B2C)	Data collection	Measurements
Order fulfilment time for B2B customers	Data collection	Measurements
Quality difference in products and brands	Data collection	Comparison of brands
Range of customers	Data collection	Company data
Delivery dependability (B2C)	Data collection	Measurements
Delivery dependability (B2B)	Data collection	Measurements
Use of material	Data collection	Company data
Quality issues and complaints	Observations	Inventory
Quality and complaints	Data collection	Company data

*Table 5 Overview of data collection*

The data collected was collected during the second and third month of the project period, which is from the 1<sup>st</sup> of February 2019 to the 3<sup>rd</sup> of June 2019. The data collected provides the basis of the analysis.

Most of the data have been collected from files available in the company, whereas other information has been gained through research, especially information on the competitors in the market. The rest of the data have been obtained through small interviews with the Company Owner.

### *Data Analysis and Solution Design*

This section focuses on how to analyze the collected data for this project. In chapter 1 Empirical Background, it was presented that the company has no long-term strategies, and most of the tasks performed are based on day-to-day decisions. Therefore, the Terry Hill Strategy Framework was found relevant. However, the framework has been adjusted to fit the purpose of the use in this project. The Strategy Framework is going to be used throughout the project, first, it is used as a consolidation of the analysis made. The first part of the framework is about the market, products, and performance at the company. The second part of the framework is used in the solution. The solution is concerning operation strategy and fit the product-market strategy with operation strategy. In the following, it will be described whether the literature used is narrowing or broadening the scope of the project.

In the Empirical Background, chapter 1, the literature has not been applied, and the scope was narrowed to only concern the case company. The analysis in chapter 4 includes four sections, and the first is concerning the company and the activities in the company. The second part is about the products and the European market, this part mainly concerns the sales of products, the customers, and the products provided by KIDKII. The third part is regarding the performance at KIDKII, for this section, no data was available, and the analysis made is mainly based on data collected based on the five performance objectives. The fourth and last section in the analysis is a comparison of the competitors. No theories will be used in the comparison of the competitors as it should provide an understanding of what the difference and similarities are between KIDKII and the competitors. The analysis in chapter four is broad in the sense that different analysis should be put together in one framework at the end. Chapter 5, solution, start broad as the scope of the solution is investigated. The solution is narrowed down to concerning marketing and sales, and the strategy framework is completed.

### *Trustworthiness*

The purpose of including this section is to determine the trustworthiness of the data, which have been collected and analyzed during the project. Both quantitative data and qualitative data have been used in this project to establish an understanding of the problems described and to present a proposal to solve the problem of not having long-term strategies implemented at KIDKII.

The quantitative data is data which can be generated to numerical data or made into statistics. The data collected is used to quantify the problem of analysis. Quantitative information which has been collected for this project is to determine the performance at KIDKII. The five performance objectives include different data, and the data have been collected during the project period as KIDKII have no data collected regarding performance beside from customer complaints. The data collected is reliable for the time the data was collected. However, for example, the performance at the inventory is not static as inventory is going in and out of the inventory and the performance, therefore, can vary from order to order. Data were collected to determine the level of quality, and only the complaints were products have replaced are registered. The data collected regarding customer complaints can be

misguiding, and there can be more complaints than recorded. Therefore, the data is not valid. However, it has been used in the project, and it is stated that there is a lack of information in the data.

The qualitative data is primarily researches, and it is used to gain an understanding of the underlying reasons, opinions, and motivations. During this graduation project, a few unstructured interviews have been done. However, the Company Owner and the employees had difficulties in answering all the questions asked. Therefore, a presentation of some of the findings was presented to provide understanding. This resulted in lower conformability than hoped, as the employees did answer within the range of the presented findings. However, the data collected in the interviews are based on the needed information, and therefore, the findings are reliable for the time of making the analysis and collecting the data. If the interviews were conducted again, then it is not sure if the answers are the same, as the Company Owner is starting new projects when the opportunity emerges, and it changes the situation in the company. Furthermore, the findings and solutions are only relevant for KIDKII and cannot be transferred to other companies. The reason is that the market is changing rapidly today, and the products are adjusted for the market where they are sold.

The overall trustworthiness of the data collected is good for the situation where it is going to be used, and the analysis and the proposed solution is fitted to the situation of the company for the spring/summer of 2019. The next chapter in this project is the Analysis where the collected data is applied.

## 4 Analysis

This chapter presents the analysis of this project. The purpose of the analysis is to establish an understanding of the company and its strategies. The chapter includes five sections where the company is analyzed with the Terry Hill Strategy Framework in mind, and consolidation is made where the input from the five sections is included in the framework.

The first section presents the company's corporate strategy, how they collaborate with their suppliers, the shipping of the products, and the inventory in Denmark. The second section includes analyses of the European market and presents the product's that KIDKII is offering in the market place. Based on these analyses, it is possible to determine the product-market strategy. The third section is an analysis of KIDKII's performance and the five performance objectives quality, cost, dependability, flexibility, and speed. The fourth section is included to provide an understanding of the competitors in the market, which are selling ball pits and related products. The section is a comparison of KIDKII and eight competitors in the European market. The fifth section is an overview of what qualifiers there are in the market and how KIDKII is winning orders.

### KIDKII the Company

This section is concerning the case company KIDKII, where the first part is providing some insight into the company's corporate objectives and reason for being in business. The second part includes information regarding the suppliers in China, their capacity, and policies. The third part regarding shipping and a description of the costs and shipping lead time involved is included. Besides, KIDKII has an inventory in Denmark, and an overview is included to provide information regarding the inventory and how the deliveries to the customers are handled.

### Objectives

The purpose of this section is to clarify the corporate strategies KIDKII has established and the management style. A company's corporate objectives are different statements of what the company intends to do. They provide the direction for the activities of a company in pursuit of its mission. KIDKII had in the first press release when they started in business expressed the mission as follows: *"My mission remains to create toys/furniture that invite to fun and stimulate children's motoric development, so they experience joy from both physical development and development of motoric skills."* [source: Press release, August 2018]. The press release is included in Appendix C. This mission is more a promise to the customers that KIDKII will deliver toys and furniture, which are designed with the purpose to ensure their products support the children's development during childhood.

As it was stated in the Empirical Background, Chapter 1, KIDKII has not made any business plan, which formulates its strategies on how to get into the different markets or how to establish good relationships with their suppliers, customers and so forth. KIDKII has made a series of short-term action plans, which includes actions that need to be taken to start up the company, and these actions have been achieved.

The company consists of 6 employees, the Company Owner, two employees in the office in Denmark and a part-time employee at the inventory. The last two of the employees are working in China, and they mainly make sales and are in contact and visit the suppliers. The two employees in Denmark have only a few fixed tasks, which is one in bookkeeping and the other in customer service. Both employees do other tasks such as sales, updating webpage and social media accounts, and arrange large deliveries. The Company Owner does not have any fixed responsibilities. However, many different projects are going on, like design new products, meetings with customers, designing assignments for other companies. The tasks performed by the employees and the Company Owner is mainly planned day-to-day on a morning meeting. During the day, important tasks can occur and who has the time takes the tasks. Through observations, it has become evident that there is a lack of focus on sales, as no employee are allocated to the function, and rarely new potential customers are contacted, making the sales process ineffective. Furthermore, some of the tasks are not fully elaborated, and the employees sometimes correct the work done, making the activities performed inefficiently.

### *Goals at KIDKII*

Like KIDKII does not have any strategies implemented, they do not have any written goals. However, the company owner has made a budget and have a vision for the company, she wants to achieve. The vision and goal are that KIDKII must become the top brand in organic and non-toxic toys and furniture, with markets Asia, Europe, North America, and Canada.

In the budget, the goal for 2019 is to ensure growth in all the three markets. The company does not expect any profit for 2019, as the revenue is used in product development to expand the product portfolio. The goal is to be able to launch the new product portfolio in September 2019 at an exhibition in Germany for the European market. KIDKII expects to make a profit in the Asian and European market in 2020 and expand the customer base and revenue from the North America market during 2020.

### *Production*

KIDKII started with two suppliers in China to produce the products. Both companies are in the Guangdong province, in the city Shenzhen. One of the companies is making the balls, and this company has a high capacity and can fulfill orders in a short time. When the balls are finished, they are transported to the other company. The other company is Fuyi Toys, and they are sewing the textiles for the ball pits and furniture. A third company is delivering the foam in cut pieces for the ball pits and furniture at Fuyi Toys. When all the components are finished for the ball pits, they are ready for packing. The products are packed in cardboard boxes, which include one ball pit and the predetermined number of balls [Jensen, 2018].

Fuyi Toys can produce 350-550 products a week, depending on how many different products are placed per order. This range is due to the number of changeovers needed for each production run. Therefore, they prefer orders with a low variety of product sizes and colors per week [KJ, 2018].

The two Chinese companies are producing as make to order (MTO) manufacturers. The two companies are storing the products for a short time until they have an entire order ready for shipment. The guidelines provided by the companies can be seen in Appendix D. KIDKII's suppliers are high volume mass producers, and they are willing to decrease prices for high volume orders. The suppliers are on contract with different companies, for whom they produce different kind of products within their competencies [KJ, 2019, Cindy 2019].

Besides the two companies, which have been making the products since the beginning, KIDKII is expanding the number of suppliers with two more, currently both located in the Guangdong province as well. A new ball manufacturer is producing extra-large balls and a new supplier who can sew the ball pits, furniture, and playmats is starting up production of products for KIDKII. The new supplier of ball pits, furniture, and playmats has been added to increase production capacity and decrease risk. Furthermore, KIDKII has found three additional manufacturers for the new product-lines they are going to introduce during 2019 [Jensen, 2019].

With the production of the products in China, it is important to determine the full length of the lead time, which is the time between customers placing an order to receiving the order. The total length of lead time includes the shipping time, in this case, the time from an order being placed, produced, and shipped to Denmark from China. The next part of this section will provide this information. [Stevenson, 2005]

### *Shipping*

KIDKII has chosen to use a third-party service provider to manage the shipping called Kuehne and Nagel. The cost of shipping the products and all related prices can be seen in Appendix E. Some of the costs are related to the shipment, whereas others are related to the containers per delivery. The larger the container shipped, the higher the price. Meaning that the costs can be lowered by grouping more containers per shipment. The all-in rate is calculated for the shipment, and it shows that a delivery of one 40-foot-high cube container has the cost of 16455,98 DKK whereas a 20-foot container costs 11829,18 DKK [KN, Marts 2019].

There are three different sizes of standard containers used for shipments today. The different measures of container size can be seen in Appendix F. In table 6, a calculation is made on how many packages can be stored in each of the containers. The calculations are made for each size of the round ball pits as they are the best-selling product and the range of box sizes represent many of the other products in KIDKII's product portfolio. KIDKII is paying 1,5 USD per package in FOB costs to the supplier. In the last column, the total cost per package for each box size is added and as it can be seen the cost of shipment ranges from 38,036 DKK to 107,208 DKK per package.

Product	Length	Width	Height	CBM	Container CBM / No. of items	All-in rate DKK per item	FOB cost USD per item	Total shipping cost per item DKK
Information					76,28	16455,98	6,58	
85x30	120	40	32	0,131	584	28,166	1,50	38,036
90x30	112	40	32	0,143	532	30,927	1,50	40,797
90x40	112	40	42	0,188	405	40,592	1,50	50,462
95x40	115	40	42	0,193	395	41,679	1,50	51,549
100x40	102	41	42	0,243	314	52,327	1,50	62,197
105x30	110	80	32	0,282	271	60,750	1,50	70,620
105x40	110	80	42	0,370	206	79,734	1,50	89,604
115x45	120	80	47	0,451	169	97,338	1,50	107,208
125x30	120	80	32	0,307	248	66,273	1,50	76,143

*Table 6 Cost of shipping products from China to Denmark based on a 40-foot-high-cube container*

The calculation in table 6 is based on a 40-foot-high cube container. To determine whether the 40-foot-high cube container is the cheapest option or not, table 7 is added. The calculations in table 7 are based on the package of the product size 90x40. The larger the container, the cheaper the shipping cost per package. This means that to achieve the lowest shipping cost, KIDKII must order in quantities that fit the largest container size, 40-foot high cube, and order more than one container at the time.

Product	Length	Width	Height	CBM	Container CBM/ No. of items	All-in rate DKK per item	FOB cost USD per item	Total shipping cost DKK per item
					33,20	11829,18	6,58	
90x40	112	40	42	1,88	176	67,042	1,50	76,912
					67,7	16136,45		
90x40	112	40	42	1,88	360	44,848	1,50	54,718
					76,28	16455,98		
90x40	112	40	42	1,88	405	40,592	1,50	50,462

*Table 7 Calculation of shipping cost based on the three containers sizes*

Shipping products from China to Denmark adds time to the total lead time, and when purchasing products, it is crucial to know the full lead time to determine when to order and how much to order. KIDKII ships the products from Yantian to Aarhus, and an example of a shipping schedule can be seen in Appendix G. From the shipping schedule, the shipping time is 27 days. However, the container must be transported to harbor before the shipping date due to different actions that need to be done before the container is placed on the ship. Therefore, the total shipping time is 45 to 48 days, which needs to be added to the production time to find the full lead time. As it was mentioned, Fuyi Toys can produce 350 to 550 ball pits per week. For round ball pits the average of ball pits fitted into a 40-foot-high cube is 347, meaning that Fuyi Toys can produce one container load per week. The total lead time is shown in table 8 for one to five container loads based on the shortest shipping time. In the fourth column, the transportation from the harbor in Denmark to the inventory which is in Oestervraa in North Jutland is shown.



	Production lead time	Shipping lead time	Transport from harbour to inventory	Total lead time in days
1 container load	6	45-48	1-2	51-56
2 container loads	12	45-48	1-2	57-62
3 container loads	18	45-48	1-2	63-68
4 container loads	24	45-48	1-2	69-74
5 container loads	30	45-48	1-2	75-80

*Table 8 Production lead time for one to five containers*

Table 8 shows that the total lead time is complicated to determine, and the production lead time is only a rough estimate. The production lead time can be shorter if there are little variety of the products ordered, as the changeovers decrease. Opposite if the orders are of high variety and many colors, the production lead time increases. In addition, Fuyi Toys have guaranteed available production capacity of 350-550 ball pits per week. However, sometimes they have excess production capacity, and they can scale up the production.

Besides the uncertainties related to production, there are some uncertainties related to the shipping, and these are listed below:

- Availability of ships and space at the ship
- Some ships have a longer cut-off time
- Weather conditions and other risks along the shipping route.

### *Inventory*

When KIDKII make a purchase, they try to use the principles of fixed-order-interval. However, it is not fully implemented yet, and it causes some disruptions. They try to place orders with the same time interval or extend the time frame if it is not needed to place an order. The amount and products ordered vary from time to time. The constraint that KIDKII must follow and optimize is the number of products per 40-foot-high cube container to achieve the lowest shipping cost per package. The troubles KIDKII experience with ordering products is that they have difficulties in trusting their forecast and therefore supply exceeds the demand for some periods, while in other periods, they lack products as they order less than predicted. The result is that KIDKII remains to have insufficient control of inventory. Furthermore, KIDKII has chosen not to have all products in stock in Denmark as some of the products is not suited for all markets. For example, the small round ball pit 85x30 is mainly sold in the Asian market as the size fits better to people with small apartments.

KIDKII has chosen only to store 30 different products at their inventory in Denmark, based on the products which they sell the most. It results in KIDKII not being able to deliver all the products requested by their customers, and it decreases the dependability. However, some customers are aware of this policy, and they place orders for the products anyway, even though it has a longer delivery lead time. In figure 5, an inventory list from March 2019 is included.

Inventory List Marts 2019								
Product No.	Product Description	Size	Fabric	Color				
Round ball pit								
1000	Round (200 balls)	90x30	Cotton	Light grey				
1001	Round (200 balls)			Grey				
1002	Round (200 balls)			Red				
1003	Round (200 balls)	1014	Round (300 balls)	105x30	Cotton	Light grey		
1004	Round (200 balls)	1015	Round (300 balls)			Grey		
1005	Round (200 balls)	1016	Round (400 balls)	105x40	Cotton	Light grey		
1006	Round (200 balls)	1017	Round (400 balls)			Grey		
1009	Round (200 balls)	1018	Round (500 balls)	PLAYMAT				
1060	Round (200 balls)	1019	Round (500 balls)	NO.	STYLE	SIZE	FABRIC	COLOR
1061	Round (200 balls)	1020	Round (600 balls)	1049	Heart NEW	140x5	Velvet	Grey
1062	Round (200 balls)	1021	Round (600 balls)	1050	Heart NEW			Baby pink
1010	Round (200 balls)	HEART E		1051	Heart NEW			Blue
1011	Round (200 balls)	NO.	STYLE	1052	Heart NEW		Cotton	Marble
1012	Round (200 balls)	1043	Heart (200 balls)	1057	Heart NEW			Grey
1013	Round (200 balls)	1044	Heart (200 balls)	1058	Heart NEW	160x5	Velvet	Light grey
1077	Round (200 balls)	1072	Heart (200 balls)	1083	New star			Marble
1078	Round (200 balls)	1045	Heart (200 balls)	1084	New star			Grey
1028	Round (200 balls)	1046	Heart (200 balls)	1085	New star			Blue
1029	Round (300 balls)	1047	Heart (200 balls)	1086	New star			Baby Pink
1030	Round (300 balls)	1048	Heart (200 balls)	FURNITURE				
1031	Round (300 balls)	NO.	STYLE	NO.	STYLE	SIZE	FABRIC	COLOR
1069	Round (300 balls)	1022	Square (200 balls)	1037	Chair with armrest	33x58x35	Corduroy	Light grey
1070	Round (300 balls)	1023	Square (200 balls)	1038	Footrest	33x25x25		Light grey
1071	Round (300 balls)	1053	Square (200 balls)	1039	Chair set	33x58x35	Corduroy	Light Grey
		1054	Square (200 balls)	1040	Chair set			Baby Pink
		1024	Square (300 balls)	1075	Sofa	66x58x35	Corduroy	Light Grey
		1025	Square (300 balls)	1076	Sofa			Light Pink
		1026	Square (700 balls)	1055	Beanbag	100x80x60	Corduroy	Light grey
				1056	Beanbag			Baby Rose
				1039	Beanbag	100x80x60	Velvet	Baby pink
				1040	Beanbag			Blue
				1041	Beanbag			Marble
				1042	Beanbag			Grey

Figure 5 Inventory list for March 2019. Green presents products sold, whereas red are products requested, but not in stock

The 30 item numbers marked with green are the products KIDKII stores at the inventory in Denmark. However, as it can be seen, then six products are marked with red, and these are the products requested by customers during March, which was not in stock. Three of the six products are on a production order, whereas the two chairs are not reordered as they are going to be taken out of the product portfolio as well as the last ball pit requested. In Appendix H, the inventory list can be seen in full size.

The inventory is located in Oestervraa, and it is 8000 square feet. The inventory is sorted by product category in size, shape, and color. The items are placed by memory, so when some products are sold, and space is empty, new products are coming in and filling the empty space. The inventory employee knows by memory where the products are stored, while other employees struggle to find the products as there is no logic in the sequence, only that they are stored in categories. The products stored in the inventory is not classified into ABC products or other methods regarding sales rate. Therefore, the best-selling products are not necessarily closest to the pick-up area for items that are ready for delivery. In figure 6, the inventory layout is shown. When products arrive at the inventory in Denmark, a random sample is taken to determine quality. The check includes visual color check, measurements of the sizes, the density of the foam, and packing method.

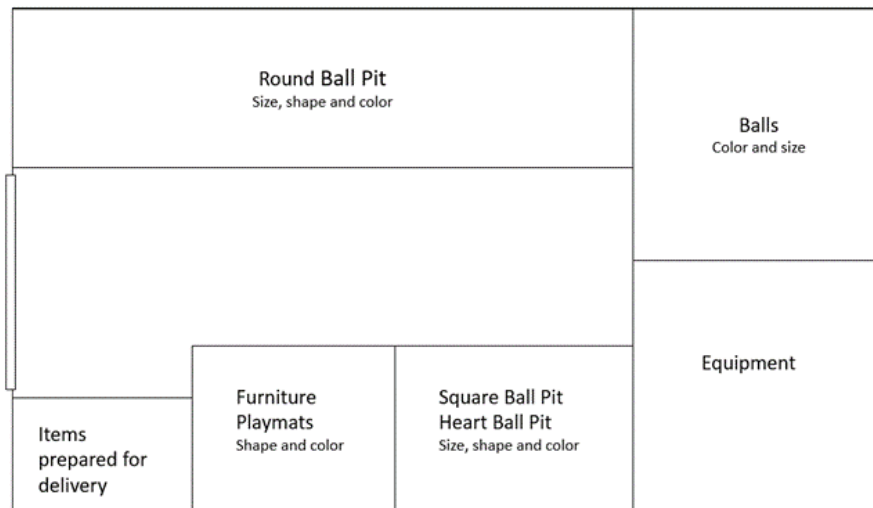


Figure 6 The inventory layout of the inventory in Oestervraa, Denmark

In figure 7, the sequence from receiving a customer order to delivery is shown. When KIDKII receives a customer order, the inventory employee is notified about the order. The inventory status is controlled, and if the requested products are in stock, the order is confirmed, and an invoice is sent to the customer. Meanwhile, the employee at the inventory collects and prepares the products for delivery. The labels for shipment are booked by a third employee, and the following day, the packages are picked up for delivery [Jensen, 2019].

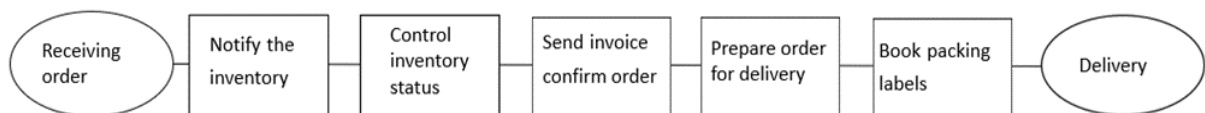


Figure 7 The process from receiving an order to delivery

KIDKII uses three different service providers for the distribution of packages. Kuehne and Nagel deliver most of KIDKII's orders. However, for large orders (more than ten pallets), Schenker is used, and Post Nord's service EMS International Express is used for long-distance deliveries. The cost of delivery is different from service to service. The long-distance deliveries have a relatively low price, and usually, the customers are not complaining about the cost of delivery. Besides, for the customers purchasing orders for more than ten pallets the price can be kept low. However, for customers that order small orders, the cost of delivery is high, as the packages are as big as they are. Therefore, for KIDKII it is challenging to win orders in example South, and East Europe as the cost of delivery in these countries is relatively high, and the customers state that the competitors can deliver at much lower prices. Furthermore, customers have canceled orders due to the high delivery costs [Jensen, 2019].

KIDKII has chosen only to store 30 different ball pits at the inventory in Denmark, which means that it occurs that customers request products which are not in stock. When receiving a request for a product which is not in stock, KIDKII informs the customer. If the customer still wants to purchase the product, a production order is prepared for the next time an order is placed at the supplier. Therefore, KIDKII fulfills some orders in a short time, while others can be delivered three months later than ordered.

However, the orders that are not delivered within a few days usually are of a larger quantity, and they are agreed and confirmed by the customer.

