UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Sales channels connection to marketing communication and customer relationship management

- A study of Lavasoft AB -

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Abstract

Title: Sales channels connection to marketing communication and customer relationship management: - A study of Lavasoft AB.

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Keywords: Sales channels, Lavasoft, marketing communication, e-commerce, customer relationship management.

Purpose: The purpose of this thesis is to see how Lavasoft could connect the type of marketing communication activities performed in the different sales channels with the customer relationship management.

Theoretical framework: There are three areas of theories which lie as the basis for the thesis: Sales channels, customer relationship management, and marketing communication activities.

Research model: The research model is based on the chosen approach in order to connect the different theories, how to acquire empirics and thereby be able to answer the purpose and the research questions.

Methodology: The thesis is based on both a qualitative and a quantitative method. The research approach is of an abductive nature and the data has been handled with regards to this view.

Empirics: The primary data consists of two conducted interviews with personnel at Lavasoft. Besides these interviews, there was a web survey constructed and that was distributed with the Lavasoft newsletter and sent out to its recipients. There was also secondary data in the form of sales data.

Conclusions: The presently used sales channels by Lavasoft are; direct sales, e-mail, resellers, affiliates, retail, TrialPay, product-messaging. Although it is hard to directly connect marketing communication to sales channels, and others connection are not always definitive, there are connections found on every one of the research questions. Lavasoft are working with both online- as well as offline marketing communication activities in most of their sales channels with some exceptions, and there are a great number of different activities performed. The emerging correlations and connections are related to the specific research questions are presented under each one. There are connections in all research questions, but they differ in how strong the connection is.

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1. Introduction

This chapter is an introduction to the thesis and it starts with a company background of Lavasoft. After that follows the purpose of the thesis and the research questions that will aid in answering the purpose. The chapter then continues with the limitations for the thesis and it ends with an outline for the entire thesis, which describes the content of every chapter.

1.1 Company Background

The technological development online is on constant advancement, new threats and opportunities are always developing. This was the foundation on which Lavasoft in 1999 started their business. New threats were emerging towards the computer industry. Computer viruses were already a well-known term but the problem with slow-running computers and annoying pop-up windows had grown substantially. As a counterattack, in order to deal with the growing problem that the traditional anti-virus software did not enclosed, Lavasoft created the first anti-spyware software, Ad-aware. Today the product Ad-aware has been improved and also contains anti-virus protection as well as anti-spyware protection.

Lavasoft moved from its base in Germany to Gothenburg, Sweden in 2002 were the company headquarter still remains today (Lavasoft.com, 2009).

In an attempt to deal with the damages that is created by spyware, Lavasoft work directly with the spyware industry in order to make acceptable improvements to their spyware which make them more acceptable to the environment. At the same time, Lavasoft work to create a dialog with the consumer where the consumer can alert Lavasoft to new spyware and all kinds of threats against internet security, known as malware (Lavasoft.com, 2009).

While the society advances, so is the development of the malware industry. Lavasoft has grown with the advancements of the industry, and has over the last two years grown from twelve employees to over fifty, and unlike many competitors the company still remains privately owned.

Lavasoft consist of many different departments; management, legal and administration, human resources, accounts, marketing and sales, research, development, quality assurance, web development, support, it, and logistics.

Over recent years, Lavasoft has created a name for them and shown to be a company to count on; undeniable with over 350 million downloads of the program Ad-aware, which still is their flagship product (Lavasoft.com, 2009).

Today Lavasoft is more than just a company producing anti-spyware products, and they cover a greater spectrum of internet security, with products concerning anti-virus, firewall, parental control, computer optimization, data encryption, and file shredding. Some of these products are rebrands, which means that another company develops the software, but the product is sold as a Lavasoft brand.

1.2 Purpose

The purpose has emanated from the problem discussion and its background, which has been given a separate chapter due to the importance and extent of it. A deeper understanding of the development of the purpose will be able to be obtained in the problem discussion.

The purpose of this thesis is to see how Lavasoft could connect the type of marketing communication activities performed in the different sales channels with the customer relationship management.

In order to easier answer the purpose, five research questions have been developed.

There will also be recommendations made for each research question to aid Lavasoft and to give inspiration to possible future research; however this is not to be understood as the primary purpose of the thesis as this is described above.

1.3 Research questions

1. Which are the sales channels currently used by Lavasoft, and which render the most revenue?

2. Which sales channel has the highest retention rate, and which sales channels have the highest customer lifetime value?

3. What marketing communication activities are Lavasoft currently doing and what type of marketing communication activities are Lavasoft doing in regards to each sales channel?

4. Are there connections between the sales channels with the highest- revenue, retention rate, and customer lifetime value for each sales channel?

5. Is there a connection between the type of marketing communication activities and the sales channels with the highest- revenue, retention rates, and customer lifetime value?

1.4 Limitations

There are no intentions to make this thesis fully generalizable to other contexts than the one regarding Lavasoft, the thesis are hence only focusing on parameters that is directly applicable and appropriate for Lavasoft.

Regarding the concept of the customer lifetime value that is being used in the theoretical framework chapter under customer relationship management, it is mainly focusing on how long the customers have been with the company and is thus the measurement used for this concept. Other aspects to the concept as how much money the customers bring in is not directly being evaluated in this thesis. The products licenses are though usually purchased on a yearly basis.

There will not be any geographical limitation because Lavasoft are selling their products globally and this is enhanced by the fact that the sales are primarily done through non-physical sales channels.

One limitation that was chosen is the focus on marketing communication instead of marketing. This since the term marketing is very wide in its definition and it was decided to concentrate on marketing communication, which is a more narrow term and therefore more tangible.

Another limitation in this thesis is the focus on paying customers, and this was chosen because the thesis handles connections to streams of revenue, which demands for a purchase. This is further explained in the section about the web survey in the methodology chapter.

1.5 Outline

Chapter 1: The first chapter is an introduction to the thesis and it starts with a company background of Lavasoft. After that follows the purpose of the thesis and the research questions that will aid in answering the purpose. The chapter then continues with the limitations for the thesis and it ends with this outline for the entire thesis.

Chapter 2: The second chapter contains a discussion regarding the problem that this thesis is structured around. The problem discussion is divided into three sections starting with the problem area that concerns Lavasoft in general and the work on the marketing- and sales departments. Then follow a section that contains a discussion regarding problem areas of sales channels and customer relationship management. The chapter ends with a section regarding marketing communication activities and problems concerning that area.

Chapter 3: The third chapter brings up the research model used. It worked as a guideline when defining the information need, and from which sources the

information should be acquired, in order to answer the different research questions. First the research model is presented and then the three areas; sales channels, customer relationship management, and marketing communication activities are gone through.

Chapter 4: The fourth chapter contains the theoretical framework of the thesis and it contains three main sections; sales channels, customer relationship management, and marketing communication activities. The chapter ends with a summary of the three sections.

Chapter 5: The fifth chapter is about the methodology and the first section in this chapter is the research approach that contains the approach for the thesis and the choice of methods. Next come data collection which involves the collected primary- and secondary data. Following that is sections about the interviews and the web survey