The products that KIDKII offers are standard products, meaning that they can be made to stock. When the ball pits arrive at the inventory, they are packed with grey and white balls. However, the small customers and the webpage customers can choose the ball colors as they like, leaving an option for customers to make little customizations in the products.

This section provided insights into KIDKII's corporate strategies, their collaboration with the suppliers and the shipping company they use, and the inventory in Denmark. The next section included in this report concerns the market and products.

## Market and Product

This section will provide insights into the European market and the product portfolio that KIDKII is offering in the market. The first part will give an understanding of which type of customer KIDKII is selling their products to. The second part will include a description of KIDKII's product portfolio and in what direction the company is expanding with new products. Furthermore, a small section will provide an understanding of how KIDKII is marketing their products and how they obtain orders and acquire new customers. The last part of this section is a product market analysis, where it will be determined what product-market strategy KIDKII is using to achieve growth, based on Ansoff's product-market matrix.

### *The European Market*

KIDKII has a webpage for the business to customer (B2C) market. They also sell to retail customers, and lately, KIDKII has worked on a contract with a distributor for the European market. These two are customers in the business to business market (B2B). The collaboration with the distributor, will not be further analyzed, as the agreement is new, and there is still some uncertainty related to the relation.

The market analysis will target the B2B market, and two customers have been chosen for the analysis. The two customers who have been selected to be used in the B2B market analysis are BabySam from Denmark and Jollyroom in Sweden as they present the two different customers within the same retail market and both having the same kind of end customers. BabySam is a medium sized Danish company, which have specialized in selling products for parents to infants and children. They started as one retail store and has grown to have many stores around in Denmark as well as having a webpage which they use for sale. The last years BabySam has increased their net-sales significantly. They focus on having the best and most popular brands from mainly Scandinavian suppliers [Jensen, 2019, <https://www.babysam.dk/find-butik>].

Jollyroom is a Swedish owned e-business company, which sell products for parents of infants and children. They sell their products in the Scandinavian market and Germany. Jollyroom does not have physical stores like BabySam. Jollyroom chose their suppliers based on who can deliver popular

products at low prices. Therefore, the suppliers are not necessarily from Scandinavia. The two companies distinguish in the approach to markets as they target two different customer types within the same segment. Baby Sam is aiming at the conscious consumer, whereas Jollyroom target the low price concerned consumer. This also means that their approach to their suppliers is different. In table 8, a B2B market analysis of BabySam is shown, and in figure 9, a B2B market model of Jollyroom is shown.



Figure 8 The B2B segmentation of the customer BabySam

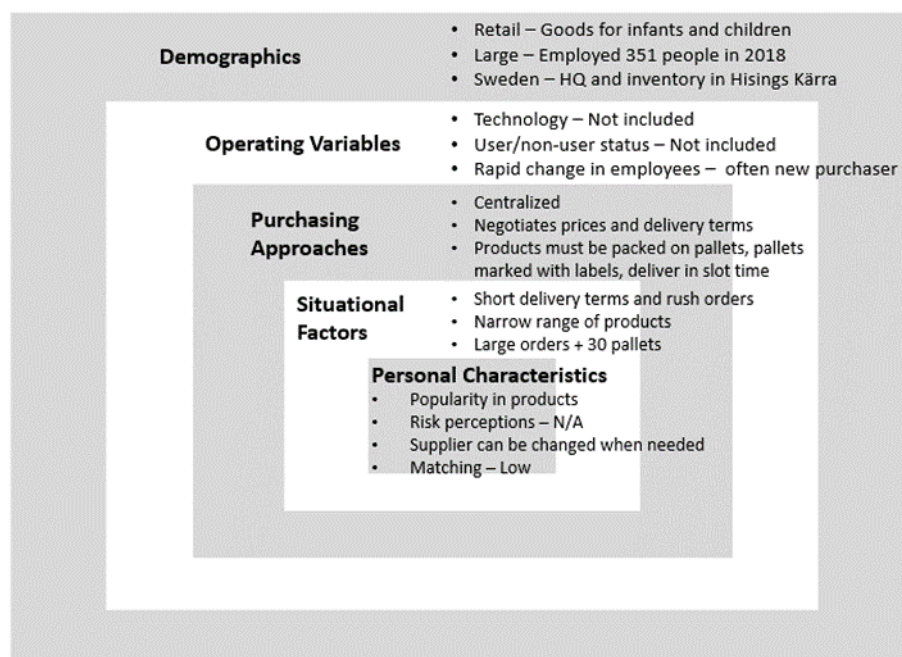


Figure 3 B2B segmentation of the customer Jollyroom

As a supplier, the company size of the customer can indicate how large the orders might be from the customer, and BabySam is a relatively large retail store chain in Denmark. As listed in Situational Factors, the order size from BabySam is medium to large orders. Considering Jollyroom, then they are having more employees and presumably larger, and looking at the order size, Jollyroom makes larger purchases too. BabySam is in Denmark and arranges the pick-up at KIDKII's inventory themselves, whereas Jollyroom gets free delivery. BabySam has a longer pick-up time than Jollyroom, as they often place rush orders or orders with short delivery time. Besides, both companies have policies regarding how they expect the products are marked and packed on pallets.

Furthermore, both companies place the orders randomly, and it is unpredictable for KIDKII to determine when they can expect an order. However, both companies are placing orders based on a set of pre-determined products, and it helps KIDKII to have the right products in stock to fulfill orders. The two companies are very different in personal characteristics. The purchaser at BabySam is not willing to take any risks, and therefore, she prefers a contract with the suppliers. However, she seeks suppliers which can deliver organic and certified products, which is popular at the customers. The match in personality is rated medium, as the purchaser only contact KIDKII by mail, to become a high match, there needs to build more trust and confidentiality between KIDKII and the purchaser at BabySam. Opposite, at Jollyroom there is one purchasing manager for each product group and many different purchasers. The purchasers are rapidly shifting place, and as a supplier, it can be challenging to keep up and know which purchaser you must contact. It makes it challenging to build a trusting and long-term relationship with them and therefore they are rated low in matching in Personal Characteristics, and there is a potential risk that they can easily change their suppliers for a new. However, Jollyroom is better to keep in contact and meet with customers than BabySam. BabySam and Jollyroom are different in their approach to their suppliers. However, it is mainly due to their approach to the market and its internal structure. The rapid change in employees at Jollyroom can be due to a competitive and cost-driven approach, as they sell products at lower prices than competitors, always pushing the prices down in the market. Besides, it puts pressure on both the employees but also the suppliers because they can, either keep up or, they can be replaced. BabySam is a steady and healthy business, and they are not willing to take risks, and they prefer contracts with their suppliers. However, they request lower prices too, due to the current competition in the market in the sale of ball pits.

In Europe, KIDKII has several smaller customers who either have a web shop or the customer is a retail store, usually only with a few shops. Their orders can be as low as 12 products at the time and up to 50 products. Until now, KIDKII has sold smaller orders for customers first orders. These customers places orders randomly, KIDKII always arrange shipping and the customers' orders all types of products per order. This means that KIDKII needs to have a broad product range at stock. However, in a lower quantity, than the product range that the large customers purchase from. As KIDKII has only chosen to store 30 different items, then customers sometimes request products which are not in stock.

KIDKII has chosen to focus on having one large customer in the Scandinavian countries. This strategy can be a disadvantage if the customer decides not to sell KIDKII products anymore. This will mean that



KIDKII loses a significant market share in the country, and they are exposed to higher risk than necessary. The benefit is that the customer can market themselves as the only one selling the products if a range of products is only sold to that customer. It gives value to the customers, and it can help increase loyalty towards the KIDKII brand from the large customers. The trouble is that for example the end customers who choose to buy the products on a web-page does not necessarily care if the product is sent from Denmark or Sweden, and they buy the product where they find it cheapest.

KIDKII sells its products to different customer types. However, for example, BabySam and Jollyroom approaches the market differently but aims to sell their products to families with children, and they only sell products in this category. Therefore, they do not differentiate in the market that they are in, they both sell to the same market. As mentioned KIDKII is negotiating with a large distributor in the European market, and they have a much broader approach to the market, as they aim to sell the product based on a three-way channel strategy, where the first channel is offline stores, the second channel is online stores, and the third channel is, for example, supermarkets or discount stores. This requires that KIDKII can deliver the products which can match the three different markets and they can at least differentiate on price in the three lines. BabySam is a customer who would fit into the first channel, Jollyroom would fit into the second channel, and KIDKII does not yet have any customers who conform to the third channel.

#### *Product Portfolio, Marketing and Sales*

This part is included to provide an overview of the products that KIDKII sells and the new products they will introduce to the market in 2019. Furthermore, the marketing and sale of the products are included in this section. As it was mentioned in the Empirical Background, chapter 1, KIDKII has started their business on selling ball pits, playmats, furniture, and balls. The product portfolio of these products includes 118 products. These products are made of the plant-based foam, and the cover is either of cotton, velvet, or corduroy fabric. During 2019 new ball pits in unique shapes and sizes will be added to the product portfolio. Furthermore, there will be added new shapes to the playmat and new colors for the ball collections.

KIDKII's products, which is made with foam, are all made with the plant-based foam. The plant-based foam is special as there have been added no chemicals in the process of making the foam and it is made from corn. Making the foam of corn is rather new and innovative, and there is only one manufacturer in the world who have a patent on using corn for foam. KIDKII has made an agreement with the manufacturer that KIDKII is the only customer who can use the foam for ball pits and playmats. This is a great advantage for KIDKII as end customers today are becoming more conscious about what they buy, especially for their children.

According to the Retail Institute, the next generation of consumers are becoming even more aware and also expects that products on the market are organic and made sustainably. Furthermore, Retail Institute evaluates that the consumer is even willing to pay a higher price for some types of products if the manufacturer can guarantee the products are produced sustainably. This shows that KIDKII is

presumably moving in the right direction with their choice of material as the foam is both reusable and organic [<https://retailinstitute.dk/er-du-klar-til-2019-og-de-nye-forbrugere/>].

KIDKII has chosen to expand the product portfolio even more by adding an additional brand called Europe Toy. The new brand is going to include only ball pits and it is going to be a little bit cheaper than the KIDKII brand. However, it is still made of an organic foam, and it should help KIDKII to beat the other competitors on price as well on quality and thereby increase the market share. The two brands will be branded in two different ways and the new brand is going to target customers, which aim for low cost products. The product portfolio of Europe Toy is narrow and in table x, the three different products are shown. KIDKII has chosen only to have a product portfolio of 3 ball pits in different sizes and two colors for the Europe Toy brand. The height is only 30 cm, which is a suitable height and it is to keep the cost down. This brand is aimed at the B2B customers, which are supermarkets and online businesses. KIDKII has only introduced the product to a few customers, which wants to receive a small order to test the market for it.

Product	Size	Textile	Color
Round ball pit 150 balls	80x30	Cotton	Light grey
Round ball pit 150 balls			Light pink
Round ball pit 150 balls	90x30	Cotton	Light grey
Round ball pit 150 balls			Light Pink
Round ball pit 200 balls	100x30	Cotton	Light grey
Round ball pit 200 balls			Light pink

*Table 9 The product portfolio of Europe Toy*

Besides adding another brand to the product portfolio, KIDKII is adding three new product lines. The first is called Healthy Sleepy, and it is mattresses, pillows, duvets, linens, nursery pillows, and changing mats. These products are an extension to KIDKII's known quality with the organic foam. However, the last two product lines are new for KIDKII as one of them is furniture made of wood, and the other is small items made of silicone and bamboo material. The last two is very different from what KIDKII is known for. However, they are still associated with interior and infant/children products. Most of the new products have not yet been introduced to the market, but they are going to be introduced no later than September 2019. In total, 50 new products are added to the product portfolio. However, most of them come in two, three, or four colors. Therefore, the product portfolio now includes an additional 138 new products and the existing 118 products, which in total is 256 products. The full list of products is included in Appendix I [Jensen, 2019].

KIDKII is marketing its products based on design and secondarily the organic foam as it according to the Company Owner, the reasons why KIDKII is a good brand. The design is simple and fits with most of the adult furniture, and therefore, KIDKII often uses pictures of a decorated living room to show their products. KIDKII uses their webpage, an Instagram profile, and Facebook to target the end customers. However, they use it mostly for pictures and give-away competitions. The employee updating these platforms has no institutional knowledge in marketing and branding, making the use of social media insufficient as KIDKII struggles to obtain followers. KIDKII do only use their platforms for a little information sharing and knowledge about their products. Through observations, it is



assumed that there is a lack of knowledge regarding the material; therefore, the information shared is narrow. Furthermore, KIDKII has several influencers, which is promoting KIDKII's products through their Instagram profile. The influencers have been chosen based on their interest in interior and age of their children. Besides, KIDKII has made an agreement with a journalist, that will write 5 articles during 2019 that is relevant for KIDKII to use in their branding of their organic foam [Jensen, 2019].

KIDKII attend fairs in Europe two times a year, and this is where they get most of the company contacts. At the fairs, KIDKII receives some orders from customers, while a few customers contact KIDKII afterward. The generated sale and obtain of customers after a fair is not as high as expected. Meaning that there is a low return on investment in the fairs. However, KIDKII remains to go to fairs to be present their products for the current and potential customers [Jensen, 2019].

KIDKII's customers primarily contact KIDKII by mail or phone and the orders range from few products to +300. In Scandinavia, KIDKII has three large customers on a contract. However, the contract is more regarding legal matters and not a forecast of the expected purchase or predetermined products. The rest of the customer base is small companies, either a retail store or web shops. The number of small customers is approximately 20, meaning that after seven months of business KIDKII has less than 25 customers in Europe. The large customers expect discounts on the orders, and therefore, the contribution margin for these products is low. However, smaller customers do not request a discount, or they are only given a small discount. This indicates that large customers have bargaining power in the market. As mentioned no employee is allocated to sale and therefore, KIDKII is struggling to contact both old and new customers, and through observations, it seems that there are in periods a reclined attitude towards the customers and that KIDKII expects the customers, even the new to contact KIDKII if they are interested.

### *Product-Market Strategies*

The product-market strategy at KIDKII has been changing during the last six months. KIDKII started by trying to gain market share based on existing products in the market by taking customers from competitors, which is a market penetration strategy. However, KIDKII's products had a different quality, and KIDKII offered new shapes in the products and more variety than the competitors in the market. This resembles a product development strategy. However, KIDKII also targeted new types of customers and expanded to reach new markets in the United States and China, which is the market development strategy.

Currently, KIDKII is still pressuring customers both in new markets and in existing markets. Furthermore, KIDKII is expanding the product portfolio to include new types of product-lines to the current market. Therefore, it can be argued that KIDKII is trying to target the customers in as many ways as possible. The approach of targeting all customers with the same method can be inefficient, as the means need to be adjusted to the customer demand, which is different for geographical regions and type of customer. It can be difficult to manage three different growth strategies at once, and

therefore, KIDKII has not been able to gain as many customers as they wished until now, making the approaches ineffective. In figure 10, it is shown on which parameters KIDKII is trying to achieve growth.

	Current products	New products
Current market	<b>Market penetration strategies</b> <ul style="list-style-type: none"> <li>- Increase market share</li> <li>- Increase product share</li> <li>- Increase frequency of use</li> <li>- Increase quantity used</li> <li>- New applications</li> </ul>	<b>Product development strategies</b> <ul style="list-style-type: none"> <li>- Product improvements</li> <li>- Products-line extensions</li> <li>- New products for same market</li> </ul>
New Market	<b>Market development strategies</b> <ul style="list-style-type: none"> <li>- Expand market for existing products</li> <li>- Geographical expansion</li> <li>- Target new segments / customer groups</li> </ul>	<b>Diversification strategies</b> <ul style="list-style-type: none"> <li>- Vertical integration</li> <li>- Forward integration</li> <li>- Backward integration</li> <li>- Diversification into related businesses</li> <li>- Diversification in unrelated businesses</li> </ul>

Figure 10 Product-market matrix, where the red circles represent the strategies KIDKII is trying to use

As it was described, KIDKII has different types of retail customers in the European market. Up until now, KIDKII only had customers in Europe, which is either B2C customers on their webpage or B2B customers within the retail segment. However, recently, KIDKII has been negotiating with a Danish distributor. This means that up until now, KIDKII has gained its market share by penetrating the existing European market and taken customers from competitors. However, KIDKII is now trying to target new customer groups, which is distributors in Europe.

The quality of KIDKII's products fits with the customers who are aiming at selling or buying the best quality in the market. This often means that the customer is willing to pay a higher price. However, KIDKII's large customers are negotiating prices, as they have the knowledge to the price level of the competitors, and KIDKII is not able to brand the product on the material. This also indicates that there sometimes is a misfit between the quality of the product and the customer that KIDKII has.

This section has highlighted the products and expansion of products during 2019. What type of customers KIDKII is selling their products to and what strategies KIDKII is pressuring to follow regarding product and market. The next section of this project will investigate further the performance level at KIDKII by the help of the five performance objectives.

## Performance at KIDKII

This section is included to provide an understanding of where KIDKII's performance is good and where the performance can be improved. Furthermore, when evaluating the performance, it is easier to determine where KIDKII performance better than competitors. The five performance objectives cost, flexibility, dependability, speed, and quality are chosen to be included in this section. KIDKII has only

been collecting data regarding quality. Therefore, data has been collected to conduct this analysis to determine the performance of all five performance objectives.

As previously mentioned KIDKII stores 30 different product numbers at the inventory in Denmark, meaning that there are many items numbers customers can request, which is not in stock. KIDKII has long delivery lead times for these products, decreasing the dependability as a supplier. The 30 product numbers, which are in stock, KIDKII has a promise to be able to have the orders ready for distribution within five days. However, KIDKII does not keep track of the preparation time and when the orders are prepared for distribution. Furthermore, as mentioned in some cases, customers place orders, even though there is an extended delivery time on the products. Data has been collected to determine if KIDKII keeps their promise of five days and why they were not able to distribute the orders within five days. The orders included are only for products which either are in stock or on a production order. The data collected are both for the orders at the webpage, and the orders for the B2B customers in Europe and the data can be seen in Appendix J and Appendix K.

The data collected regarding the webpage can be seen in the summary in table 10. The data have been collected for three months and includes all orders placed in that period. As can be seen, there have been 149 orders in the time period of the data collection. In average it has taken 2,83 days to prepare the orders for delivery. Every morning the employee at the inventory prints the orders from the webpage and collect the products and print shipping labels. The day after the packages are picked up for distribution. This only results in two days. However, since the orders are only checked once a day during the weekdays and no pick-up is available in the weekend, more days are added.

Number of orders	Average days to distribution	Unfulfilled orders	Changes orders
149	2,83	5	3

*Table 10 Webpage fulfillment tracking*

Furthermore, eight orders have either not been fulfilled, or the orders have been changed. There are some different reasons for these events. For example, five times the entire order has been voided, two out of the five times the customers have placed the same order twice, and the last three times, KIDKII did not have the product in stock, and the customer wished to cancel the order. Two times an order has been changed as the customer ordered a product KIDKII could not deliver. However, in agreement with the customer, the order was changed to another product. The last order was for more than one product. However, KIDKII was only able to deliver parts of the order, and some of the money was refunded to the customer. After this tracking of the orders received from customers at the webpage, KIDKII has started to mark products as sold out on the webpage, if they are not in stock at the inventory. Furthermore, it is not all KIDKII's products, which are available on the webpage, as the webpage product portfolio mainly includes the product that KIDKII usually have in stock.

The data collected for B2B customers include 30 orders. The order size ranges from only a few products to the largest order of 330 products. The data collected can be seen in Appendix K, and a summary is shown in table 11.

Number of orders	Range of order size	Deliver at promised dates	Average lead time	Average days of delay
30	1-330	22	6,7	10,88

*Table 11 B2B order fulfillment tracking*

Of the 30 orders, 22 of them have been ready for delivery within 5 days. However, the average lead time of the 30 orders is 6,7 days, meaning that there is room for improvements. For the time that the data was collected one shipment of products was delayed with three days, which affected four orders. They were delayed with two days, as KIDKII had promised they were ready for delivery the day after they had arrived. However, KIDKII was able to prepare the orders on the same day as the containers arrived at the inventory. Another four orders were delayed, and it was caused by the fact that the products were not in stock but on their way by ship. One order was delivered wrong, and new products were sent on agreement with the customer. Furthermore, one customer chose to change the order after a while to products which were in stock and from placing the first order to KIDKII sending the request 17 days went by.

The time of delivery is a matter of how fast KIDKII is to prepare orders for distribution and it affects the performance of speed. However, the data also showed that KIDKII could become a more dependable supplier. In table 12, a summary of the performance measured is shown and as it can be seen KIDKII can improve both their speed and dependability towards their B2B customers. Whereas the customer orders from the webpage are ready for distribution in less than three days, then still KIDKII loses some customers at the webpage as they are not able to deliver, or they must contact the customer and offer other product at a discount to fulfil the order and satisfy customers.

Objectives	Measure	Average	Need for improvement
<b>Speed</b>	Time to fulfil an order (webpage)	2,83 days	No
<b>Speed</b>	Time to fulfil an order (B2B)	6,7 days	Yes
<b>Dependability</b>	Percentage of complete delivered orders on the webpage	94,63%	Yes
<b>Dependability</b>	Percentage of orders delivered as promised to B2B customers	73,33 %	Yes

*Table 12 Measures of speed and dependability and the related results*

If these measures were made in the first few months of business KIDKII's performance would have been worse and the Company Owner state, they improve their business all the time as they learn new things [Jensen, 2019].

The speed objective can also be measured regarding the production of the products as well. This is only interesting as KIDKII has chosen not to keep all products in stock. In table 13, the different time frames from KIDKII, the Fuyi toys factory, and shipping are shown.

<b>Time between orders</b>	Every 30th day or more if it is not needed. However, large customer orders for shipment are placed when they are needed.
<b>Production time</b>	350-550 products can be manufactured in 6 days and ready for shipment
<b>Shipping time</b>	45-50 days including time from harbour to inventory
<b>Prepare order for distribution (at the Danish inventory)</b>	5 days

*Table 13 Table of order interval and lead time*

This shows when a customer places an order to be delivered FOB China, then KIDKII promise to deliver in 6 days plus the shipping time. The shipping time mentioned here is from China to the inventory in Denmark. If the products are going in and out of the Danish inventory before distribution, more days must be added. In the worst case, the order can be on its way for 90 days, before it is ready to be delivered to the customer. However, it is for less than full load orders.

Adding 50 new products to the product portfolio mean that KIDKII needs 3 new suppliers, and they have been found and are ready to start production. The supplier Fuyi Toys are producing more different products now, and they have been a part of the product development process. From getting the idea to making drawings are short, and the design process does not take much time. The time-consuming part is the investigation of safety regulations or recommendations which needs to be followed. When the drawings are ready, the suppliers start making the prototypes and generally after a few prototypes the new product is ready for production.

Having two brands for ball pits means that KIDKII should be able to fit one of their brands to a potential customer. However, Europe Toy is still new, and therefore, KIDKII had been selling the brand KIDKII for all interested customers from the beginning in September 2018. This has resulted in the products have been sold to customers, where the fit is not optimal. For example, as mentioned in the B2B market segment analysis, then KIDKII is selling its KIDKII brand to Jollyroom. However, Jollyroom is lowering their prices in the market to gain customers and being competitive. It results in Jollyroom is pushing KIDKII to sell their products cheaper to them, which makes other large customers doing the same to follow the price in the market. The fit to market could be a quality measure as well. However, in this case, it is included as a flexibility measure due to the pressure on price regardless of the material chosen for the product. In table x, the measures of flexibility are shown, and the performance is evaluated. When it comes to flexibility in the product range, product development, and making prototypes, KIDKII has high flexibility. However, their time to market is extended due to the lead time of a production order as mention under the performance measure of speed the delivery lead time is extended.

<b>Measure</b>	<b>Performance Flexibility</b>	<b>Need for improvement</b>
Range of products offered	Two brands, large and small product portfolio	No
Product development time	Short time from idea to making prototypes	No
Planned new products 2019	50 new products are planned for 2019	No
Time of making prototypes	One prototype per day	No
Product fit to market	High quality brand is sold to low cost customers	Yes

*Table 14 Measure of flexibility and the results*

Considering how the product fits the market, KIDKII is trying to add more flexibility, by adding the new brand Europe toy. Reducing the cost of producing the product as it is a cheaper foam, the height of the ball pit is reduced, and it results in lower shipping cost as well. However, the sales price is not yet determined and fixed. Therefore, there are no available calculations of the contribution margin of this brand. There have been made three different calculations of the cost of the KIDKII brand. The first can be seen in Appendix L. It is the cost of the products when KIDKII began selling their products in September 2018. In the table shown in Appendix L, the contribution margin on the ball pits ranged from 86,05 DKK to 279,76 DKK. The average contribution margin of the ball pits is 194,80 DKK. However, there is a tendency towards the best-selling products are those with a lower contribution margin per product. The calculations do not include discounts and the costs of delivery to the customers if KIDKII offers to pay for delivery.

KIDKII has been making small adjustments to the ball pit to achieve higher profit margins. For example, there have been removed 0,50 cm of foam in width. The cutting and sewing method have been changed, both to produce faster, but also to reduce the waste of textile between cuts. Furthermore, the design on the cardboard boxes has been changed to reduce the use of colors and thereby reduce cost. In table 15, the new calculations of the contribution margin are shown. In Appendix M, the full excel spreadsheet of the table can be seen. The contribution margin has at the lowest increased from 86,05 DKK to 122,89 DKK, and for the best-earning product the contribution margin has gone up to 317,70 DKK it is an increase in contribution margin between approximately 12% to 30% or 38 DDK in average per product.

Product description	Length of box	Width of box	Height of box	Circumference	CBM	Amount per container	Shipping cost in DKK	FOB cost in USD	Purchase cost USD	Cost for balls in USD	Total cost in DKK	Sales price in DKK	Contribution margin in DKK
Information input						67,6	15740,23	6,58	6,58	6,58			
Round ball pit													
85x30 Cotton	102	40	32	246	0,131	518	30,400	1,5	25,9	6	250,172	373,07	122,898
90x30 Cotton	112	40	32	256	0,143	472	33,380	1,5	26,95	6	260,061	391,72	131,659
90x40 Cotton	112	40	42	276	0,188	359	43,812	1,5	28,95	6	283,653	425,3	141,647
90x40 Velvet	112	40	42	276	0,188	359	43,812	1,5	28	6	277,402	578,26	300,858
90x40 Marble	112	40	42	276	0,188	359	43,812	1,5	29	6	283,982	581,99	298,008
95x40 Cotton	115	40	42	279	0,193	350	44,985	1,5	32	6	304,895	440,22	135,325
95x40 Velvet	115	40	42	279	0,193	350	44,985	1,5	31	6	298,315	581,99	283,675
95x40 Marble	115	40	42	279	0,193	350	44,985	1,5	32,15	6	305,882	585,72	279,838
100x40 Cotton	102	41	58	300	0,243	279	56,417	1,5	33	9	342,647	514,84	172,193
100x40 velvet	102	41	58	300	0,243	279	56,478	2,5	31,5	9	339,418	589,45	250,032
100x40 Marble	102	41	58	300	0,243	279	56,478	2,5	33	9	349,288	596,91	247,622
105x30 Cotton	110	80	32	334	0,282	240	65,569	1,5	29,1	9	326,137	571,99	245,853
105x40 Cotton	110	80	42	354	0,370	183	86,059	2,5	35,25	12	413,414	671,53	258,116
115x45 Cotton	120	80	47	374	0,451	150	105,059	2,5	40,7	15	488,015	716,29	228,275
125x50 Cotton	120	80	32	344	0,307	220	71,530	2,5	58,9	18	593,982	783,45	189,468
Square ball pit													
85x85x40 Cotton	86	42	49	268	0,177	382	41,211	1,5	34,35	6	316,584	447,68	131,096
90x90x40 Cotton	91	42	49	273	0,187	361	43,606	1,5	36,6	6	333,784	522,3	188,516
100x100x40 Cotton	102	41	58	300	0,243	279	56,478	2,5	42,15	9	409,495	671,53	262,035
135x135x50 Cotton	136	52	63	366	0,446	152	103,740	2,5	69,05	21	712,719	969,98	257,261
Heart ball pit													
115x40 cotton	102	41	58	300	0,243	279	56,417	2,5	41,6	6	386,075	678,99	292,915
115x40 velvet	102	41	58	300	0,243	279	56,417	2,5	40,1	6	376,205	693,91	317,705
115x40 Marble	102	41	58	300	0,243	279	56,417	2,5	41,6	6	386,075	701,37	315,295

Table 15 Contribution margin for the ball pits sold by KIDKII



The last adjustment KIDKII is trying to change is the cost of the shipping. Both the size of the cardboard boxes has been changed to reduce the size, to be able to add more into one container. However, more considerations were added to adjusting the box sizes, and that is the fit on a standard pallet, the circumference must be kept under 300 cm if possible, and at least the product must not be squeezed during transportation. The process of changing the box size is not finished. However, for most of the boxes, there have been made good results. Besides, a new shipping company has made an offer on the shipping cost, and a reduction of 2178,23 DKK per shipment is possible to achieve. In table 16, the comparison is made for 4 products what it would mean in cost reduction of shipping.

<b>Product</b>	<b>High shipping cost</b>	<b>Low shipping cost</b>	<b>Difference</b>
<b>Round ball pit</b>	15740,23 DKK	13562 DKK	2178,23 DKK
	<b>Cost per product</b>	<b>Cost per product</b>	<b>Difference</b>
85x30	30,40 DKK	26,19 DKK	4,21 DKK
100x40	56,41 DKK	48,60 DKK	7,81 DKK
115x45	105,05 DKK	90,52 DKK	14,53 DKK

*Table 16 Comparison of shipping costs provided by two different companies*

These three calculations show that KIDKII is aware of making savings. Another measure which can be used to determine the cost objective is to see if KIDKII's products are competitive in the market. This can be achieved by comparing the retail price of KIDKII's products to the competitor brands in the market. This will be done later in this analysis under the topic competitors. However, KIDKII is offering two brands at two different retail prices in different quality, and that indicates that KIDKII is aware that the market is competing on price and not necessarily quality, which KIDKII is giving high value in the choice of material for the products of KIDKII.

The last performance objective to be considered is the quality of the products. The quality will be measured based on the number of customer complaints and replaced products as well as the number of products received from China, which have been replaced based on poor quality. In table 17, the different customer complains issues is shown with the number of complaints per issue.

<b>Issues</b>	<b>Number of complaints</b>
Foam is lopsided and unable to shape	34
The fabric is too big for the ball pit	1
The foam is broken and cracked	1
The zipper does not work	1
The bottom of the ball pit is wrinkled and unable to shape	1
There are too little balls in the package	27
	<b>65</b>

*Table 17 Tracking of customer complains*

As seen there are two recurring issues, and these are, that the foam is lopsided, and it is not possible to shape the ball pit correct, and the other recurring problem is that there are missing balls in the package send to the customers. In total there have been 65 customer complaints about seven, which have resulted in products needed to be replaced. The tracking does not include customer complaints, which did not have the need to replace products. Over the seven-month KIDKII have received 25 container loads with products and the average number of products per container is approximately 350

products, which mean that KIDKII has received approximately 8750 products. However, KIDKII has sold a little less than 5000 products, which means that the customer complaints account for less than 1,30%.

KIDKII has also experienced that some of the products they received from the suppliers were not in line with KIDKII's expected quality. In table 18, a list of the products with mistakes are listed. Again, this is a measure for the last seven months. KIDKII has received 389 products, which they could not sell, as they were. This means that approximately 4,44% of all the products received have not been in line with the agreed quality.

Products	Issues	Number of products	Actions
90x40 Grey	Squeezed balls and cardboard boxes	49	Supplier replaced boxes and balls
90x90x40 Light grey	Packed wrong and foam could not unfold	80	Supplier replaced foam, and new packing method
90x90x40 Grey	Packed wrong and foam could not unfold	80	Supplier replaced foam, and new packing method
100x100x40 Light grey	Packed wrong and foam could not unfold	90	Supplier replaced foam, and new packing method
100x100x40 Grey	Packed wrong and foam could not unfold	90	Supplier replaced foam, and new packing method

*Table 18 Issues related to quality in the received products*

Quality is more than the functionality or lack of optimal functionality of the products. Quality in the material chose can also be measured. The foam has a long lifetime, and it can be washed and recycled. Customers today are requesting organic and sustainable products, which KIDKII can provide with this chose of foam. The only negative effect is that it takes a longer time for the product to get into shape after it has been packed as it needs to take in air to open the fibers in the foam. That is the reason for the complaints about the lopsided ball pits. However, in 34 cases, KIDKII has evaluated that the product could not get into the right shape based on complaints.

KIDKII has three different textiles for covers. Only the cotton is OEKO-tex certified, whereas the velvet and corduroy are not. This has resulted in a few customers have chosen not to buy the products, as it does not live up to the quality and standards that they are aiming to sell. The balls are made of LDPE plastic, which is the same plastic that is certified for use in the food industry for the packaging of food. For the packaging of the ball pits and playmats, KIDKII has chosen not to use plastic, and the cardboard boxes are made of recyclable material. In table 19, the different quality measures can be seen.



Measure	Result	Need for improvements
Customer complaints	Less than 1,3% of products sold	Depends on KIDKII's goals
Quality issues with receipt of products	Approximately 4,44% of products received, where all could be sold after replacing the items of bad quality	Yes. However, the packing method of the products could not have been foreseen to cause troubles
Material chose for KIDKII brand	Organic foam OEKO-tex cotton Not certified velvet and corduroy LDPE Balls Recycled cardboard for boxes No plastic for packaging	Use certified velvet and corduroy to ensure the use of chemicals in the manufacturing of the textile is kept under the threshold to be OEKO-tex certified

*Table 19 Performance of quality*

The chooses made for the use of material have a long lifetime, and for most of the material, there are used certified, non-toxic, and reusable products. This means, in general, the products have a high quality for the customers. However, there is room for improvements as the velvet, and corduroy textile could be of certified material as well, and that would mean that no customers are withdrawing a purchase based on this issue. The five performance objectives have been accessed, and a summary can be seen in table 20. As seen, there are some objectives KIDKII is doing good, and it is not necessary to make improvements. Whereas there are other objectives where improvements can be achieved, the findings have been shared with the company. Regarding the cost objective, there have been added a "yes" to improvement, and it is because there will always be some actions that can be taken to reduce costs. Furthermore, if customers perceive the product as the same as competitors, then they will negotiate prices as KIDKII's products are costlier. The objective quality and the measure of material choice are marked with "yes" for improvements, and it is solely due to the use of not certified velvet and corduroy textile.

Performance objective	Measure	Improvements can be achieved
Speed	Prepare order for delivery - Webpage Prepare order for delivery - B2B	Not necessary Yes
Dependability	Completed orders – Webpage Delivered to promise - B2B	Not necessary Yes
Flexibility	Brands and product development Product fit to market	Not necessary Yes
Cost	Contribution margin	Yes
Quality	Customer complaints Material choice	Yes Yes

*Table 20 Improvement possibilities in the five performance objectives*

## KIDKII's Competitors

This section is included to provide an insight into the competitors KIDKII has in the European market. When making a competitor analysis, you can choose to include competitors with the same kind of products, or you can make the study broader and take in competitors with products in a similar category. For this competitor analysis, there will only be focused on competitors also selling ball pits as they are competitors for the same segments as KIDKII and a comparison of the ball pits are made at the same time. In the research for competitors, it was found that eight competitors are selling ball pits in Europe. However, there can be more, but these are the eight where KIDKII is certain about their

existence, and they have a brand name. The competitors will be compared on the following thirteen topics:

- Brand
- When they started their business
- Location
- Make or buy
- Material choice of foam
- Material choice of textile
- Number of ball pits (variety)
- Other product categories
- Retail price and differences
- Use of social media
- Number of followers on social media
- Certificates for the products or other standards
- If the webpage is used for sale or information sharing

These thirteen topics have been chosen to be of most relevance. However, it would also be interesting to compare revenues, but this information has been too difficult to find and verify. In table 21, the comparison of KIDKII and the eight competitors are shown.

	KIDKII	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5	Competitor 6	Competitor 7	Competitor 8
In business	Sep. 2018	May 2017	May 2018	Dec. 2016	June 2017	?	?	?	?
Brand	KIDKII Europe Toy	MISIOO	Mein Baellebart	Ajababy	Meow Baby	Mini Be	My Velinda	ZuZukids Zuzu-La	MiiiMI
Location	Denmark	Poland	Germany	Poland	England	Poland	England	Poland	Poland
Make or buy	Buy	Make	Make	Make	Make	Make	Buy	Make	Make
Material choice foam	Organic	High Density Polyethylene	HDPE	HDPE	HDPE	HDPE	HDPE	HDPE	HDPE
Material choice textile	OEKO- tex cotton, velvet and corduroy	Cotton and velvet	OEKO-tex cotton	Cotton	Cotton	Cotton	Cotton	Cotton	Cotton
Volume and variety	14 sizes 3 shapes 8 colors	13 Sizes 2 shapes 24 colors	6 sizes 2 shapes 10 colors	6 sizes 3 shapes 15 colors	2 sizes 1 shape 9 colors	3 sizes 1 shape 4 colors	6 sizes 2 shapes Few colors	2 sizes 1 shape 6 colors	3 sizes 2 shapes 9 colors
Product categories	Playmat furniture and more to be added in 2019	Playmat furniture slides Rocking horse	No other than ball pits	Tipi tents playmats	Playmats Furniture Play blocks Pillows Posters	Manufacturer ball pits, distribute rocking horse and slides	Foam furniture, Wooden furniture, Pregnancy pillow, Nursery bedding , Tipi tents, Teddy bears	Tipi tents Furniture Swings Baby nests	Playmats Swings Tipi Tents
Retail price and difference	90x40 cotton 200 balls 124,46 Euro	90x40 cotton 200 balls 99,64 Euro	90x40 cotton 200 balls 139 Euro	90x40 cotton 200 balls 74,31 Euro	90x40 cotton 200 balls 106,73 Euro	90x40 cotton 200 balls 78,03 Euro	90x30 cotton 200 balls No information	90x40 cotton 200 balls 68,78 Euro	90x40 cotton 200 balls 61,78 Euro
Social media	Instagram, Facebook	Instagram, Facebook	Instagram, Facebook, Newsletter	Facebook	Instagram, Facebook	Instagram Facebook	Instagram Facebook	Instagram Facebook	Facebook
Followers	5841 and 115	53400 and 43034	?	22536	17400 and 13262	43100 and 10723	901 and 290	175 and 387	6317
Certificats	Recycable, OEKO-tex, CCC, LDPE and CE	None mentioned	OEKO-tex and LDPE	All certified products, none certificats are mentioned	None mentioned	Follow EU standards, none certificats are mentioned	Made inEU 100% cotton Hypoallergenic	CE certificat	Certificat for balls
Webpage use	Sale	Sale	Sale	Sale	Sale	Sale	Information	Sale	Sale

Table 21 Comparison of KIDKII and eight competitors located in Europe

The comparison of the nine companies shows that most of the companies are in Poland and KIDKII is the only company to purchase their products in China and only one other company is buying their products. However, like KIDKII, they have their own label on the products. Therefore, it is uncertain who the manufacturer is. Even though KIDKII is purchasing their products, they are not the company with the highest retail cost. The retail price of the ball pits is spread from 61,78 Euro to 139 Euro, which can either indicate that there is no competition on price in the market. Or then some suppliers show their retail prices while others aim for the B2B market and have listed their wholesale price. KIDKII also distinguishes from most of the competitors in their choice of material, and KIDKII is ready to fulfill customer request for organic foam in the products. Considering the brand value, then MISIOO is the company with most followers both on Instagram and Facebook, and therefore, they must be regarded as the best known and best-branded company.

The conclusion is the KIDKII is the company which distinguishes the most from the competitors, and they focus more on quality than price. The next section is about the qualifiers and order winners in the market for ball pits.

### Qualifiers and Order Winners

This section is included in determining the qualifiers and the order winners. The section is based on the knowledge gained through the previous sections of this analysis, an interview with the Company Owner and employees at KIDKII, and observations during the work with KIDKII. This section is solely about the B2B market and regarding experience with customers in the European countries.

Based on the comparison of the competitors, a list of minimum requests regarding the ball pit offered is clear. They are all qualifiers under the topic product specification, which must be fulfilled by the ball pit suppliers, otherwise, they are not attractive in the market for the customers. The minimum requirements for the ball pit are as follow:

- The customers expect at least the round shaped ball pit
- They request the size is at least 90 cm in diameter and two sizes are enough
- The ball pit must be offered in four different colors
- The textile must at least be cotton
- The ball pit must include 200 balls

Based on the B2B market segmentation, it was clear that the customers had some expectation which they needed to be fulfilled before KIDKII became an attractive supplier. Five topics stand out as important for the customers. These are as follow:

- The location, at least of the inventory. They request that KIDKII can deliver the products within a certain timeframe. Therefore, the location of the inventory is important to them
- That KIDKII has certain products in stock to shorten delivery time
- Some customers request contracts whereas others request meeting face to face

- The larger customers negotiate prices and they have specific targets regarding the price
- KIDKII is sometimes chosen solely based on the material choice of their products, this is more particular for the smaller customers and for the customers which are aiming at having Scandinavian suppliers.

Other observations and experience based on the project work, working with the company and being on customer visits have provided insight into what the customer's request. Some topics stand out as important, and these are as follow:

- Based on the comparison of the competitors, it gave the impression that the price range of the ball pits were large and therefore it could be concluded that there is no competition on price. However, as mentioned earlier, it seems that the customers have a certain price in mind when KIDKII is contacted, and they are willing to negotiate the price to reach their targets for the price
- Customers have expressed that suppliers must be able to deliver the products within a certain time, otherwise they are undependable. Furthermore, they have chosen KIDKII over another supplier of ball pits due to the lack of meeting timelines of delivery
- When new customers approach KIDKII they request to know where the inventory is located and what is the expected delivery time
- KIDKII has lost customers based on the cost of delivery. Especially for the customers in the Eastern European countries they expect almost zero cost of delivery. Additionally, KIDKII have not yet found a company that can decrease the delivery price for the Southern European countries. This often result in either small test orders or no orders at all from the countries in this area
- As seen in the comparison of the competitors, Misioo have the highest number of followers on the social media, and that gives them brand value. This is something that customers are aware of and they see them as the biggest competitor based on brand
- The society today are becoming aware of the environment of today, and the future. Their goal is to help protecting the earth to survive in the future. Therefore, KIDKII have experienced that they have been contracted by small upcoming companies in the retail market, which is focusing on either organic products or products that are in some way sustainable. This type of retailers is conscious about material choice and KIDKII's products are chosen as KIDKII are offering a product focusing on the choice of material
- Especially customers with webpages have begun to request suppliers can provide different certificates for their products. The argument is that they see a rise in sale if there is a good description of the product and added certificates along with pictures of the product.

The Company Owner mentions three topics that she sees as important for KIDKII. They are not necessarily order winners or qualifiers. However, it is topics that are important to her.

- KIDKII must continue to use the organic foam: They believe it will be the most requested product in the market and the competitors must eventually follow KIDKII
- KIDKII must deliver high levels of customer service. Meaning that KIDKII must be accessible and collaborative towards the customers. KIDKII must always be willing to meet with the customers when it is required, and they must live up to their promises
- Investigate the opportunity to find suppliers in Europe as it would be better for the business and create sale [Jensen, 2019].

The section regarding the five performance objectives showed that KIDKII can improve their performance in all five performance objectives. However, some of them are more critical than others. The topics found important for the customers is related to some of the performance measures, and therefore, it is important for KIDKII to know what the qualifiers are and what are the order winners in the market to improve performance in these objectives. In table 22, the relevant qualifiers and order winners are listed.

Relevant qualifiers and order winners	Criteria	Weighted qualifiers and order winners
Price	Negotiated	QQ
Quality conformance	Quality inspection – preventive	N/A
Delivery reliability	Minimum inventory level and specific products in stock to ensure delivery on time	50
Delivery speed	Location of inventory is important	Q
Delivery cost	As low as possible	QQ
Product range	Minimum round ball pit in 4 colors, two sizes and minimum 90 cm in diameter and in cotton	Q
Demand spikes	Certain products in stock in high volume	40
Meeting specific customer needs	Contract or meet face to face and flexibility in collaboration	Q
Material choice	Foam and textile choice and available certificates	10

*Table 22 Rating of the qualifiers and the order winners in the market*

Nine relevant qualifiers and order winners are identified, where two of them are classified as order-losing sensitive qualifiers, three is qualifiers and the last three are classified as order winners.

#### *Order-losing Sensitive Qualifiers*

The price of the ball pits and the price of delivery are order-losing sensitive qualifiers. The cost of the ball pits is determined to be order-losing sensitive as the large customers are negotiating prices. In the comparison of the competitors, it was found that KIDKII has the second highest retail price for a ball pit in size 90x40. Considering the contribution margin of the same product, then is it has one of the lowest contribution margins in the product portfolio. Therefore, it can be difficult for KIDKII to provide the discounts that customers request.

Furthermore, when KIDKII is negotiating with the customers, they tend to forget to emphasize the material choice they have made, and the material is more expensive than the competitors. Opposite the customers who request products with the organic foam and OEKO-tex cotton are willing to pay the price KIDKII request. The cost of delivery is also determined to be order-losing sensitive as KIDKII has

lost orders due to the delivery cost. Besides, some customers have expressed that competitors have no added delivery cost.

### *Qualifiers*

There are three topics which are rated as qualifiers, and these are Delivery speed, Product range, and Meeting specific customer needs. Quality conformance is marked with N/A as it is a qualifier that a supplier must deliver products where quality meets the specification, to be competitive in the market. However, in the case of KIDKII, none of the customers have expressed concerns about the quality. Delivery of speed is a qualifier, as customers are concerned when they hear the products are produced in China, they want to know where the products are stored as well. The product range is determined based on the comparison of the competitors, where it was seen that some of the competitors had a narrow choice of sizes of ball pits and some of them only sold ball pits. The last qualifier is meeting specific customer needs. The customers value the effort of meeting their needs. However, it is also one of the most important things according to the Company Owner to be able to, to provide high customer service.

### *Order Winners*

There are three order winners, and they are in sequence of the highest valued first: Delivery reliability, Demand spikes, and Material choice. Delivery reliability is an order winner as it was seen in the B2B market segmentation analysis that customers requested that suppliers can meet delivery dates. During the interview with KIDKII, the delivery reliability was highlighted as high importance to customers. Furthermore, during the interview inventory levels, demand peaks and inventory location was considered as high importance as well as customers usually would like to know the location and expected inventory levels during a year before they were ready to place an order. The employees at KIDKII felt like they must promise always to have stock regularly coming for customers to place orders. Moreover, the B2B market segmentation showed that some customers order rush orders, while others know that KIDKII is keeping some products in stock and others need to be ordered at beforehand to be placed on a production order. The last order winner is the choice of material. This is determined to be an order winner as KIDKII is the only company to offer products with organic foam and OEKO-tex cotton and upcoming companies have placed orders for ball pits only for the reason of the material choice.

This section provided an overview of the qualifiers in the market for ball pits. It was found that KIDKII has troubles in meeting the price, both for the products and the delivery of the products, and therefore are these order-losing sensitive regarding selling KIDKII's ball pits in the European market. Furthermore, the order winners are Delivery reliability and Demand Spikes, which both are related to the inventory at KIDKII. The next section will provide a recapitulation of the analysis.

## Recapitulation

This section provides a recapitulation of the most important findings during this analysis before the consolidation is made. The analysis included 5 sections so far, and these are concerning the company, Market and product, Performance, Competitors, and Qualifiers and order winners.

The section regarding the company included the company's objectives, which are as follow: KIDKII must become the top brand in organic and non-toxic toys and furniture, with markets in Asia, Europe, North America, and Canada. Furthermore, a section regarding the purchase, shipping, storage, and distribution of the products was added to create the context for the analysis and to understand more about the company.

The section regarding market and product revealed KIDKII has a small customer base in Europe and they mainly had customers in the Northern European countries as the shipping cost is too high for the customers further south and east. KIDKII does not have a proactive approach to gaining new customers, they are addressing customers by going to fairs and use Facebook, Instagram, and their webpage. However, the material posted is more pictures and only a little information sharing regarding the products and material. Additionally, KIDKII is expanding the product portfolio rapidly during 2019 and are introducing more than 50 new product items in up to four different colors. When considering the product-market strategy for the three main markets, then it seems that KIDKII is trying to do a little bit of everything or they lack a product-market strategy that can attract customers. Furthermore, two customers were analyzed for segmentation, and they are similar in many ways. However, they are different in their approach to their end customers, where one of them is selling the products due to the material choice and the other customer is pushing the prices in the market down, by negotiating prices to their advantage, forcing KIDKII to offer discount to more customers to keep the cost to the end customer down. The third section included an analysis of the performance level at KIDKII, including the five performance objectives. The conclusion is that KIDKII can improve their performance in many areas. What was found satisfying is the rate of developing new products to the market and the delivery to the webpage customers. The comparison of competitors revealed that KIDKII is differentiating on the material. However, it also has the effect that KIDKII is the second most expensive brand, considering the price shown on the webpage. Besides, KIDKII is assumable the newest company out of nine companies selling ball pits, and they have not yet reached many followers on social media.

The last section determined the order winners and the qualifiers for the competition on ball pits for the European market. It was found that there are five qualifiers, and of those KIDKII has two order-losing sensitive qualifiers. Concerning order winners, speed of delivery, and the ability to handle demand spikes are the two most essential. KIDKII has experienced that customers aiming at selling organic products are finding KIDKII's products interesting, and therefore, it is mentioned as an order winner as it has the potential to change the competition in the market.

The next section added is a consolidation of the analysis, where the finding is applied to fill in the strategy framework to determine the problem that is the most relevant to solve at KIDKII currently.



## Consolidation

This section is included to make consolidation of the analysis and evaluate the findings to determine the problem at KIDKII that needs to be solved. The section presents Terry Hill's Strategy Framework, where the findings during the analysis have been filled into the framework. Based on the strategy framework, the focus of the remainder of the project is determined.

### Strategy Framework

The analysis provides input for the strategy framework, and the completed left side of the framework can be seen in table 23. A few topics have not been found relevant to investigate during the analysis, and therefore, they are not filled in the framework.

Corporate Objectives	Marketing Strategy	How do you qualify and win orders in the market place
<p><b>Sales revenue growth</b> The goal for the first year in business is to increase revenue sales</p> <p><b>Survival</b> For the first year in business KIDKII is not expecting profits</p> <p><b>Profit</b> Is a target for the accounting year 2020</p> <p><b>Return on investment</b></p> <p><b>Other financial measures</b></p> <p><b>Environmental targets</b> Choosing the best material suited for the products for children and infants</p>	<p><b>Product, market and segments</b> The product is mainly ball pits. Product-market strategy is not transparent. Focus is on retailers, distributors and end customer The market is China, North America, Europe. Focus of the analysis is Europe.</p> <p><b>Range</b> The ball pits are offered in three shapes, fourteen sizes and eight colors = large range</p> <p><b>Mix</b> KIDKII is currently offering a small mix of products. However, the product portfolio is increased for 2019</p> <p><b>Volumes</b> The 90x40 ball pit are sold in large volumes, the rest is sold in low volumes</p> <p><b>Standard versus customization</b> Standard products, the customization offered is that small customers can change ball colors</p> <p><b>Level of innovation</b> The organic foam made in corn is a new and innovative way of making foam</p> <p><b>Leader or follower</b> Follower</p>	<p><b>Price</b> KIDKII has the second highest price on the webpage. Considering the contribution margin then it ranges from 122,89 DKK to 317,70 DKK.</p> <p><b>Quality conformance</b> According to the amount of customer complaints then the quality conformance rate is high. However, there are complaints, where products not have been replaced and those have not been included. Retail customers does not address quality when they place orders. However, they want certificates if they are available.</p> <p><b>Delivery speed and reliability</b> The speed of delivering to webpage customers are good, whereas the speed and reliability towards the retail customers could be improved</p> <p><b>Demand increases</b> KIDKII has high volumes of certain products to meet demand if demand increases for these</p> <p><b>Color range</b> KIDKII is offering eight different colors, which is one of the lowest color options compared to competitors</p> <p><b>Product/service range</b> KIDKII is expanding the range of products offered</p> <p><b>Design leadership</b></p> <p><b>Technical support supplied</b></p> <p><b>Brand name</b> KIDKII is one of the companies with the lowest number of followers. The brand is not widely known</p> <p><b>New products and service, time to market</b> KIDKII is flexible regarding developing new products. However, the fact that they are manufactured in China does delay the time to market.</p>

Table 23 The left side of the Terry Hill strategy framework with information regarding KIDKII



The left side of the strategy framework revealed that KIDKII is expecting to increase revenue in 2019, and they have a financial objective that KIDKII is hoping to make profits in 2020. KIDKII can fulfill the qualifiers in the market place, and regarding order winners, the cost of delivery is high for some areas. Additionally, the products are assumed to cost more than competitors. However, the products are different in material choice, and KIDKII lacks experience in branding the products. Furthermore, the product-market strategy at KIDKII is not transparent, and KIDKII has not gained as many customers as expected in the first seven months. The market investigated in this project is the European market, and most customers are from the countries closest to Denmark. Regarding the products offered in the market, KIDKII provides a broad range of ball pits in the market compared to competitors, and they are expanding the product portfolio for 2019 to other product areas in the same segment.

There are five main issues which can be derived from the strategy framework and the analysis, and these are as follow:

- KIDKII does not have a transparent product-market strategy
- KIDKII has a small customer base and generates little revenue
- Lack of branding experience in the products and the company to justify the price and material choice of the products
- KIDKII has high prices on their products and too expensive distribution costs for some areas in Europe
- KIDKII is not performing convincingly in the five performance objectives

These five issues are all affecting KIDKII negatively either by not generating revenue and hiding sales targets or KIDKII is being forced to provide discounts which is decreasing revenue.

The right side of the strategy framework concerns the operations strategy, including delivery system choice and infrastructure choice. The completed right side of the table can be seen in table 24. The delivery system choice at KIDKII can be improved both due to the inventory principles of not storing all product and better use of ordering systems. All products are produced at suppliers in China, which are make-to-order suppliers with high capacity. KIDKII is not near getting the discounts they offer, as KIDKII currently cannot place orders of the size they suggest, as KIDKII does not have customers for that demand. Furthermore, the distribution of the products from the Danish inventory is performing well if the products are in stock when ordered. However, it occurs that customers request products which are not in stock, and with a long lead time, it is decreasing the delivery reliability.

Operation Strategy	
Delivery system choice	Infrastructure choice
<b>Choice of various delivery systems</b> <i>Inventory in Denmark. KN used to small orders, Schenker is used for pallet orders and Post Nord EMS is used for long-distance deliveries.</i> <i>Production orders can be sent from China to customers</i> <b>Trade-offs embodied in these choices</b> <i>High costs for middle distance customers and risks are involved in the shipping from China customers</i> <i>Dependability can be low if products is not in stock</i> <b>Make-or-buy decisions</b> <i>KIDKII buys all their designed products in China, the suppliers are mass producers and for some products discounts can be reached for high volume orders</i> <b>Capacity: size, timing and location</b> <i>Inventory in Northern Denmark, timely deliveries for products in stock, long delivery times for product orders. High capacity if inflows and outflows are adjusted</i> <b>Role of inventory in the delivery system</b> <i>Prepare orders and book shipping for small orders</i>	<b>Function support</b> <b>Operations planning and control systems</b> <i>Day to day planning and lack of control systems</i> <b>Quality assurance and control</b> <i>Quality control is performed by suppliers and random samples in Denmark</i> <b>Systems engineering</b> <b>Clerical procedures</b> <i>3 employees to perform the work at the Danish office. However, they only have a few determined tasks, otherwise they fulfill all tasks needed from day to day</i> <b>Payment systems</b> <i>E-conomic is used for transactions</i> <b>Work structuring</b> <i>Day to day planning and mixed tasks</i> <b>Organizational structure</b> <i>Flat structure and little decentralization</i>

Table 24 The right side of the strategy framework with information regarding KIDKII

The company is mainly run on day-to-day planning, and no long-term strategies are implemented for the employees to use as a guide. Besides, the tasks are not always well formulated, and assignments are reworked, making the activities inefficient. Furthermore, KIDKII has not implemented any type of control systems. For example, there is no tracking of how long time it takes from receiving an order to fulfillment of the order, or there is no keeping track of promised deliveries. Three people are working in the office in Denmark, with the responsibility of the European customers and transactions with customers in Asia and North America. Only a few tasks are determined to be fulfilled by individual employees like bookkeeping is allocated to one employee and customer complaints, and updating the webpage is handled by another. All other tasks performed in the office in Denmark are performed by who has the time. Furthermore, there are no employees purely allocated to sale, and when a customer is placing an order, one employee confirms the order, another is sending the order to the inventory and arrange shipping and a third employee is sending the bill to the customer. This process is making sales management ineffective as the processing of the order is poorly coordinated. The Company Owner is making all decisions in the company. However, the employees have the opportunity to provide insight, and often, things are discussed at meetings, making the employees able to navigate independently when needed. The strategy framework highlighted some problem areas, and misalignment between operation strategy and product-market strategy which influence the growth of the company and the company have not been able to achieve the increase in revenue and sale they expect.

### *Evaluation of the Identified Problems*

This section is included in determining what problem needs to be solved and ascertain the focus of the solution. The problem is determined based on the findings, and the main problem at KIDKII is that the company has an issue regarding growth, and they are in a vulnerable stage currently. Growth is needed for KIDKII to make the company sustainable and expand. Revenue growth is an objective in the first column of the strategy framework, and according to the framework making decisions on the product-market mix is one of the ways to make growth or making the right distribution decisions is another important factor in ensuring growth. In table 25, the two possibilities are shown.

<b>Problem</b>	
<b>KIDKII is too small and needs to be able to grow</b>	
Sales and marketing	Distribution and inventory
Market decisions – Who is the customers	Delivery system set-up
Product decisions - Expanding the product range or not	Location and size of the inventory
Performance	

*Table 25 Evaluation of the identified problems found during the analysis of KIDKII*

Sales and marketing are a problem due to the little growth in the company, and the small customer base KIDKII has obtained in the European market. Getting the products distributed to the current customers, KIDKII has a feasible delivery set-up. However, the problem the company is experiencing is that new customers in some regions of Europe are rejecting the product due to the shipping price. Growth needs to take place before distribution becomes a problem. However, since KIDKII is struggling to obtain new customers, the problem that needs to be solved is getting customers in place and making sales and marketing strategies for the European market.

There will be several steps to execute in making the strategies. Some of the steps are decisions that KIDKII needs to make while others are designing the sales and marketing strategies that need to be executed to grow. In table 26, the decisions, the design tasks, and evaluations of these are shown.

<b>Making decisions and design strategies</b>		
Decision	Who is the primary customer type	Retail chains, shops and web-shops selling toys and webpage customers. Distributors must not be excluded. However, they are not targeted.
Evaluation	What are the qualifiers? What are the order winners? What is the customers demand? What is the supplier/customer relationship? Who are the competitors?	Analysis Analysis Analysis Analysis Analysis
Decision	Qualifiers Order winners	Can performance affecting the qualifiers and order winners be improved
Design	Product/market mix Product portfolio Sales strategy Marketing strategy	Must be considered

*Table 26 What decisions and design strategies are needed at KIDKII*

KIDKII has been targeting three different types of customers in Europe, and these are end customers through their web-shop, retail chains, either shops or web-shops and one distributor. However, they have decided to mainly focus on the retail customers for the European market and continue to sell through the web-shop to end customers. If distributors are interested, it is a possibility, but they must not necessarily be the focus on the marketing and sales process. In the Analysis, chapter 4, the qualifiers and order winners in the market for ball pits were analyzed. It was found that KIDKII could improve performance to better match these qualifiers and order winners in the market. Besides, the analysis showed that KIDKII is taking many approaches to the market, and they struggle to have a transparent strategy to gain new customers. Therefore, it must be determined how it is best for the company to continue its sales and marketing effort to grow. The solution will include an evaluation of the three product/market strategies, and one is explored in detail for the solution. Therefore, the starting point in the solution section is the product-market strategy and determining which strategy is best suited for the customers, retail chains, and shops in Europe.

## 5 Solution

The solution is included to determine what product-market strategy is best for KIDKII to use for the European market. In addition, a marketing plan will be included as it will serve as inspiration for KIDKII on how to better present their products and company.

### *Product-Market Strategy*

In the Analysis, chapter 4, a product-market strategy framework was included. It revealed that KIDKII does not follow a specific strategy for their product-market decisions, and they are using three different strategies at once for all markets. This approach has not proven to be beneficial for the European market. The four different strategies are shown in table 27, where the only strategy KIDKII has not used is Diversification strategies.

	Current products	New products
Current market	<b>Market penetration strategies</b> <ul style="list-style-type: none"><li>- Increase market share</li><li>- Increase product share</li><li>- Increase frequency of use</li><li>- Increase quantity used</li><li>- New applications</li></ul>	<b>Product development strategies</b> <ul style="list-style-type: none"><li>- Product improvements</li><li>- Products-line extensions</li><li>- New products for same market</li></ul>
New market	<b>Market development strategies</b> <ul style="list-style-type: none"><li>- Expand market for existing products</li><li>- Geographic expansion</li><li>- Target new segments / customer groups</li></ul>	<b>Diversification strategies</b> <ul style="list-style-type: none"><li>- Vertical integration</li><li>- Forward integration</li><li>- Backward integration</li><li>- Diversification into related businesses</li><li>- Diversification in unrelated businesses</li></ul>

*Table 27 The product market matrix*

In the European market, the ball pit is a popular product, and there are other competitors in the market selling ball pits and other interior products for children. The competition in the market is high, and many of the competitors have a broad product portfolio, including more than ball pits and playmats. As it was described in the Analysis, Chapter 4, KIDKII has improved the ball pit by using an organic foam and other shapes than competitors. Furthermore, KIDKII is in the process of expanding the product portfolio with new product categories. The products KIDKII is introducing to the market are popular products. However, there are other improved features to some of the products, while others are in new designs and colors. This indicates that the Product Development Strategies is used and there is no need to investigate further if this is a possible solution to obtain growth at KIDKII, as KIDKII have a new product line to introduce for 2019. The adding of products will support the strategy of Market penetration as the new products will help to increase sales revenue. Therefore, they are a part of the current product portfolio when looking at the Market penetration strategies and the Market development strategies and the Product development strategy is not further included.

Considering the Market penetration strategies and the products provided in the market, then the ball pit has been sold in the market since December 2016. The market is still possible to enter since not all toy retail stores or chains are selling the product yet. Besides, KIDKII is launching new products, which can be sold to current customers, as well as new customers in the same segment of customers. This is achieved by improving performance in distribution of the products and through increasing promotion activities. Market development strategies include taking in new types of customers. In the case of ball pits, KIDKII could be selling ball pits to new kinds of customers such as hypermarkets, which is selling toys. It could involve increasing the geographical area where the products are sold and target other customer groups.

The two strategies which are relevant for KIDKII to follow in the European market are the Market penetration strategies or Market development strategies. The Product development strategy is not included as KIDKII is taking advantage of this strategy and the work done in developing new products can support the other two strategies. The current challenges at KIDKII are that they need to grow to expand the company and ensure survival. KIDKII's distribution of the products to existing customers is improving. However, KIDKII has not succeeded in promoting their products to a broad audience. The Market development strategies are relevant if a company can benefit from economies of scale, and the new market is not different from the market the company have experience with. However, since KIDKII has an opportunity to expand the customer base in the countries closest to Denmark and it will be beneficial as KIDKII's current delivery set-up is manageable and improving, they can meet the qualifier of being a reliable supplier. This means that KIDKII can start by making a solid marketing plan and follow Market penetration strategies first and later expand to other geographical markets and gradually improve and expand the distribution networks for European countries further away from Denmark. Therefore, the focus of the solution is on the Market penetration strategies.

### *Market Penetration Strategies*

The Market penetration strategies are strategies and actions to obtain growth through an increased market or product share or to increase the frequency and quantity used of the products or through new applications to the products. KIDKII has chosen to add more shapes to the ball pit collection than competitors, and they have decided to expand the product portfolio with new products which can be sold to the same customer segments. Which is the product development strategy. However, here it is supporting the Market penetration strategy as KIDKII's products are improved. Therefore, the focus is on which strategies that can be used within the Market penetration strategy to ensure growth at KIDKII. In theory, a company has four possible strategies to follow, and these are as follow:

- Decrease the price of the products
- Increase in promotion (and sales) of the product as well as the distribution
- Acquisition of one or more rivals in the same market
- Modest product refinements and applications

Decreasing the price of the products will not be an option for the solution as KIDKII continually is cutting costs when they can as they are aware of the higher prices compared to competitors. In addition, KIDKII does not have the money to acquire one of the rivals in the market. Therefore, making strategies and actions in these areas are not pursued. Increase in the promotion and increase the distribution possibilities are fitting to the companies needs and lack of knowledge in the field of marketing. Increase promotion is linked to the opportunity of increasing sales.

Making a marketing and sales strategy can involve as little and as many strategies and actions needed to be enough for a company. During the analysis, it became clear that KIDKII needs some strategies for their promotion and sales of the products. The marketing and sales strategies, which will be proposed, involve different stages. However, the importance is that the strategies all support the corporate strategy, which is to increase sales revenue in 2019. In figure 11, the different stages can be seen.

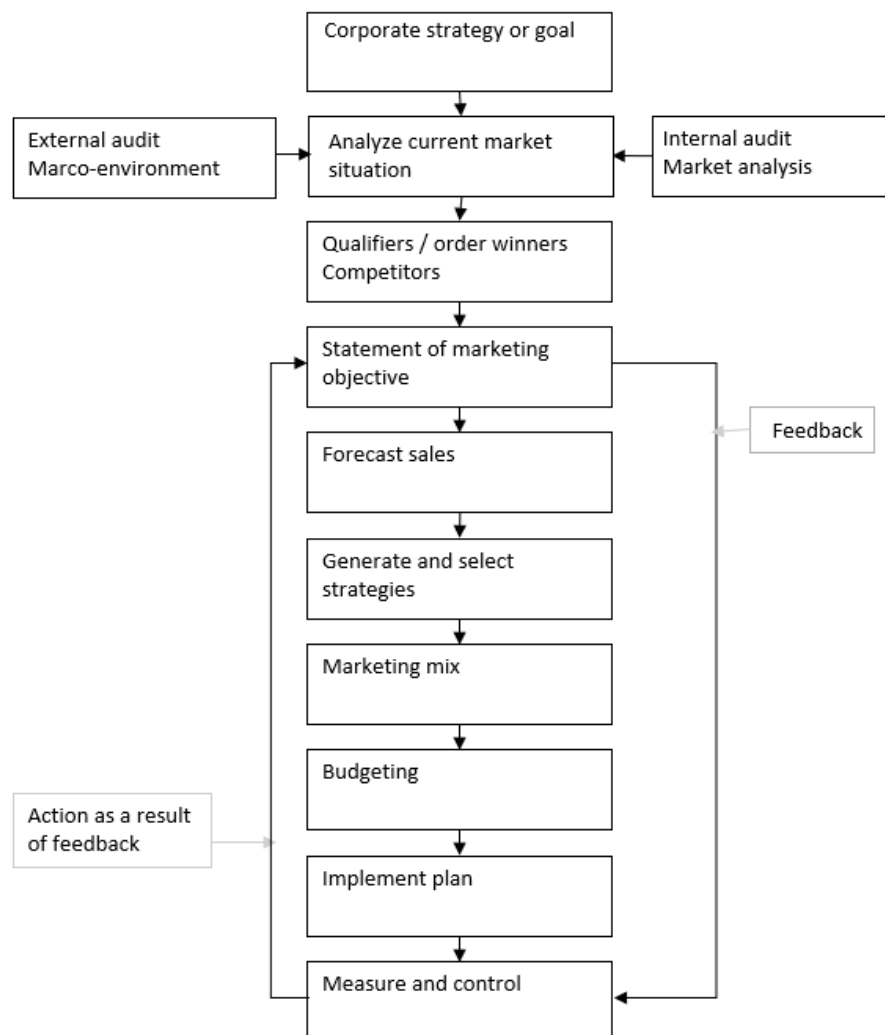


Figure 11 The marketing strategy framework used for marking marketing and sales strategies at KIDKII

The following is going to include some of these ten steps. While some of them are presented in the Analysis and the sales forecast and the marketing budget are available at KIDKII, and they will be excluded. In table 28, an overview is shown.

Stages in making the strategies	Actions taken or included in the solution
Corporate mission or goal	The overall strategy is to be the leading company in designing and selling children's interior and toys in a simple Nordic design The goal is to increase sales revenue
Current market situation	Analysis: KIDKII needs to grow to become competitive and expand Understand the four P's of marketing
Qualifiers	Analysis: Delivery speed, Price, Delivery costs, Product range, and Meeting specific customer needs
Order winners	Analysis: Delivery reliability, Handle demand spikes and Material choice
Competitors	Analysis: Eight direct competitors, two of them are strong
Marketing objective	Determine the objective of the marketing and sales strategies
Forecast sales	Made by KIDKII with a list of potential customers to target
Select strategies	Chose the marketing strategy and strategies to follow
Marketing mix	Develop a marketing plan
Budgeting	Made by KIDKII
Implement plan	Action plan for implementation
Measure and control	Determine measures

*Table 28 Overview of the actions needed for the solution*

### *The Four P's of Marketing*

The four P's of marketing are Product, Price, Place, and Promotion. These are the four main components used to derive a marketing strategy for products or services. In this project, a fifth component has been added, which is People. The five P's will be explained in the following for each component and proposals for a marketing strategy will be derived from these components.

### *Product*

The product is what KIDKII is offering in the market, and good products is a product which solves a problem or a need for the customer. KIDKII's ball pit is developed to help children develop their motoric skills while having fun. KIDKII is introducing a board range of products, where some of them are innovative and solves a problem, while others are necessary or decorative. KIDKII focus on designing products which are within these three topics to adjust them to market.

### *Price*

The price is what the customers pay for the products. In the Analysis, chapter 4, the contribution margin of the products was calculated. The contribution margins are not even for the products. For example, the ball pit 90x40 is the standard size provided in the market, and therefore there is a high competition on this products price. Whereas the heart-shaped ball pit is a unique product, which only KIDKII has patented and therefore, KIDKII can have a higher contribution margin. Furthermore, as it was presented in the Analysis, Chapter 4, KIDKII has made a different choice regarding material, which means KIDKII's prices are high in the market. However, KIDKII has not strategically made it to their advantage, and they have not been able to sell the ball pits as luxury products or differentiated the products in their marketing. KIDKII must use their unique points to create a sense of differentiated product offerings.



### *Place*

The place component is four different places regarding the products. These are the place from where the products are distributed, sold, produced, and the advertisement place of the products. For European customers, KIDKII has a warehouse in Denmark, where they store 30 of the most frequently sold products in high quantity. Activities in the warehouse have been improving during the last three months. However, KIDKII has not managed fully to implement the fixed order interval ordering procedure yet and therefore, they still experience to run out of stock sometimes. However, the level of the inventory has been adjusted to fit the demand better. The products are also sold in Asia, Canada and North American and the distribution of the products to these areas are happening from China. The products are manufactured in China, which is a challenge due to the delivery lead time of new products as it takes time for KIDKII to be ready to get them to market before competitors. Regarding advertisement space, KIDKII is using two social media platforms, and they provide customers with material for advertisement on the platforms they use.

### *Promotion*

The component promotion is aimed at the customers and should be telling them why they need to buy KIDKII's products over the competitors. As described in the Analysis, chapter 4, KIDKII's products ball pits are mostly promoted on social media, and when KIDKII goes to fairs. The marketing material does not provide a sense of uniqueness in the products and why they are different from the competitors. In addition, KIDKII lack some knowledge in using social media as a leverage for the effort in using social media for promotion.

### *People*

The component people have been added to the four P's as it is about having the right people for the task. A company can have the best marketing and sales strategies. However, if the people in the company is not able to execute the plan or making a deal with the customer, the strategy is useless. At KIDKII there are three employees to do the daily work at the office in Denmark. However, some of the employees have little training in some of the tasks performed, and they need more experience to become a productive asset for the company.

The objective of the marketing strategies and sales strategies are to increase sales revenue and obtain more customers in the European market. This is the Market penetration strategy, which KIDKII must follow.

### *Marketing Mix*

When using the four P's of marketing to build the marketing mix, you must consider who the end customers are and in what channels your products are sold. KIDKII is targeting parents and grandparents as the end customer, as the user of the products is children and infants. The channel where the products are to be sold is retail stores and websites. The sales rate at KIDKII is even during the year. However, for the Christmas season, the sales are increasing. KIDKII's customers are retailers, and they usually are preparing purchases for the Christmas season several months in advance.

Therefore, the timing of promotion targeted at the retailers must be earlier than targeting the end customers. Furthermore, as it was presented in the competitor analysis, chapter 4, KIDKII's products are differentiated in material choice, making the products a bit more expensive than the competitors. This is something that KIDKII must be aware of in their promotion of the product.

#### *Develop a Marketing Strategy*

The next stage is to create a marketing plan which is based on the marketing plan. The purpose of having a marketing plan is to make a guide for marketing initiatives over a specified period. The marketing plan can be over a few years. However, it must be reviewed continually to see if adjustments are needed or new actions are better to achieve the overall goals of the company. The objective is to determine a specific direction in marketing events. As KIDKII need to increase the customer base in Europe to increase revenue, the goals of the marketing plan are to emphasize the strategies for growth. In table 29, a template of a marketing plan is presented. The template contains the topics which must be included in the plan and a short explanation of the topics selected.

<b>MARKETING PLAN: TEMPLATE</b>
<b>Marketing plan summary:</b> <i>Present an overview and the topics of the marketing plan.</i>
<b>Target market section:</b> <i>Presents the customers that a company is aiming the distribution at. Presents the qualifiers and the order winners in the market. The need that the products is solving for the customers must be presented.</i>
<b>SMART goals:</b> <i>States the goals of a company with their marketing. The goals must be SMART, which mean they must be: Specific, Measurable, Aspirational, Realistic and Time-bound</i>
<b>The four p's of marketing:</b> <i>Strategies for Product, Price, Place and Promotion</i>
<b>Distribution Strategy and Financials:</b> <i>Promotion distribution, where to promote the products, and financial plan for the marketing effort, looking ahead in time and either real or projected numbers</i>
<b>Promotional plan:</b> <i>Methods and tactics to execute the plan. Advertisement, personal selling, sales promotion or public relation can be included. Make a budget and measure if the budget is kept. Add what is the targeted return on investment of the promotion.</i>

*Table 29 A template which can be used for a marketing plan*

The marketing plan must be made by the top management and the marketing team of a company, in this case, the Company Owner and one of the employees. However, in this project, a proposal for a marketing plan will be made, which can serve as a starting point for KIDKII to create a marketing plan in the future. The marketing plan presented in table 30, is a draft of a short-term strategy, which can be expanded in collaboration with the company. Furthermore, the marketing plan is aimed at a fair in Germany, which KIDKII is attaining in, in September 2019, and the coming Christmas sales period.

The strategies that the marketing plan must support is that KIDKII must gain market share in the North European market before expanding to other regions through a Market development strategy. KIDKII must create awareness of the brand and build internal processes and positive attitudes towards customers.

MARKETING PLAN: KIDKII 2019
<p><b>Marketing plan summary:</b>  <i>This marketing plan will be containing the following sections: Target market, goals, four p's of marketing, distribution of promotion and financials as well as a promotional plan.</i>  <i>The plan is supporting the overall goal of the company regarding the European market, which is to attract more customers to ensure growth in sales revenue.</i></p>
<p><b>Target market section:</b>  <i>The end customer is parents and grandparents. However, KIDKII is selling their products through retailers, but the advertisement is controlled by KIDKII and send to customers for their use.</i>  <i>The qualifiers in the market are: Speed of delivery, Price of the products, Delivery costs of the products, Product range and Meeting specific customer needs.</i>  <i>The order winners in the market are: Reliability of delivery, being able to meet demand spikes and for some retailers and end customers the material choice.</i>  <i>The need the ball pits are solving is supporting children's development needs. The ball pits are stimulating children's movement skills and it is a fun way of training balance. The new furniture introduced solves the parents need for designer furniture for the children's rooms. Additionally, one of the new beds contains a stair and a slide, which is fun for the child and it learns about balance and movement at the same time. The new product portfolio must be targeted at the same segments as the current product portfolio.</i></p>
<p><b>SMART goals:</b>  <b>The fair in Germany in 2019:</b>  <i>1. KIDKII must attract 100 new potential retailers during the four days of participation on the fair.</i>  <i>2. The first week after the fair all possible retailers and obtained retailers must be contacted either by mail or phone to send offers and material, arrange shipment of orders or arrange personal meetings.</i>  <i>3. No later than the 10<sup>th</sup> of August an Invitation letter for the fair must be send to all current retailers and potential new retailers. Within two weeks at least 20 appointments must be arranged for meetings at the fair.</i>  <b>Goals for the Christmas season 2019:</b>  <i>4. Pictures and videos for the Christmas advertisement must be finished in August and send to retailers to increase sales prior to the Christmas season. The goal is to obtain 15 orders before the fair ultimo September.</i>  <i>5. In the last quarter of 2019, sales revenue must increase by 50% on the webpage based on weekly postings on social media platforms, compares to last years sales.</i></p>
<p><b>The four p's of marketing:</b> <i>Product, Price, Place and Promotion have been presented</i></p>
<p><b>Distribution Strategy and Financials:</b>  <i>Promotion distribution through social media, emails which are aligned with the posts on social media platforms. Always be ahead of customers and send information and updates to constant remind the customers of your interest in them.</i>  <i>Be proactive in the approach to customers and have a positive attitude towards all obstacles to leave the customers with the best impression of the company.</i>  <i>Financial plan: Make a budget for the fair, the photoshoot for the Christmas advertisement, the giveaways planned for customers in relation to Christmas and the catalogue for the fair with the new product categories introduced.</i>  <i>Inventory: Make sure to build inventory in advance to the fair and the Christmas season. Make an overview of the retailer's product portfolio of KIDKII's products. Adjust the advertisement on the webpage to the products in stock to be able to supply.</i></p>
<p><b>Promotional plan:</b>  <i>The promotional plan must include targets for expected return on investments from the financial plan in the different topics presented.</i>  <i>Include all specific pricing efforts, it can be giveaways, planned discounts for example for newly introduced products, promotional giveaways.</i>  <i>Measure if the financial plans are kept and the goals are achieved</i>  <i>Train employees in sales techniques to increase sales and close deals with the customers</i>  <i>Make measures for each promotional initiative to determine what is paying off and what is not, to continuously making better promotional decisions.</i></p>

Table 30 The marketing plan proposed for KIDKII to use and implement

The marketing and promotion of the products can be supported by an effective branding of the company and its products. As it was discovered in the Analysis, chapter 4, KIDKII is the only company which differentiates on the use of material. Currently, it is to KIDKII's disadvantage as the products have a high price at the market, which is one of the qualifiers in the market, that a company must be able to match the price of the competitors. However, if KIDKII can brand themselves as a company which strives to find the best material, make the best design and follow the trend of interior design and trending colors, they can make it to their advantage despite the increase in prices. Browsing through the webpage at [www.kidkii.com](http://www.kidkii.com), it is not evident that KIDKII is different from the competitors. In addition, KIDKII does not share a lot of information regarding the material and products on the webpage as the products description is short as it can be seen in the picture shown in figure 12.

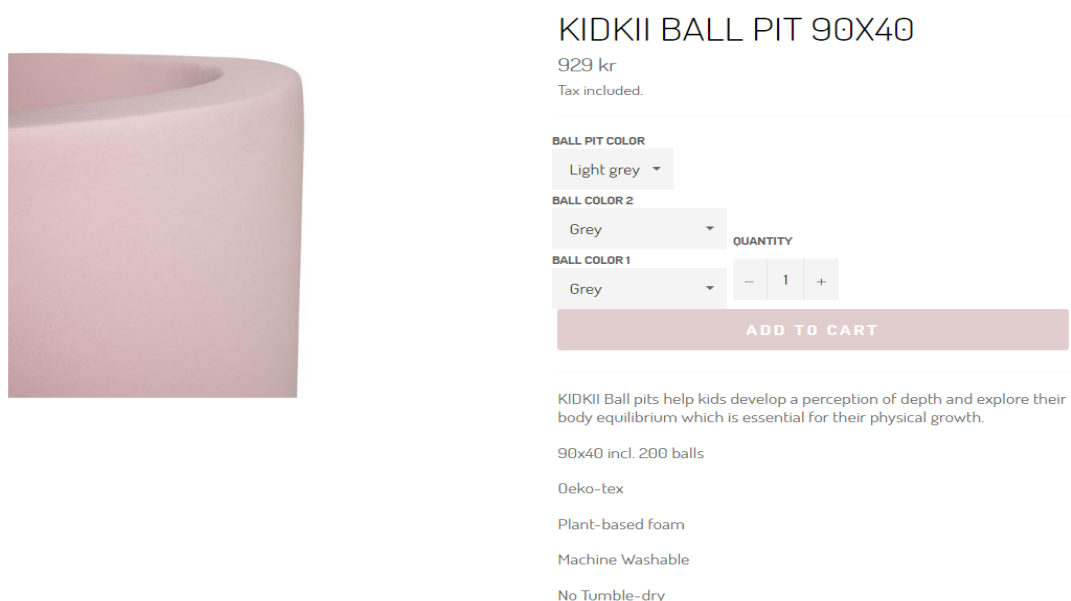


Figure 12 Example of the product description of a ball pit from KIDKII's webpage [www.kidkii.com](http://www.kidkii.com)

The description of the use of the ball pit is short, and the specifications do not say much about what part of the product it is aimed at. As a customer, this is not necessarily enough information to make a purchase of KIDKII's products over the competitors. In addition, the information shared with the retailers is close to being as limited. This can be improved by adding more details to every piece of the product. In table 31, an example is shown for how to present the different components of the ball pits for the customers and retailers selling the product. Furthermore, adding enough and useable information is not only beneficial for the ball pits. The information on all KIDKII's products must be enough and comprehensive for the customers and potential retailers to understand the difference and better quality in material as it explains the price of the product.

On the webpage, KIDKII is showing their products. However, they only store 30 different item numbers meaning that there are 88 products which are not available. Some of the products are shown as "sold out" on the webpage, while others are not shown on the webpage. Too many "sold out" products are not good for a company, as it can lead to the impression that they cannot control the inventory. However, not displaying their entire product portfolio can be a lack of information for a potential retail

customer. To avoid this scenario, KIDKII can add a catalog for retailers at their webpage, showing that KIDKII can provide a differentiated list of products for the customer.

Ball pit	Fabric	Foam	Balls
Material	OEKO-tex cotton	Organic foam of corn	Made of LDPA
Characteristics	Soft, Stretchable and removeable	Eco-friendly, inflammable, recyclable and breathable	Non-toxic
Machine wash	30 degrees	30 degrees	Yes
Tumble dry	No	No	No
<p>Product description: The KIDKII ball pit help kids to develop a perception of depth and explore their body equilibrium which is essential for their physical growth. Furthermore, the balls help to stimulate the awareness of body parts for the smaller children, and they can use the balls to support their learning about balance and falling techniques.</p> <p>The ball pits are made in a soft, but strong organic foam, which give the ball pit stability and it is still comfortable for the children. The foam is breathable, washable and non-toxic. In addition, the cotton fabric is OEKO-tex certified, while the velvet fabric is soft, cozy and beautiful and ideal for interior. The cover is made with a zipper which makes it easy to take off and wash when needed and put back on again.</p> <p>The balls can be chosen in a variety of colors and they are made of LDPE plastic which is a non-toxic product.</p>			

*Table 31 Example of how the information regarding ball pits can be improved*

Furthermore, in the webpage [www.kidkii.com](http://www.kidkii.com) some videos are posted. However, the videos are only presenting children, which is playing in the ball pits. The videos could have been used for information sharing. Information about both the company and the products could be beneficial to add either through speech or in writing. The videos are also shared with the retailers buying KIDKII's products, and it would help them to better present KIDKII's products and thereby increase sales if they are made informative. Besides improving the information shared to brand the products and company. Using the internet and social media offers several other opportunities which can be beneficial to take into consideration for branding, and these are presented in Appendix N. For example, the thoughts the designer is adding to the design of the products is Nordic design trends and the children's furniture must be aligned with the parent's furniture. Today the child's room is where the parents are, for example, in the corner of the living room. KIDKII must use it in the branding profile. Furthermore, KIDKII is differentiating in material choice, going in an organic direction and decreasing the use of chemicals in the products. KIDKII must spread the information and use it to their advantage in both branding and marketing.

KIDKII needs to obtain more customers in the North European market to generate growth. Furthermore, when the company is growing, they can expand the distribution network. This must be achieved to become a reliable supplier in the South European market as well and be able to deliver the products at lower delivery costs for the potential customers in this area. The overall strategy is to be the leading company in designing children's interior furniture in a simple Nordic design. Being a leading company implies a high market share and high revenues. Currently, KIDKII is struggling to get customers in place, and the overall growth strategy is to increase sales revenue in Europe during 2019.

The marketing strategies KIDKII must follow to generate growth and the methods to achieve it are as follow:

- Gaining market share
  - Market the products on the material, design and the benefits for children's motoric development
  - Execute and scale a consistent marketing message
- Increasing customer awareness (retailer segment)
  - Make a branding campaign and start blogging regularly
  - Send email updates to the customers regarding the things that is happening.
  - Use an online marketing strategy to create awareness of the company and the products sold
- Building favorable attitudes
  - Determine sales procedures and policies
  - All employees must be ambassadors for the company
  - Train the employees in closing a deal and maintain good relationships with the customer
  - Building a proactive attitude towards customers

The marketing strategy is to let the values in the company and shared between employees shine through in their approach to the market. By building awareness of the brand, be more consistent in the marketing campaigns, and become a company with high customer service. KIDKII must be able to generate growth in the European market. The marketing strategy that KIDKII must follow is the Market penetration strategy, which is aiming at increased market share. In the retail market, KIDKII is only targeting one segment of customers, and these are retailers, selling products for children and infants and if they are aiming to expand the customer base, based on these customers, they can stick to an undifferentiated targeting plan. The three main strategies to increase growth have been presented with some additional methods to achieve the strategy. However, for KIDKII to understand and benefit from the proposal, the main strategies must become concrete. In table 32, a plan for gaining market share is presented [Hollensen, 2010].

Gaining market share in the North European countries		
<b>Marketing message</b>	What is the message to send? Product quality and material design Benefits of using the products The design characteristics	Make a workshop to discuss the entire look of the material, make sure that recognizability and consistency is achieved through logo, colors and style Hire a company to make the text material professional Hire a photographer for pictures and videos
	Make some choices: Where to promote the products What material is aimed at retailers and what is aimed at end users	Make a budget for promotion Present the unique selling points to the retailers Evaluate on the feedback on marketing material to learn and improve to next campaign

*Table 32 Plan for gaining market share in the North European countries*

In table 33, the strategy and plan of increasing the awareness of the KIDKII brand is shown. The plan is divided into both attract awareness from the end user to make KIDKII the chosen brand of interior and toys for children. The two last approaches are aimed at the retail customers. However, both the current retailers that KIDKII is selling to and potential new customers are targeted.

Increase customer awareness of the KIDKII brand		
Online marketing strategy and branding	Start a blog for the end customer market	<p>Contact or hire a professional blogger to get you started</p> <p>Build up some good and solid stories and features for your blog, before you try to attract readers</p> <p>Make blog about you (AL and LJ). Blog about you, your products, your company, what inspires you (which can be related to KIDKII), how to choose children's furniture, motoric development for children, interior and trends etcetera</p> <p>Make a list of stories to write and update when new ideas presents</p> <p>Share links for your blog on Instagram and Facebook with a small text on why the blog is interesting for the reader</p>
	Send emails to current retail customers	<p>Keep your retail customers informed by sending occasional updates on email.</p> <p>Make sure not to spam your customers with useless information. Therefore, make some key words for your customers and divide them into segments.</p> <p>Only send an email when important information is available and aim the information at the customers which need it</p> <p>The information could be as follow: Products arrival at inventory, new design trends KIDKII follow, marketing campaigns, new products to the product portfolio etcetera</p>
	Build professional networks	<p>Chose an online platform for network building (could be LinkedIn)</p> <p>Make a professional profile – Seek inspiration in other profiles to create the right image of you and your company</p>

*Table 33 Plan of how to increase customer awareness of the KIDKII brand*

Table 34 shows a proposal of how to build sales and develop employees' skills in sales. The plan is emphasizing the retail segment and the employees must become the best at representing the company and being able to make deals with the customers.

Building favourable employee attitudes and attract customers (retailers)		
Sales and Employee development	Implement procedures and policies for sales	<p>Use a sales process to attract customers</p> <p>Implement policies for discount rates</p> <p>Make policies for distribution</p> <p>Train the employees in closing a deal and what means they can use</p>
	Make the employees ambassadors for KIDKII	<p>Make a workshop aimed at understanding what customer service is at KIDKII</p> <p>Create a motivating and goal driven atmosphere by presenting targets, measures and progress</p>
	Be proactive in sales	<p>Allocate an employee to sales</p> <p>Make a target for sales and measure it</p> <p>Make a list of potential customers</p>

*Table 34 Plan of how to attract customers and build favorable employee attitudes*



### *Implement an Effective Sales Strategy*

For KIDKII to have an effective sales strategy, it needs to be fitted to the strategic marketing plan presented. By doing this, KIDKII can ensure that their sales effort support rather than compete with marketing strategies. Furthermore, the sales effort must also conform to the corporate strategy. Matching sales activities to the marketing plan and confirm it to the corporate strategy includes KIDKII being better at taking advantage of the products best features when targeting customers. The design and the material are of high standards. When contacting customers, KIDKII must have a process plan ready and execute the sale. By learning techniques to closing a deal is one of the strategies they must use in their sales process. The sales strategy KIDKII must follow is to expand the customer base in the markets closes to Denmark, where they are becoming stronger in making on-time delivers and then gradually expand to countries further away.

The sales process could include the following steps:

1. Contact the customer by phone. It is important that no email is send before the customer accept KIDKII to provide material and additional information. Make sure the employee is being as helpful as possible when talking to the customers, otherwise they can be perceived as irritation and no acceptance will be reached from the customer to receive information or making a deal.
2. Then follow-up on the first contact and make sure to listen to the customer. What are their expectations, what is their set-up, and how can you contribute to their vision? Provide the potential customers with information needed for them the make a deal with you and make joint plans for the collaboration.
3. If the customer decides to move forward and engage in a collaboration. A first meeting with the customer can be arranged, and it must ensure value to the customer.
4. Present the customer with your offer. The offer must be tailored to the customer. Few inputs can be agreed on. However, it is best the employee has prepared a serious proposition where no or little adjustments is needed. It shows the customers that the employee has listened to the customer's needs, and KIDKII is able to deliver what they want.
5. A negotiation process can be needed. Some customers are interested in protecting themselves and request for a none-disclosure-agreement is signed, while others are interested in negotiating price or other price-related issues such as delivery costs. This process is needed to moving forward to signing a contract.
6. It is time to sign a contract.
7. Make the customers satisfied. A good deal is when the customer is deliberately satisfied. Meaning that KIDKII must show the customer what they need to be satisfied about. The order winners are the delivery reliability, the ability to handle demand increases, and the material choice. KIDKII can for example enclose a folder regarding the material in the package or make the packaging illustrate the point. KIDKII could provide the customer with updates on preparation of demand increase and they are ready to take orders. KIDKII could send emails, with detailed information regarding the delivery. These are examples on how the customers



can become aware of the service and quality KIDKII is providing and become satisfied with KIDKII based on KIDKII's interest.

Along with these seven steps in the sales method used by the employee. As mentioned, the employee must be an ambassador for KIDKII as it will be clear for the customer in the meeting with the employee. Furthermore, the employee must be trained in using the right techniques in closing the sale.

Some customers might be interested in knowing more about the capacity and delivery reliability. It is important that KIDKII can provide such information in the initiating stage of the collaboration as it can be a deal breaker for some companies. As presented in the customer analysis, Chapter 4, some of the customers only purchase certain products, and therefore, they must always be in stock. KIDKII can calculate the needed products and allocate inventory capacity to each customer. When targeting new customers, KIDKII can prepare themselves by evaluating what inventory capacity can be assigned to the customer and determine if actions are needed to be made.

### Action Plan

This section will provide an overview of the needed actions and the deadlines for them to be executed. Again, this action plan is aimed at a period of the next six to seven months. However, KIDKII can use it as a starting point for a long-term action plan in sales and marketing. In table 35, the action plan is shown, and in Appendix O, the action plan can be seen in a larger version.

**Action Plan KIDKII Danish Design**

Strategy	Owner					
Marketing and Sales	All					
Action	Responsibility	Priority	Status	Start	End	Notes
<b>Goal #1 Develop strategies</b>						
Understand the P's of marketing	All	High	Started	April 2019	May 2019	
Determine the objectives	All	High	Started	April 2020	May 2019	
Develop a marketing plan	All	High	Started	April 2021	May 2019	
<b>Goal #2 Execute marketing plan</b>						
Formulate SMART goals	All	High	Started	May 2019	May 2019	
Make a marketing budget	AL	High	Completed	October 2018	October 2018	
Chose platforms for branding	AL/LJ	Medium	Not started	June 2019	July 2019	
Enhance marketing material	LJ	Medium	Not started	June 2019	July 2019	Must be approved
<b>Goal #3 Execute promotion plan</b>						
Financial overview of marketing and sales activities	AL	Medium	Not started	May 2019	July 2019	
Booking of photoshoot and find models	AL/LJ	Medium	Started	June 2019	June 2019	
Determine measures of strategy achievement	All	High	Started	May 2019	May 2019	
<b>Goal #4 Distribute marketing material</b>						
Make regular updates for retailers	LJ	Medium	Not started	June 2019	July 2019	Must be approved
Write invitation letter and make bookings for fair	AL	High	Not started	August 2019	August 2019	No later than the 10 of August
Enhance webpage	LJ	High	Not started	May 2019	July 2019	
Make a Christmas advertisement plan	AL/LJ	Medium	Not started	June 2019	July 2019	

*Table 35 A action plan for implementing and using the marketing strategy*

Some of the actions have been performed during this project period, and the result will be discussed with the company for them to ask questions, provide knowledge, and expand the time horizon of the strategies. Strategies are long-term decisions and, in this project, to keep it on a scale which is manageable regarding executing the plan and see the benefits of it, it has been kept as a short-term plan to provide inspiration and understanding of the importance of having a strategy and plan for sales and marketing. Furthermore, KIDKII is selling their products in Asia, North America, and Canada as well,

and they can make marketing and sales strategies for these regions as well, which is adjusted to these markets.

#### *How to Measure the Use of the Strategies*

When you have made the strategies, then you want to know if they are effective. Therefore, some measures are needed to determine if the strategies are working as they are supposed to. The measures can be supported by action plans or with timelines and checkpoints as these can help the employees to stay focused on the goals and keep motivation high. In table 36, a proposal of the measures that KIDKII can use can be seen. It is important to update the measures and communicating them to the employees and discuss possible actions.

Measurements	Last year, same period	Current period	Goals of the period
Period	2. Quarter 2018	2. Quarter 2019	2. Quarter 2019
<b>Sales</b> Rebuying customers New customers Sale in Europe	N/A	22 2 N/A	There have been made no goals
<b>Pricing</b> Have we been able to cut costs	N/A	Yes by 1,5 dollars	There have been made no goals
<b>Market penetration</b> How many customers do we have in Europe	N/A	17	There have been made no goals
<b>Products offered in the market</b> Products offered in Europe Improvements in products and the effect on sale	N/A	112	250
<b>Promotion</b> What have the return on investment been on promotion	N/A	N/A	There have been made no goals
<b>Budget and spending's on promotion</b>	N/A	N/A	No budget
<b>Overall profits in the company</b>	N/A	N/A	?

*Table 36 Measures related to the proposed marketing and growth*

To ensure that the effort of making the strategies is fulfilled measuring the progress is essential. The measurements must be updated regularly and communicated between employees to make sure the goals are reached, and necessary adjustments can be made when needed.

In addition, KIDKII is participating in a fair in Germany in September 2019. Attending to a fair involves high costs, and as a company, it is useful to measure the achievements and the costs associated with such event as it can reveal what the costs and benefits are of the event. In table 37, a suggestion for measuring the cost and benefits of the fair in September 2019 is shown.

Measurements and cost benefit of fair		
Topic	Goal	Actual
Costs of having a stand		
Costs of marketing material specific to the fair		
Targeted customers before the fair		
Received and booked appointments at the fair		
Received orders at the fair		
Received orders after the fair		
Follow-up meetings with new potential customers		
Orders placed based on follow-up meeting		
Number of returning customers during three months after fair		
Lost potential customers		
Sales related to fair during the fair and the first month after		
Sales related to fair during the first three months after the fair		

*Table 37 Measures which can be used to evaluate the fair KIDKII is going to participate in, in September 2019*

The table presents a list of measures which KIDKII can use for evaluation of the money spent on a fair compared to the gain of the effort. This will make KIDKII able to determine if it is an approach they should increase or decrease the use of. In addition, KIDKII can also add measures which can provide insights into the use of marketing material. If KIDKII is using three different marketing materials, for example a catalogue with information on the products, a catalogue with pictures of prices and the last catalogue presenting the company, product categories, some pictures and prices and some material information. Then KIDKII can measure which catalogue the retailers choose over the others, the better fit the material for the next fair.

## Recapitulation

The solution provided a suggestion on implementing marketing and sales strategies at KIDKII. The marketing and sales plan presented in some areas is a short-term plan. However, it is important that KIDKII makes the necessary decisions to expand the plan to achieve a long-term direction of the sales process to create an effective sales strategy for growth in the future. In table 35, an overview of the solution is shown. The table includes the current situation and the suggested improvements for the company to take regarding the marketing and sales of KIDKII's products.

Strategy	Current strategy and considerations	Proposals for improvement
Overall growth strategy	Increase sales revenue in Europe during 2019	Increase sales in Europe during a better marketing and sales profile in 2019/2020
Product	Expand product portfolio to increase growth. Design the products to be improved versions of existing products which are either problem solving or necessary products. In addition, the products must be decorative to fit in to the parent's furniture and follow a Nordic design trend. Above all the material chosen for the products must be either organic or with a low chemical level	Consider if the products can be improved to become more differentiated than the customers. For example, the ball pit can have more functions than just containing balls. Add on products to existing products is a great opportunity to increase sales for example the ball pit cover in new colors
Price	Make costs reduction when possible. However, unique products must be charged a higher price to increase sales revenue. Discount can be provided to high volume customers.	Differentiating the products visually can justify the increase in sales price from the competitors
Place	The inventory for the European customers is located in Denmark. The production of the products is currently taking place in China. The products are sold in Asia, Canada, North America, and North Europe	Make a Market development strategy and distribution strategy for the reminder of the European market, when the current North European is covered
Promotion	Social media and fairs	Promotion targeting retailers must be peaking at the end of the summer, for them to place orders prior to Christmas season and allocating KIDKII a share of their Christmas
People	Few people to execute all tasks at the office	Train and hire the right people for the tasks. Tell the employees about the strategies as they are all ambassadors for the company. Make sure the employees share the vision of the company to sell the idea of the brand.
Marketing and sales strategy	No strategy implemented	All marketing must target how the product solves a customer's problems. KIDKII must create a brand value and they must increase sales by being better to close deals
Measurement	No measurements implemented	Implement measurements to ensure the strategies are suitable and serves their purpose. Use the measures for learning
Learning	No goals for learning	Making strategies and making a fit between them and the operations strategies is a process of learning. Use the learnings to continuously improve operations and strategies.

Table 35 Overview and recapitulation

## 6 Discussion

The purpose of this chapter is to discuss the proposed solution in this graduation project. The solution proposed is based on the current situation of the company and how they can improve their marketing strategies to increase the customer base and sales revenue in the European market. The solution is aimed at KIDKII is providing its retail customers with marketing material and that the company must be better at branding themselves on their unique qualities in the market.

KIDKII is a small Danish company designing, marketing, and selling products for children. The products are sold in Asia, mainly to distributors, and in Canada, one distributor is selling the products. KIDKII has a few retail stores selling the products in North America and in Europe, KIDKII is mainly selling the products to retail stores and chains, which sells products for children. However, the current customer base is small, and KIDKII needs to grow to be able to survive and expand the business. KIDKII has distinguished from the competitors in the material chosen for the products, as they strive to make the best choices in the material used for products for infants and children. The decision in material means that the prices of the products are in the high end compared to competitors. Furthermore, KIDKII is providing its customers with all the marketing material they need.

The solution provided is a proposal on how the better market, brand, and target customers in the European market. Many of the analysis made in the solution and the steps in the marketing process is something that KIDKII has not done before. Besides, KIDKII does not have implemented any procedures or guidelines on how they reach customers and closing a deal. Therefore, this has been included in the solution as sales strategies are linked to marketing. The solution is providing the company with guidelines on how to make marketing plans and sales process and being able to execute the plans and process to service customers professional and being prepared.

The analysis is structured based on the Terry Hill strategy framework, and the solution must fit into the strategy framework and KIDKII's other strategies and their operations. The left side of the strategy framework is shown in table 36. The changes made based on the solution is marked with blue writing. As seen in the first column, the market which the solution is aiming at is narrowed to be the North European market, whereas before, the goal was concerning the entire market. However, the solution can be fitted to the other markets keeping in mind that customers in Asia and Canada are mainly distributors, and they have additional requirements for their suppliers than retail customers have. As it can be seen, there are several changes in the two next columns, and it is mainly to do with the fact that KIDKII needs to better target their customers with an improved marketing strategy and branding plan.

Corporate Objectives	Marketing Strategy	How do KIDKII qualify and win orders in the market
<p><b>Sales revenue growth</b> The goal for the first year in business is to increase revenue sales in the North European market</p> <p><b>Survival</b> For the first year in business KIDKII is not expecting profits</p> <p><b>Profit</b> Is a target for the accounting year 2020</p> <p><b>Return on investment</b></p> <p><b>Other financial measures</b></p> <p><b>Environmental targets</b> Choosing the best material suited for the products for children and infants</p>	<p><b>Product, market and segments</b> Product-market strategy for the European market is the Market penetration strategy. Focus is on retailers in Northern Europe and increase area later.</p> <p><b>Range</b> The product portfolio is being expanded during 2019</p> <p><b>Mix</b> KIDKII is expanding the product mix</p> <p><b>Volumes</b> Few products are sold in high volume – Market the products fitted to the market</p> <p><b>Standard versus customization</b> Standard products, customization is ball color</p> <p><b>Level of innovation</b> The organic foam is new and innovative. The marketing material must use the quality in the products as an order winner point</p> <p><b>Leader or follower</b> Become a leading company is selling organic furniture and interior for children through better marketing and branding</p>	<p><b>Price</b> The price cannot necessarily be changed. However, well branded organic products can be priced differently.</p> <p><b>Quality conformance</b> Retail customers does not address quality when they place orders. However, they want certificates if they are available. KIDKII must turn their material chose into an ordering winner factor with high value</p> <p><b>Delivery speed and reliability</b> The speed of delivering to webpage customers are good, whereas the speed and reliability towards the retail customers are improving for North European countries – KIDKII must build their market up here first, before entering countries where they are not able to deliver.</p> <p><b>Demand increases</b> KIDKII has high volumes of certain products to meet demand if demand increases for these</p> <p><b>Color range</b> KIDKII is offering eight different colors, which is one of the lowest color options compared to competitors</p> <p><b>Product/service range</b> KIDKII is expanding the range of products offered</p> <p><b>Design leadership</b> KIDKII must obtain brand value on their design and material choice</p> <p><b>Technical support supplied</b></p> <p><b>Brand name</b> KIDKII is one of the companies with the lowest number of followers. Branding the company is important and they must use several platforms to build a brand name</p> <p><b>New products and service, time to market</b> KIDKII is flexible regarding developing new products. However, the fact that they are manufactured in China does delay the time to market.</p>

Table 36 Changes made in the strategy framework based on the solution proposed

The right side of the strategy framework is presented in table 37. Only two changes have been made for the operation strategies. It is found that the current delivery system choices can manage an increase in customers located in North European countries. The challenges KIDKII is facing here is the cost of delivery for customers in Southern Europe is too high. Besides, KIDKII is mainly planning their activities from day to day, and the marketing strategy presented is aimed at making plans and to achieve the best results of using the material is based on the right timing. For example, the retail stores are planning Christmas sale five to eight month in advance, and when KIDKII is providing the pictures for their catalogs, they must be ready to provide the customers with marketing material when they need them or in advance.

Operation Strategy	
Delivery system choice	Infrastructure choice
<b>Choice of various delivery systems</b> <i>Inventory in Denmark. KN used to small orders, Schenker is used for pallet orders and Post Nord EMS is used for long-distance deliveries.</i> <i>Production orders can be sent from China to customers</i> <i>The inventory set-up is fitted to supply customers in North Europe. When the product-market strategy is changed to Market development strategies, the distribution system must be improved, or location changed.</i> <b>Trade-offs embodied in these choices</b> <i>High costs for middle distance customers and risks are involved in the shipping from China.</i> <i>Dependability can be low if products is not in stock</i> <b>Make-or-buy decisions</b> <i>KIDKII buys all their designed products in China, the suppliers are mass producers and for some products discounts can be reached for high volume orders</i> <b>Capacity: size, timing and location</b> <i>Inventory in Northern Denmark, timely deliveries for products in stock, long delivery times for product orders.</i> <i>High capacity if inflows and outflows are adjusted</i> <b>Role of inventory in the delivery system</b> <i>Prepare orders and book shipping for small orders</i>	<b>Function support</b> <b>Operations planning and control systems</b> <i>Day to day planning and lack of control systems</i> <i>The marketing and sales strategies requires that KIDKII is making plans to target the customers at the right time.</i> <b>Quality assurance and control</b> <i>Quality control is performed by suppliers and random samples in Denmark</i> <b>Systems engineering</b> <b>Clerical procedures</b> <i>3 employees to perform the work at the Danish office. However, they only have e few determined tasks, otherwise they fulfill all tasks needed from day to day</i> <b>Payment systems</b> <i>E-conomic is used for transactions</i> <b>Work structuring</b> <i>Day to day planning and mixed tasks</i> <b>Organizational structure</b> <i>Flat structure and little decentralization</i>

Table 37 Changes made in the strategy framework based on the solution proposed

The marketing strategy aimed at the North European market fits to KIDKII's set-up of the delivery system. Marketing the products at the right place and at the right time should make KIDKII able to obtain more customers and thereby more sales revenue in the North European market. Therefore, the proposed solution is useable for the company, and they can implement the plan.

It can be discussed if the solution is of the highest relevance to KIDKII as it only is aimed at the North European market. However, the competition in this market is high, compared to the other markets, as there are more competitors in Europe than in Asia and North America. However, the markets in Asia and America must not be neglected as KIDKII can end up being too late to gain market share if they wait too long. The principals of making a marketing plan can be used for the countries in Asia and in North America as well. However, some changes need to be considered as the customers are mainly distributors and not retailers. The solution aiming at the European market is relevant as it points out the weakness of the company in their current approach to the market, which is the lack of branding, informative marketing material, presenting order winners and having a guideline for a sales process. The solution provides improvements, and KIDKII can benefit from the relatively good performance in delivering products timely in the North European market. This can be the best order winning factor that KIDKII is a reliable company, which can provide high-quality products in organic and non-toxic material in a modern Nordic design.

The solution is focusing on the marketing and sales of KIDKII's products to ensure growth, as KIDKII currently have a small customer base. The strategies proposed involves changes in the second and the

third column in the strategy framework. Furthermore, it is mainly fitted to the operations that KIDKII performs today, and only small adjustments are needed to use the solution. The usability of the solution has been emphasized, when determining the solution, as KIDKII will benefit from an easy to implement the solution, and it is straightforward for them to use the strategies provided. In everyday work, not many changes are required only that the company focus on their best qualities in marketing and branding and plan ahead. Furthermore, KIDKII needs to be more focused on obtaining more customers, and the right branding can make it easier for KIDKII to penetrate the market and reach more customers faster.

It could be discussed if KIDKII would benefit from a more holistic approach to make strategies and measurement, which is aimed at the entire company. The strategy framework is a tool which can provide an overview of the strategy and choices made or to be made in a company. However, it does not give insight into measuring results. Measuring result can be motivating for employees, and they are good indicators of the strategies implemented have the needed effect. KIDKII have not made many measures of either performance in general or on the different actions executed. Therefore, making measures have been included in the solution as it is an important part of creating and improving strategies.

A more holistic approaches to making strategies and measurements are the balanced scorecards provided by Kaplan and Norton. The method emphasis is making measures of a company's vision and strategy in the four areas financial, customers, internal processes, and organizational capacity. However, the balanced scorecard is mainly focusing on financial measures of the four areas. Besides, to successes in implementing the solution, it is evaluated that KIDKII will be able to integrate the proposed solution. If the solution were more extensive, it would have been too comprehensive tasks, and only fractions of a solution would have been used even though the whole solution would provide the best results. Therefore, the balanced scorecard was not found suitable for the solution.

Improving marketing material has a cost, and it is a time-consuming task. However, KIDKII has planned to make new pictures for the next season. Therefore, this part of the solution is feasible for the company to execute. The cost of the photo shoot, editing pictures and videos are approximately 20.000-25.000 DKK. Adding text or voice to the material will increase the costs. However, it will increase the value of the marketing material. The increase in the expenses should increase the number of customers and thereby generate more sales revenue, and the investment will pay off. Making a cost-benefit analysis of the solution will show that the expected benefits of the solution will exceed the costs associated with executing the solution. In table 38, a cost-benefit review is shown of what the expectation is to improve the marketing material. The assumptions are mainly based on easing the sales process and satisfying customers, with improved and better marketing material than expected.



<b>Marketing</b>	<b>Costs</b>	<b>Benefits</b>
Photoshoot, editing and videos	20000-25000DKK	Provide material for all customers Satisfy customers
Adding text and voice	10000DKK	Increased interest and sales. Save time on convincing customers about the material is better.
Promotion video on YouTube	5000DKK	Access to millions of potential users
Social Media	Free	Access to millions of potential users- Followers create interest and followers

*Table 38 Cost and benefits of improving marketing and branding at KIDKII*

Making small improvements to the marketing material can improve the sales process, and it is assumed it will make KIDKII stronger in the sales position and they will be able to increase sales at the current customers based on better marketing, more products, and branding. Besides, it is evaluated that KIDKII can reach more customers.

The solution presented is usable, feasible, and tangible for the company to execute.

## 7 Conclusion

The analysis contained several topics as an understanding of the company was needed to determine the problem. The analysis provided information regarding the current company state and vague indications of the future goals for the company. It was found that the company does not have a fixed overall strategy to follow and the company evolves depending on the opportunities that arise. A section regarding the customers and the competitors were included to understand the market situation in the European market, as it was the predetermined market to investigate. It was found that KIDKII does not have a large customer base, and they are depended on the customers they have achieved to survive in the market. Besides, the competition in the European market is high, and KIDKII is competing against low-cost competitors. KIDKII has differentiated its products from the competitors, as KIDKII is focusing on delivering a product with the best-suited material for children, which is non-toxic and organic. An analysis of the qualifiers and the order winners revealed that KIDKII can compete in the market and meet qualifiers and the order winners. However, KIDKII has not been good at marketing the products on its best qualities, and they can improve performance in some areas to beat the competitors. The main issues found is that KIDKII is not obtaining a satisfied number of customers, and they need to increase sales revenue to grow and be a sustainable business.

The solution proposed focuses on the lack of marketing experience and planning. The solution contains an overview of the four P's of marketing, where a fifth topic is added, which is people. A marketing plan and marketing strategies have been presented to improve the current marketing material and actions. Furthermore, an action plan has been added to provide an overview of what actions needed to be taking and by whom. The solution also contains a proposal on how to structure the sales process and improving the methods of closing the deals with customers. These strategies and actions are supported by a set of measures which will provide KIDKII with the knowledge to keep on improving strategies, processes, and methods when it comes to marketing and sales.

The effect of using the proposed solution is that KIDKII gets to be focused in their approach to customers, and the marketing material presents the unique selling points of the products. This will make KIDKII efficient in the use of marketing material, and they can expect a high return on investment in marketing. The sales process will become more effective, making KIDKII able to shorten the sales process and thereby reach more potential customers in a shorter time. Branding the company and the products will provide recognizability in the market place, which can be an advantage in the sales process.

The solution is aimed at being a starting point for KIDKII to make changes and improvements to the approach to market and inspire them to make plans and measure their achievements to keep on encouraging them to do better.

## 8 Reflection

This reflection includes my thoughts on how it has been to write this graduation project in collaboration with KIDKII. This is my second project made in collaboration with the company. However, in February 2019, the collaboration for this project started. As I experienced in my first project period with the company, changes can happen fast, and new decisions are made on what to do. Therefore, the process of making this graduation project on strategies have been a challenge. Along the process of making interviews have been a challenge in this project as questions asked last week, could be irrelevant for the situation happening the week after. Therefore, the process of writing the project has been done in small pieces at the time, which have been adjusted and put together, when a bigger picture of the content emerged. This has also affected the choice made regarding the solution. It was evident that KIDKII needed to grow to continue in business. However, creating strategies for several operations seems to be too comprehensive for KIDKII to take in. Besides, it felt like it required that the Company Owner has a more determined vision of where the company should be in five to ten years, which was difficult to explain and that made it difficult to determine what kind of strategies were needed. Therefore, the solution was built around the marketing and sales strategies as it was something the Company Owner could use some feedback on, and it can be expanded to include the other markets.

It has been exciting working with a small company, and many things have been different from the textbook. It has provided some interesting lessons as I through the last year have been trying to understand theories and methods from a broader perspective than what has been provided during teaching. Most lessons have been learned through the collaboration with the suppliers as they are big well-established companies, which follow many of the theories learned during education. I am excited to take the next step after graduation and getting my first job after studies to continue learning new things and find similarities and differences in what I have learned through my education at Aalborg University.

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KJ, Kim, (2018-12-09), Company owner at Fuyi Toy

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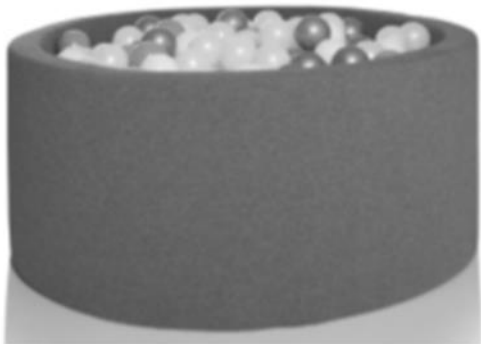
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## List of Appendix

- A. Products by KIDKII
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- C. Press release August 2018
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- L. Contribution margin 2018
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- O. Action Plan for marketing

Appendix A

Products sold by KIDKII



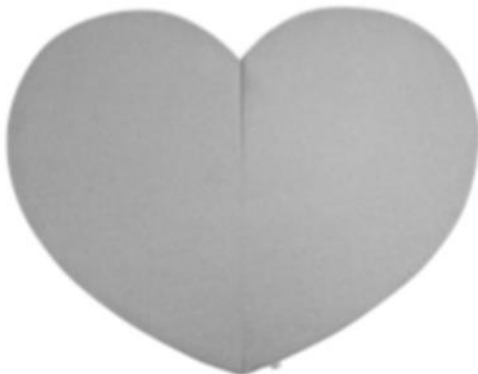
Round Ball Pit



Square Ball Pit



Heart Ball Pit



Playmat



Balls



Furniture

## Appendix B

Structural and infrastructural strategic decisions areas [Slack, 2005].

<b>Structural Strategic Decisions</b>	<b>Typical questions which the strategy should help to answer</b>
New product/ service design	How should the operation decide which products or service to develop and how to manage the development process?
Supply network design	Should the operation expand by acquiring its suppliers or its customers? If so, what customers and suppliers should be acquired? How should it develop the capabilities of its customers and suppliers? What capacity should each operation in the network have? What number of geographically separate sites should the operation have and where should they be located? What activities and capacity should be allocated to each plant?
Process technology	What types of process technology should the operation be using? Should it be at the leading edge of technology or wait until the technology is established?

<b>Infrastructural strategic decisions</b>	<b>Typical questions which the strategy should help to answer</b>
Job design and organization	What role should the people who staff the operation play in its management? How should responsibility for the activities of the operations function be allocated between the different groups in the operation? What skills should be developed in the staff of the operation?
Planning and control	How should the operation forecast and monitor the demand for its products and services? How should the operation adjust its activity levels in response to demand fluctuations? What system should the operation use to plan and control the activities? How should the operation decide the resources to be allocated to its various activities?
Inventory	How should the operation decide how much inventory to have and where it is to be located? How should the operation control the size and composition of its inventories?
Supplier development	How should the operation choose the suppliers? How should it develop the relationship with the suppliers? How should it monitor its suppliers' performance?
Improvement	How should the operation's performance be measured? How should the operation decide whether its performance is satisfactory? How should the operation ensure that its performance is reflected in its improvement priorities? Who should be involved in the improvement priorities? How fast should the operation expect the improvement in performance to be? How should the improvement process be managed?
Failure prevention risk and recovery	How should the operation maintain its resources so as to prevent failure? How should the operation plan to cope with failure if one occurs?

## Appendix C

Press release by KIDKII August 2018



" CHILDREN ARE THE KEY TO OUR FUTURE "

KIDKII is a Danish company, where all design and development are made in Denmark.  
Our products are already sold to many countries around the world.

My background as a designer of exclusive luxury ladies' fashion and my passion for interior decorating has driven me to create beautiful toys for the modern family which both children and parents would love.

I have previously been in cooperation with Misioo PL, however this cooperation has now ended. As I find great inspiration for continuing working with developing beautiful toys and furniture I will introduce to you my new company KIDKII Danish Design.

My inspiration is Nordic design, this is a design movement characterised by simplicity, minimalism and functionality.

I design ball pits, playmats, furniture that are non-toxic, with OEKO-tex cotton and LDPE balls. We are now providing our products with a new plant-based foam, which is organic, recyclable, washable, breathable for the perfect comfort and wellbeing of your child, furthermore, the foam is non-flammable.

We focus on safety of the child and provide products of a very high standard, which comply to the toy safety regulation accordantly to EU, USA and ASIA.

My mission remains to create toys/furniture that invites to fun and stimulates children's motor development, so they experience joy from both physical development and development of motor skills.

Attached you will find a video that shows you the quality of the foam we use, together with a pricelist of our products.

My team and I are looking forward to starting our cooperation and if you have any questions, please don't hesitate to contact us.

Kind regards

AL Moeller Jensen

+4522221988



## Appendix D

The guidelines provided by Fuyi toys:

- Customer places order
- Agreements on shipping
  - FOB terms (Free on Board) – cost per package is USD 1,50
  - Fuyi Toys arranges the shipments based on customer request
  - Shipping information is sent by email
- Customers pay the products and receive the original shipping documentation
- Discount rates can be negotiated
- Quality control is completed before every shipment

[KJ, 2018].

The guidelines provided by the ball factory:

- The ball factory provides a sample order for customers
- The customer pays the costs related to making the mould with logo
- Minimum quantity of balls per color is 1000 balls per order

[Cindy, 2018].

## Appendix E

### Shipping Cost by Kuehne and Nagel

Main Transport Charges					
1) Yantian - DK PORT	Rate Basis	Currency	20GE	40GE	40HC
Seafreight	Container	USD	772,00	1.365,00	1.415,00
LSC - Low Sulphur Charge	Container	USD	81,00	162,00	162,00
Carrier: Depending on Trade Lane, either Blue Anchor Line or Blue Anchor America Line will be utilized					

Port Group(s)	
DK PORT	Aarhus; Fredericia; Hamburg

Destination Charges Sindal					
Via DK PORT (1)					
Services	Rate Basis	Currency	20GE	40GE	40HC
Import Drayage (Haulage)	Container	DKK	3.715,00	3.715,00	3.715,00
Terminal Security Fee D.	Container	DKK	178,00	178,00	178,00
THC - Import	Container	DKK	1.290,00	1.290,00	1.290,00
Wharfage charge Import	Container	DKK	215,00	215,00	215,00
Handling Charge Import	Shipment	DKK			325,00
Import Customs Clearance	Container	DKK	325,00	325,00	325,00
Forwarding Agents Service (Imp)	Shipment	DKK			275,00
Environmental Fee Import	Shipment	DKK			55,00

Yantian - Sindal					
Via Port of Loading Yantian	Currency	20GE	40GE	40HC	
Via Port of Discharge DK PORT					
All-In Rate Total	DKK	11.829,18	16.136,45	16.455,98	

[Kuehne and Nagel Marts 2019]

## Appendix F

### Standard container size

## STANDARD



### Standard 20'

INSIDE LENGHT	INSIDE WIDTH	INSIDE HEIGHT	DOOR WIDTH	DOOR HEIGHT	CAPACITY	TARE WEIGHT	MAXI CARGO
19' 4"	7' 8"	7' 10"	7' 8"	7' 6"	1,172 Cft	4,916 Lbs	47,900 Lbs
5.900 m	2.350 m	2.393 m	2.342 m	2.280 m	33.2 Cu.m	2,230 Kgs	21,770 Kgs

### Standard 40'

39' 5"	7' 8"	7' 10"	7' 8"	7' 6"	2,390 Cft	8,160 Lbs	59,040 Lbs
12.036 m	2.350 m	2.392 m	2.340 m	2.280 m	67.7 Cu.m	3,700 Kgs	26,780 Kgs

### Standard 40' HC (High Cube)

39' 5"	7' 8"	8' 10"	7' 8"	8' 5"	2,694 Cft	8,750 Lbs	58,450 Lbs
12.010 m	2.330 m	2.690 m	2.330 m	2.560 m	76.28 Cu.m	3,968 Kgs	26,512 Kgs

[ [https://www.kn-portal.com/fileadmin/user\\_upload/documents/Locations/EU/Poland/product\\_files/Kuehne\\_Nagel\\_Seafreight\\_Containers\\_eng.pdf](https://www.kn-portal.com/fileadmin/user_upload/documents/Locations/EU/Poland/product_files/Kuehne_Nagel_Seafreight_Containers_eng.pdf) April, 18, 2019]

## Appendix G

### Shipping Schedule

Origin Station Cut-Off Time	ETD at Place / POL	ETA at Place / POD	Dest. Station Arrival Time	Transit Time Port-Port	Transit Time Station-Station
24 Mar 2019 (Sun) <a href="#">CFS Shenzhen</a>	31 Mar 2019 Yantian	26 Apr 2019 Hamburg	07 May 2019 (Tue) Arhus	27	45
31 Mar 2019 (Sun) <a href="#">CFS Shenzhen</a>	07 Apr 2019 Yantian	03 May 2019 Hamburg	14 May 2019 (Tue) Arhus	27	45
04 Apr 2019 (Thu) <a href="#">CFS Shenzhen</a>	14 Apr 2019 Yantian	10 May 2019 Hamburg	21 May 2019 (Tue) Arhus	27	48
14 Apr 2019 (Sun) <a href="#">CFS Shenzhen</a>	21 Apr 2019 Yantian	17 May 2019 Hamburg	28 May 2019 (Tue) Arhus	27	45

[<https://lcl-schedule.kuehne-nagel.com/search> Marts 2019]

## Appendix H

Inventory list from March 2019

### Inventory List March 2019

Product No.	Product Description	Size	Fabric	Color
Round ball pit				
1000	Round (200 balls)	90x30	Cotton	Light grey
1001	Round (200 balls)			Grey
1002	Round (200 balls)			Red
1003	Round (200 balls)	90x40	Cotton	Light grey
1004	Round (200 balls)			Grey
1005	Round (200 balls)			Light pink
1006	Round (200 balls)			Red
1009	Round (200 balls)		Velvet	Baby pink
1060	Round (200 balls)			Blue
1061	Round (200 balls)			Grey
1062	Round (200 balls)			Marble
1010	Round (200 balls)	95x40	Cotton	Light Grey
1011	Round (200 balls)			Grey
1012	Round (200 balls)			Light Pink
1013	Round (200 balls)			Red
1077	Round (200 balls)		Velvet	Baby pink
1078	Round (200 balls)			Marble
1028	Round (200 balls)	100x40	Velvet	Marble
1029	Round (300 balls)			Grey
1030	Round (300 balls)			Baby pink
1031	Round (300 balls)			Blue
1069	Round (300 balls)		Cotton	Light Grey
1070	Round (300 balls)			Grey
1071	Round (300 balls)			Light Pink
1014	Round (300 balls)	105x30	Cotton	Light grey
1015	Round (300 balls)			Grey
1016	Round (400 balls)	105x40	Cotton	Light grey
1017	Round (400 balls)			Grey
1018	Round (500 balls)	115x45	Cotton	Light grey
1019	Round (500 balls)			Grey
1020	Round (600 balls)	125x30	Cotton	Light grey
1021	Round (600 balls)			Grey

HEART BALL PIT				
NO.	STYLE	SIZE	FABRIC	COLOR
1043	Heart (200 balls)	115x40	Cotton	Red
1044	Heart (200 balls)			Light grey
1072	Heart (200 balls)			Light Pink
1045	Heart (200 balls)		Velvet	Grey
1046	Heart (200 balls)			Baby pink
1047	Heart (200 balls)			Blue
1048	Heart (200 balls)			Marble

SQUARE BALL PIT				
NO.	STYLE	SIZE	FABRIC	COLOR
1022	Square (200 balls)	85x85x40	Cotton	Light grey
1023	Square (200 balls)			Grey
1053	Square (200 balls)	90x90x40	Cotton	Grey
1054	Square (200 balls)			Light grey
1024	Square (300 balls)	100x100x40	Cotton	Light grey
1025	Square (300 balls)			Grey
1026	Square (700 balls)	135x135x50	Cotton	Light grey

PLAYMAT				
NO.	STYLE	SIZE	FABRIC	COLOR
1049	Heart NEW	140x5	Velvet	Grey
1050	Heart NEW			Baby pink
1051	Heart NEW			Blue
1052	Heart NEW			Marble
1057	Heart NEW		Cotton	Grey
1058	Heart NEW			Light grey
1083	New star	160x5	Velvet	Marble
1084	New star			Grey
1085	New star			Blue
1086	New star			Baby Pink

FURNITURE				
NO.	STYLE	SIZE	FABRIC	COLOR
1037	Chair with armrest	33x58x35	Corduroy	Light grey
1038	Footrest	33x25x25		Light grey
1073	Chair set	33x58x35	Corduroy	Light Grey
1074	Chair set		Velvet	Baby Pink
1075	Sofa	66X58X35	Corduroy	Light Grey
1076	Sofa		Velvet	Light Pink
1055	Beanbag	100x80x60	Corduroy	Light grey
1056	Beanbag			Baby Rose
1039	Beanbag	100x80x60	Velvet	Baby pink
1040	Beanbag			Blue
1041	Beanbag			Marble
1042	Beanbag			Grey



## Appendix I

The product portfolio 2019

The products with no color are the products which have been introduced to the market

The products marked with red are removed from the product portfolio

The products marked with Green are new to the market

Round Ball Pit				
NO.	STYLE	SIZE	FABRIC	COLOR
1007	Round (200 balls)	85x30	Cotton	Light Grey
1063	Round (200 balls)		Velvet	Baby Pink
1064	Round (200 balls)			Blue
1065	Round (200 balls)			Grey
1066	Round (200 balls)			Marble
1000	Round (200 balls)	90x30	Cotton	Light Grey
1087	Round (200 balls)		Corduroy	White/Gold Sparkling
1088	Round (200 balls)			Blush/Gold Sparkling
1003	Round (200 balls)	90x40	Cotton	Light Grey
1005	Round (200 balls)			Light Pink
1059	Round (200 balls)		Velvet	Baby Pink
1060	Round (200 balls)			Blue
1061	Round (200 balls)			Grey
1062	Round (200 balls)			Marble
1010	Round (200 balls)		95x40	Cotton
1012	Round (200 balls)	Light Pink		
1077	Round (200 balls)	Velvet		Baby Pink
1078	Round (200 balls)			Marble
1028	Round (200 balls)	100x40	Velvet	Marble
1029	Round (300 balls)			Grey
1030	Round (300 balls)			Baby Pink
1031	Round (300 balls)			Blue
1069	Round (300 balls)		Cotton	Light Grey
1071	Round (300 balls)			Light Pink
1091	Round (300 balls)		Corduroy	White/Gold Sparkling
1092	Round (300 balls)			Blush/Gold Sparkling
1014	Round (300 balls)	105x30	Cotton	Light Grey
1016	Round (400 balls)	105x40	Cotton	Light Grey
1018	Round (500 balls)	115x45	Cotton	Light Grey
1089	Round (600 balls)	125x30	Cotton	Light Grey

Square Ball Pit				
NO.	STYLE	SIZE	FABRIC	COLOR
1022	Square (200 balls)	85x85x40	Cotton	Light Grey
1054	Square (200 balls)	90x90x40	Cotton	Light Grey
1024	Square (300 balls)	100x100x40	Cotton	Light Grey
1026	Square (700 balls)	135x135x50	Cotton	Light Grey
Heart Ball Pit				
NO.	STYLE	SIZE	FABRIC	COLOR
1044	Heart (200 balls)	115x40	Cotton	Light Grey
1072	Heart (200 balls)			Light Pink
1045	Heart (200 balls)		Velvet	Grey
1046	Heart (200 balls)			Baby Pink
1047	Heart (200 balls)			Blue
1048	Heart (200 balls)			Marble
Foldable Ball Pit				
NO.	STYLE	SIZE	FABRIC	COLOR
1093	Foldable Ball Pit	90x30	Corduroy	Blush/Gold Sparkling
1094	Foldable Ball Pit	90x30	Cotton	Light Grey
1095	Foldable Ball Pit	90x30	Velvet	Baby Pink
1096	Foldable Ball Pit	90x30	Corduroy	White/Gold Sparkling
Skye Ball Pit				
NO.	STYLE	SIZE	FABRIC	COLOR
	Skye Ball Pit	100x60x30	Corduroy	Blush/Gold Sparkling
	Skye Ball Pit	100x60x30	Cotton	Light Grey
	Skye Ball Pit	100x60x30	Velvet	Baby Pink
	Skye Ball Pit	100x60x30	Corduroy	White/Gold Sparkling

Furniture				
NO.	STYLE	SIZE	MATERIAL	COLOR
1055	Beanbag	100x80x60	Corduroy	Light Grey
1056	Beanbag			Baby Rose
1039	Beanbag		Velvet	Marble
1040	Beanbag			Grey
1041	Beanbag			Blue
1042	Beanbag			Baby Pink
1097	Baby Crib		Wood	Blush/Gold/Wood
1098	Baby Crib		Wood	White/Gold/Wood
1099	Baby Crib		Wood	Sky/Gold/Wood
1100	Extra Legs		Wood	Blush
1111	Extra Legs		Wood	White
1112	Extra Legs		Wood	Sky
1113	Changing Table		Wood	Blush/Gold/Wood
1114	Changing Table		Wood	White/Gold/Wood
1115	Changing Table		Wood	Sky/Gold/Wood
1116	Tree House Low		Wood	White
1117	Tree House Low		Wood	Blush
1118	Tree House High		Wood	White
1119	Tree House High		Wood	Blush
1120	Play House		Wood	White
1121	Play House		Wood	Grey/White
1122	Bench		Wood	Grey/White
1123	Bench		Wood	Wood
1124	Table & Chair set		Wood	Grey/White
1125	Table & Chair set		Wood	Wood
1128	Bookcase as House		Wood	Grey/White
1129	Bookcase as House		Wood	Wood
1130	House Deco Walls		Wood	Grey/White
1131	House Deco Walls		Wood	Wood
1134	Slide		Wood	Grey/White



Healthy Sleeping by KIDKII			
NO.	STYLE	MATERIAL	COLOR
1132	Baby Pillow	Foam	White
1133	Baby Quilt	Foam	White
1134	Junior Pillow	Foam	White
1135	Junior Quilt	Foam	White
1136	Baby Mattress	Foam	White
1137	Junior Mattress	Foam	White
1138	Baby Pillow	Foam	White
1139	Baby Pillow	Foam	Blue
1140	Baby Pillow	Foam	Blush
1141	Bed Linnen Junior	Bamboo	White
1142	Bed Linnen Junior	Bamboo	Blue
1143	Bed Linnen Junior	Bamboo	Blush
1144	Bed Linnen Baby	Bamboo	White
1145	Bed Linnen Baby	Bamboo	Blue
1146	Bed Linnen Baby	Bamboo	Blush
1147	Nursery pillow	Corduroy	White/Gold Sparkling
1148	Changing Mat	Corduroy	White
1149	Changing Mat Cover	Bamboo	White

KIDKII Accesories			
NO.	STYLE	MATERIAL	COLOR
1150	Moon Hanger	Corduroy	White/Gold Sparkling
1151	Moon Hanger	Corduroy	Blush/Gold Sparkling
1152	Teddy	Corduroy	White
1153	Teddy	Corduroy	Blush
1154	Blanket with Teddy	Corduroy/Cotton	White
1155	Blanket with Teddy	Corduroy/Cotton	Blush
1156	Bamboo dinner set	Bamboo	Blush
1157	Bamboo dinner set	Bamboo	Grey
1158	Bamboo dinner set	Bamboo	Skj
1159	JOY BIB	Silicone	Marble
1160	JOY BIB	Silicone	Blush
1161	JOY BIB	Silicone	Skj
1162	JOY BOWL	Silicone	Marble
1163	JOY BOWL	Silicone	Blush
1164	JOY BOWL	Silicone	Skj
1200	JOY NATURAL WOOD BOWL	Silicone/Wood	Marble
1201	JOY NATURAL WOOD BOWL	Silicone/Wood	Blush
1202	JOY NATURAL WOOD BOWL	Silicone/Wood	Skj
1165	JOY PLATE	Silicone	Marble
1166	JOY PLATE	Silicone	Blush
1167	JOY PLATE	Silicone	Skj
1168	JOY CUTLERY	Silicone/Wood	Marble
1169	JOY CUTLERY	Silicone/Wood	Blush
1170	JOY CUTLERY	Silicone/Wood	Skj
1174	JOY BITING TOY	Silicone/Wood	Marble
1175	JOY BITING TOY	Silicone/Wood	Blush
1176	JOY BITING TOY	Silicone/Wood	Skj
1177	JOY DUMMY HANGER BISCUIT	Silicone/Wood	Light Grey
1178	JOY DUMMY HANGER BISCUIT	Silicone/Wood	Baby Pink
1179	JOY DUMMY HANGER BISCUIT	Silicone/Wood	Baby Blue
1203	JOY DUMMY HANGER	Silicone/Wood	Light Grey
1204	JOY DUMMY HANGER	Silicone/Wood	Baby Pink
1205	JOY DUMMY HANGER	Silicone/Wood	Baby Blue

KIDKII Playmat			
NO.	STYLE	FABRIC	COLOR
1049	Heart NEW	Velvet	Grey
1050	Heart NEW		Baby Pink
1051	Heart NEW		Blue
1052	Heart NEW		Marble
1058	Heart NEW	Cotton	Light Grey
1083	New star	Velvet	Marble
1084	New star		Grey
1085	New star		Blue
1086	New star		Baby Pink
1180	Folding sofa	Corduroy	Blush/Gold Sparkling
1181	Folding sofa		White/Gold Sparkling
1182	Folding sofa		Light Grey/Gold Sparkling
1195	Folding Chair	Corduroy	Blush/Gold Sparkling
1196	Folding Chair		White/Gold Sparkling
1197	Folding Chair		Light Grey/Silver Sparkling
1183	CirkeI Playmat	Cotton	Light Grey
1184	CirkeI Playmat	Corduroy	Blush/Gold Sparkling
1185	CirkeI Playmat		White/Gold Sparkling
1186	CirkeI Playmat		Light Grey/Silver Sparkling
1198	CirkeI Playmat	Velvet	Baby pink
1199	CirkeI Playmat		Grey
1200	CirkeI Playmat		Marble
1201	Flower Playmat	Cotton	Light Grey
1202	Flower Playmat	Velvet	Baby Pink
1203	Flower Playmat		Grey
1187	Flower Playmat		Marble
1204	Flower Playmat	Corduroy	Blush/Gold Sparkling
1205	Flower Playmat		White/Gold Sparkling
1206	Flower Playmat		Light Grey/Silver Sparkling
1188	Flower Pillow Set	Velvet	Baby Pink

KIDKII BALLS CLASSIC COLLECTION				
NO.	STYLE	MATERIAL	SIZE	COLOR
50b0	Extra balls (50)	LDPE Plastic	7 CM	Transparent
100b0	Extra balls (100)		7 CM	
50b1	Extra balls (50)	LDPE Plastic	7 CM	White
100b1	Extra balls (100)		7 CM	
50b2	Extra balls (50)	LDPE Plastic	7 CM	Black
100b2	Extra balls (100)		7 CM	
50b3	Extra balls (50)	LDPE Plastic	7 CM	Grey
100b3	Extra balls (100)		7 CM	
50b4	Extra balls (50)	LDPE Plastic	7 CM	Silver
100b4	Extra balls (100)		7 CM	
50b5	Extra balls (50)	LDPE Plastic	7 CM	Baby Blue
100b5	Extra balls (100)		7 CM	
50b6	Extra balls (50)	LDPE Plastic	7 CM	Light Blue
100b6	Extra balls (100)		7 CM	
50b7	Extra balls (50)	LDPE Plastic	7 CM	Navy
100b7	Extra balls (100)		7 CM	
50b8	Extra balls (50)	LDPE Plastic	7 CM	Light Purple
100b8	Extra balls (100)		7 CM	
50b9	Extra balls (50)	LDPE Plastic	7 CM	Purple
100b9	Extra balls (100)		7 CM	
50b10	Extra balls (50)	LDPE Plastic	7 CM	Green
100b10	Extra balls (100)		7 CM	
50b11	Extra balls (50)	LDPE Plastic	7 CM	Light Green
100b11	Extra balls (100)		7 CM	
50b12	Extra balls (50)	LDPE Plastic	7 CM	Apple Green
100b12	Extra balls (100)		7 CM	
50b13	Extra balls (50)	LDPE Plastic	7 CM	Turquoise
100b13	Extra balls (100)		7 CM	
50b14	Extra balls (50)	LDPE Plastic	7 CM	Mint
100b14	Extra balls (100)		7 CM	
50b15	Extra balls (50)	LDPE Plastic	7 CM	Beige
100b15	Extra balls (100)		7 CM	
50b16	Extra balls (50)	LDPE Plastic	7 CM	Gold
100b16	Extra balls (100)		7 CM	
50b17	Extra balls (50)	LDPE Plastic	7 CM	Yellow
100b17	Extra balls (100)		7 CM	
50b18	Extra balls (50)	LDPE Plastic	7 CM	Orange
100b18	Extra balls (100)		7 CM	
50b19	Extra balls (50)	LDPE Plastic	7 CM	Red
100b19	Extra balls (100)		7 CM	
50b20	Extra balls (50)	LDPE Plastic	7 CM	Pink
100b20	Extra balls (100)		7 CM	
50b21	Extra balls (50)	LDPE Plastic	7 CM	Light Pink
100b21	Extra balls (100)		7 CM	
50b22	Extra balls (50)	LDPE Plastic	7 CM	Baby Pink
100b22	Extra balls (100)		7 CM	

KIDKII BALLS BUBBLEGUM COLLECTION				
NO.	STYLE	MATERIAL	SIZE	COLOR
50b4pTRA	Extra Balls (50)	LDPE Plastic	7 cm	Blush
100b4pTR	Extra Balls (100)	LDPE Plastic	7 cm	Blush
50b8TRA	Extra Balls (50)	LDPE Plastic	7 cm	Light Purple
100b8TRA	Extra Balls (100)	LDPE Plastic	7 cm	Light Purple
50b5TRA	Extra Balls (50)	LDPE Plastic	7 cm	Baby Blue
100b5TRA	Extra Balls (100)	LDPE Plastic	7 cm	Baby Blue
50b14TRA	Extra Balls (50)	LDPE Plastic	7 cm	Baby Mint
100b14TRA	Extra Balls (100)	LDPE Plastic	7 cm	Baby Mint

KIDKII JUMBO BALL COLLECTION				
NO.	STYLE	MATERIAL	SIZE	COLOR
12b4J	Extra Balls (12)	LDPE Plastic	12,5 cm	Silver
36b4J	Extra Balls (36)	LDPE Plastic	12,5 cm	Silver
72b4J	Extra Balls (72)	LDPE Plastic	12,5 cm	Silver
12bp1J	Extra Balls (12)	LDPE Plastic	12,5 cm	Pearl
36bp1J	Extra Balls (36)	LDPE Plastic	12,5 cm	Pearl
72bp1J	Extra Balls (72)	LDPE Plastic	12,5 cm	Pearl
12bp9J	Extra Balls (12)	LDPE Plastic	12,5 cm	Pearl Baby Blue
36bp9J	Extra Balls (36)	LDPE Plastic	12,5 cm	Pearl Baby Blue
72bp9J	Extra Balls (72)	LDPE Plastic	12,5 cm	Pearl Baby Blue
12bp5J	Extra Balls (12)	LDPE Plastic	12,5 cm	Pearl Baby Pink
36bp5J	Extra Balls (36)	LDPE Plastic	12,5 cm	Pearl Baby Pink
72bp5J	Extra Balls (72)	LDPE Plastic	12,5 cm	Pearl Baby Pink

KIDKII BALLS PEARL COLLECTION				
NO.	STYLE	MATERIAL	SIZE	COLOR
50bp1	Extra balls (50)	LDPE Plastic	7 cm	Pearl
100bp1	Extra balls (100)		7 cm	
50bp2	Extra balls (50)	LDPE Plastic	7 cm	Pearl Champagne
100bp2	Extra balls (100)		7 cm	
50bp3	Extra balls (50)	LDPE Plastic	7 cm	Pearl Yellow
100bp3	Extra balls (100)		7 cm	
50bp4	Extra balls (50)	LDPE Plastic	7 cm	Pearl Blush
100bp4	Extra balls (100)		7 cm	
50bp5	Extra balls (50)	LDPE Plastic	7 cm	Pearl Baby Pink
100bp5	Extra balls (100)		7 cm	
50bp6	Extra balls (50)	LDPE Plastic	7 cm	Pearl Green
100bp6	Extra balls (100)		7 cm	
50bp7	Extra balls (50)	LDPE Plastic	7 cm	Pearl Mint
100bp7	Extra balls (100)		7 cm	
50bp8	Extra balls (50)	LDPE Plastic	7 cm	Pearl Ocean Blue
100bp8	Extra balls (100)		7 cm	
50bp9	Extra balls (50)	LDPE Plastic	7 cm	Pearl Baby Blue
100bp9	Extra balls (100)		7 cm	

KIDKII Birthday Dress				
NO.	STYLE	SIZE	FABRIC	COLOR
1189	Birthday dress	0-6 Years	Tulle	Blush/Gold
1190	Birthday dress	0-6 Years	Tulle	White/Gold
1191	Birthday dress	0-6 Years	Tulle	Grey/Silver
1192	CROWN		Bling fabric	Gold
1193	CROWN		Bling fabric	Silver

## Appendix J

Data collection on preparation time for web page orders for distribution

Webpage order fulfillment tracking				
Order No.	Order fulfillment	Lead time	Changed order	Comments
2279	Yes	1		
2280	Yes	1		
2281	Yes	3		
2282	Yes	4		
2283	Yes	1		
2284	Yes	1		
2285	Yes	2		
2286	Yes	2		
2287	Yes	1		
2288	No		VOIDED	Not able to deliver
2289	Yes	4		
2290	Yes	5		
2291	Yes	2		
2292	Yes	5		
2293	Yes	1		
2294	No		VOIDED	Customer has placed order twice
2295	Yes	3		
2296	Yes	4		
2297	Yes	1		
2298	Yes	5		
2299	Yes	1		
2300	Yes	5		
2301	Yes	1		
2302	Yes	2		
2303	Yes	5		
2304	Yes	3		
2305	Yes	1		
2306	Yes	3		
2307	Yes	2		
2308	Yes	4		
2309	No		VOIDED	Not able to deliver
2310	Yes	2		
2311	Yes	5		
2312	Yes	2		
2313	Yes	3		
2314	Yes	4		
2315	Yes	2		
2316	Yes	1		
2317	Yes	2		
2318	Yes	4		
2319	Yes	3		
2320	Yes	4		
2321	Yes	1		
2322	Yes	5		
2323	Yes	1		
2324	Yes	1		
2325	Yes	3		
2326	Yes	5		
2327	Yes	5		
2328	Yes	2		
2329	Yes	5		
2330	Yes	3		
2331	Yes	2		
2332	Yes	4		
2333	Yes	4		
2334	Yes	4		
2335	Yes	1		
2336	Yes	2		
2337	Yes	5		
2338	Yes	1		
2339	Yes	2		
2340	Yes	5		
2341	Yes	2		
2342	Yes	1		
2343	Yes	4		
2344	Yes	1		
2345	Yes	5		
2346	Yes	2		
2347	Yes	1		
2348	Yes	3		
2349	Yes	4		
2350	Yes	3		

2351	Yes	5		
2352	Yes	3		
2353	Yes	2		
2354	Yes	3		
2355	Yes	2		
2356	Yes	5		
2357	No		VOIDED	Not able to deliver
2358	Yes	1		
2359	Yes	2		
2360	Yes	4		
2361	Yes	4		
2362	Yes	3		
2363	Yes	2		
2364	Yes	1		
2365	Yes	1	Partially refunded	Changed product
2366	Yes	2		
2367	Yes	3		
2368	Yes	2		
2369	Yes	4		
2370	Yes	5		
2371	Yes	5		
2372	Yes	3		
2373	Yes	5		
2374	Yes	1		
2375	No		VOIDED	Customer has placed order twice
2376	Yes	5		
2377	Yes	2		
2378	Yes	4		
2379	Yes	1		
2380	Yes	2		
2381	Yes	4		
2382	Yes	3		
2383	Yes	5		
2384	Yes	3		
2385	Yes	2		
2386	Yes	1		
2387	Yes	1		
2388	Yes	5		
2389	Yes	5		
2390	Yes	5		
2391	Yes	2		
2392	Yes	4		
2393	Yes	1		
2394	Yes	4		
2395	Yes	1		
2396	Yes	2	Partially refunded	One of the products was not in stock
2397	Yes	1		
2398	Yes	3		
2399	Yes	1		
2400	Yes	3		
2401	Yes	4		
2402	Yes	1		
2403	Yes	1		
2404	Yes	4		
2405	Yes	3		
2406	Yes	2		
2407	Yes	5		
2408	Yes	5		
2409	Yes	2		
2410	Yes	1		
2411	Yes	5		
2412	Yes	1		
2413	Yes	3		
2414	Yes	4		
2415	Yes	5		
2416	Yes	2		
2417	Yes	4		
2418	Yes	5		
2419	Yes	2	Partially refunded	Changed product
2420	Yes	1		
2421	Yes	3		
2422	Yes	3		
2423	Yes	2		
2424	Yes	3		
2425	Yes	1		
2426	Yes	2		

2427	Yes	4		
2428	Yes	4		

Webpage fulfillment tracking		
Number of orders	Average days to deliver	Unfulfilled or changed orders
149	2,77	8

## Appendix K

Data collection on preparation time for B2B orders for distribution

Order fulfillment B2B						
Order Number	Order size	Deliver at promised	Lead Time	Delayed	Arranged shipment	Remarks
1	12	No	21	17 Days	KIDKII	Recieved order before known delivery date of shipment
2	20	Yes	3		KIDKII	
3	120	Yes	3		Customer	
4	12	Yes	2		KIDKII	
5	12	Yes	3		KIDKII	Send two wrong products
6	2	No	5		KIDKII	Resend
7	2	Yes	1		KIDKII	Promotion
8	330	Yes	5		KIDKII	
9	125	No	10	2 Days	Customer	We delayed order due to delayed shipment
10	12	No	7	2 Days	KIDKII	We delayed order due to delayed shipment
11	25	No	7	2 Days	KIDKII	We delayed order due to delayed shipment
12	20	No	6	2 Days	KIDKII	We delayed order due to delayed shipment
13	18	Yes	5		KIDKII	
14	12	Yes	4		KIDKII	
15	25	Yes	5		KIDKII	
16	4	Yes	5		KIDKII	Promotion
17	12	Yes	3		KIDKII	
18	52	No	15	14 Days	KIDKII	Waiting for products to arrive
19	330	Yes	5		KIDKII	
20	20	Yes	2		KIDKII	
21	24	Yes	4		KIDKII	
22	100	Yes	4		KIDKII	
23	4	Yes	2		KIDKII	Promotion
24	12	No	33	31 Days	KIDKII	Out of stock
25	60	Yes	5		KIDKII	
26	12	Yes	3		KIDKII	
27	12	Yes	4		KIDKII	
28	1	Yes	3		KIDKII	Promotion
29	250	Yes	4		Customer	
30	14	No	22	17 Days	KIDKII	Out of stock - Changed order



## Appendix L

Contribution margin for KIDKII's product when they begin to sell the products in September 2018

Product Description	Length of box	Width of box	Height of box	Circumference	CBM	Amount per container	Shipping cost in DKK	FOB cost in USD	Purchase cost in USD	Cost of balls in USD	Total cost price in DKK	Sales price in DKK	Contribution margin in DKK	Coverage
Round ball pit						67,6	15740,23	6,58	6,58	6,58				
85x30 Cotton	102	40	32	246	0,131	518	30,400	1,5	31,5	6	287,020	373,07	86,050	23,07%
90x30 Cotton	112	40	32	256	0,143	472	33,380	1,5	32,5	6	296,580	391,72	95,140	24,29%
90x40 Cotton	112	40	42	276	0,188	359	43,812	1,5	30,5	6	293,852	425,3	131,448	30,91%
90x40 Velvet	112	40	42	276	0,188	359	43,812	1,5	33,5	6	313,592	578,26	264,668	45,77%
90x40 Marble	112	40	42	276	0,188	359	43,812	1,5	34,85	6	322,475	581,99	259,515	44,59%
95x40 Cotton	115	40	42	279	0,193	350	44,985	1,5	36,5	6	334,505	440,22	105,715	24,01%
95x40 Velvet	115	40	42	279	0,193	350	44,985	1,5	35,5	6	327,925	581,99	254,065	43,65%
95x40 Marble	115	40	42	279	0,193	350	44,985	1,5	36	6	331,215	585,72	254,505	43,45%
100x40 Cotton	102	41	58	300	0,243	279	56,417	1,5	36,5	9	365,677	514,84	149,163	28,97%
100x40 velvet	102	41	58	300	0,243	279	56,478	2,5	36,35	9	371,331	589,45	218,119	37,00%
100x40 Marble	102	41	58	300	0,243	279	56,478	2,5	36,35	9	371,331	596,91	225,579	37,79%
105x30 Cotton	110	80	32	334	0,282	240	65,569	1,5	34,85	9	363,972	571,99	208,018	36,37%
105x40 Cotton	110	80	42	354	0,370	183	86,059	2,5	39,85	12	443,682	671,53	227,848	33,93%
115x45 Cotton	120	80	47	374	0,451	150	105,059	2,5	46,5	15	526,179	716,29	190,111	26,54%
125x50 Cotton	120	80	32	344	0,307	220	71,530	2,5	65	18	634,120	783,45	149,330	19,06%
Square ball pit														
85x85x40 Cotton	86	42	49	268	0,177	382	41,211	1,5	39,8	6	352,445	447,68	95,235	21,27%
90x90x40 Cotton	91	42	49	273	0,187	361	43,606	1,5	42	6	369,316	522,3	152,984	29,29%
100x100x40 Cotton	102	41	58	300	0,243	279	56,478	2,5	48,5	9	451,278	671,53	220,252	32,80%
135x135x50 Cotton	136	52	63	366	0,446	152	103,740	2,5	79,5	21	781,480	969,98	188,500	19,43%
Heart ball pit														
115x40 cotton	102	41	58	300	0,243	279	56,417	2,5	47	6	421,607	678,99	257,383	37,91%
115x40 velvet	102	41	58	300	0,243	279	56,417	2,5	47	6	421,607	693,91	272,303	39,24%
115x40 Marble	102	41	58	300	0,243	279	56,417	2,5	47	6	421,607	701,37	279,763	39,89%

Product Description	Length of box	Width of box	Height of box	Circumference	CBM	Amount per container	Shipping cost in DKK	FOB cost in USD	Purchase cost in USD	Cost of balls in USD	Total cost in DKK	Sales price in DKK	Contribution margin in DKK	Coverage
Playmats														
Playmat 5 star	125	74	12	297	0,111	609	25,846	1,5	42		312,076	599	286,924	47,90%
Playmat 6 star	120	74	12	292	0,107	634	24,812	1,5	42,6		314,990	634,22	319,230	50,33%
Heart Playmat Cotton	120	74	12	292	0,107	634	24,827	1,5	39,5		294,607	440,22	145,613	33,08%
Heart Platmat Velvet	120	74	12	292	0,107	634	24,827	1,5	38		284,737	514,84	230,103	44,69%
Heart Playmat Marble	120	74	12	292	0,107	634	24,827	1,5	39,5		294,607	522,3	227,693	43,59%
Furniture				0	0,000									
Chair with armrest	60	44	37	222	0,098	692	22,744	1,5	30,5		233,304	447,68	214,376	47,89%
Footrest	42	25	24	140	0,025	2683	5,868	1,5	19		140,758	246,23	105,472	42,83%
Beanbag	80	40	43	246	0,138	491	32,039	1,5	23,5		196,539	294,73	98,191	33,32%
Flower pillow set	65	60	40	265	0,156	433	36,324	1,5	24		204,114	349	144,886	41,51%
Balls				0	0,000									
Jumbo balls	13	13	37	113	0,006	10811	1,456	1,5	1,5		21,196	79	57,804	73,17%
Box with 600 balls	60	60	60	300	0,216	313	50,294	1,5	1,5		70,034	99	28,966	29,26%

## Appendix M

Contribution margin after making changes to the products

Product description	Length of box	Width of box	Height of box	Circumference	CBM	Amount per container	Shipping cost in DKK	FOB cost in USD	Purchase cost USD	Cost for balls in USD	Total cost in DKK	Sales price in DKK	Contribution margin in DKK	Coverage
Information input						67,6	15740,23	6,58	6,58	6,58				
Round ball pit														
85x30 Cotton	102	40	32	246	0,131	518	30,400	1,5	25,9	6	250,172	373,07	122,898	32,94%
90x30 Cotton	112	40	32	256	0,143	472	33,380	1,5	26,95	6	260,061	391,72	131,659	33,61%
90x40 Cotton	112	40	42	276	0,188	359	43,812	1,5	28,95	6	283,653	425,3	141,647	33,31%
90x40 Velvet	112	40	42	276	0,188	359	43,812	1,5	28	6	277,402	578,26	300,858	52,03%
90x40 Marble	112	40	42	276	0,188	359	43,812	1,5	29	6	283,982	581,99	298,008	51,21%
95x40 Cotton	115	40	42	279	0,193	350	44,985	1,5	32	6	304,895	440,22	135,325	30,74%
95x40 Velvet	115	40	42	279	0,193	350	44,985	1,5	31	6	298,315	581,99	283,675	48,74%
95x40 Marble	115	40	42	279	0,193	350	44,985	1,5	32,15	6	305,882	585,72	279,838	47,78%
100x40 Cotton	102	41	58	300	0,243	279	56,417	1,5	33	9	342,647	514,84	172,193	33,45%
100x40 velvet	102	41	58	300	0,243	279	56,478	2,5	31,5	9	339,418	589,45	250,032	42,42%
100x40 Marble	102	41	58	300	0,243	279	56,478	2,5	33	9	349,288	596,91	247,622	41,48%
105x30 Cotton	110	80	32	334	0,282	240	65,569	1,5	29,1	9	326,137	571,99	245,853	42,98%
105x40 Cotton	110	80	42	354	0,370	183	86,059	2,5	35,25	12	413,414	671,53	258,116	38,44%
115x45 Cotton	120	80	47	374	0,451	150	105,059	2,5	40,7	15	488,015	716,29	228,275	31,87%
125x50 Cotton	120	80	32	344	0,307	220	71,530	2,5	58,9	18	593,982	783,45	189,468	24,18%
Square ball pit														
85x85x40 Cotton	86	42	49	268	0,177	382	41,211	1,5	34,35	6	316,584	447,68	131,096	29,28%
90x90x40 Cotton	91	42	49	273	0,187	361	43,606	1,5	36,6	6	333,784	522,3	188,516	36,09%
100x100x40 Cotton	102	41	58	300	0,243	279	56,478	2,5	42,15	9	409,495	671,53	262,035	39,02%
135x135x50 Cotton	136	52	63	366	0,446	152	103,740	2,5	69,05	21	712,719	969,98	257,261	26,52%
Heart ball pit														
115x40 cotton	102	41	58	300	0,243	279	56,417	2,5	41,6	6	386,075	678,99	292,915	43,14%
115x40 velvet	102	41	58	300	0,243	279	56,417	2,5	40,1	6	376,205	693,91	317,705	45,78%
115x40 Marble	102	41	58	300	0,243	279	56,417	2,5	41,6	6	386,075	701,37	315,295	44,95%

Product description	Length of box	Width of box	Height of box	Circumference	Amount per container	Shipping cost in DKK	FOB cost in USD	Purchase cost USD	Cost for balls in USD	Total cost in DKK	Sales price in DKK	Contribution margin in DKK	Coverage
Playmats													
Playmat 5 star	125	74	12	297	0,111	609	25,846	1,5	39	292,336	599	306,664	48,80%
Playmat 6 star	120	74	12	292	0,107	634	24,812	1,5	39	291,302	634,22	342,918	45,93%
Heart Playmat Cotton	120	74	12	292	0,107	634	24,827	1,5	35,5	268,287	440,22	171,933	60,94%
Heart Platmat Velvet	120	74	12	292	0,107	634	24,827	1,5	34,1	259,075	514,84	255,765	50,32%
Heart Playmat Marble	120	74	12	292	0,107	634	24,827	1,5	35,6	268,945	522,3	253,355	51,49%
Furniture													
Chair with armrest	60	44	37	222	0,098	692	22,744	1,5	30,5	233,304	447,68	214,376	52,11%
Footrest Corduroy	42	25	24	140	0,025	2683	5,868	1,5	19	140,758	246,23	105,472	57,17%
Beanbag Corduroy	80	40	43	246	0,138	491	32,039	1,5	23,5	196,539	294,73	98,191	66,68%
Flower pillow set	65	60	40	265	0,156	433	36,324	1,5	24	204,114	349	144,886	58,49%
Balls													
Regular balls	60	60	60	300	0,216	313	50,294	1,5	1,5	70,034	99	28,966	70,74%
Jumbo balls	13	13	37	113	0,006	10811	1,456	1,5	1,5	21,196	79	57,804	26,83%

## Appendix N

### List of promotional channels and use of the internet for promotion

1. Use social media
  - a. be authentic and post what you think is interesting to evoke the followers and potential followers' interest – Use Instagram, Snapchat, Twitter and Facebook to reach out to successful businesses and communicated with customers.
2. Create video tutorials
  - a. Teach people useful information and make step-by-step tutorials for all the products possible. You do not have to be in front of the camera. However, you must spread the word. YouTube is a good search engine to use.
3. Start blogging for the business
  - a. When you are blogging, you must consider the content. It must be adding value and answer all the questions asked. Linked in and Medium are good places to have a blog.
4. Understand search engine optimization
5. Leverage influencers
  - a. Influencers can help you the reach a large audience immediately. The influencers must be chosen with care, as the effect of the effort is best when the influencers audience is your target group.
6. Build a lead magnet
  - a. A lead magnet is a free item or service that is given away to gather contact information. It can be a subscription, samples, or newsletters send by email, which you must sign up for. The purpose is to generate sales through promotion send directly to potential customers.
7. Use facebook ads with re-targeting through Facebook Pixel
8. Use email marketing sequences

[<https://www.entrepreneur.com/article/299335> ]

## Appendix O

### Action plan for marketing

Action Plan KIDKII Danish Design							
Strategy		Owner					
Marketing and Sales		All					
Action		Responsibility	Priority	Status	Start	End	Notes
Goal #1 Develop strategies							
Understand the P's of marketing		All	High	Started	April 2019	May 2019	
Determine the objectives		All	High	Started	April 2020	May 2019	
Develop a marketing plan		All	High	Started	April 2021	May 2019	
Goal #2 Execute marketing plan							
Formulate SMART goals		All	High	Started	May 2019	May 2019	
Make a marketing budget		AL	High	Completed	October 2018	October 2018	
Chose platforms for branding		AL/LJ	Medium	Not started	June 2019	July 2019	
Enhance marketing material		LJ	Medium	Not started	June 2019	July 2019	Must be approved
Goal #3 Execute promotion plan							
Financial overview of marketing and sales activities		AL	Medium	Not started	May 2019	July 2019	
Booking of photoshoot and find models		AL/LJ	Medium	Started	June 2019	June 2019	
Determine measures of strategy achievement		All	High	Started	May 2019	May 2019	
Goal #4 Distribute marketing material							
Make regular updates for retailers		LJ	Medium	Not started	June 2019	July 2019	Must be approved
Write invitation latter and make bookings for fair		AL	High	Not started	August 2019	August 2019	No later than the 10 of August
Enhance webpage		LJ	High	Not started	May 2019	July 2019	
Make a Christmas advertisement plan		AL/LJ	Medium	Not started	June 2019	July 2019	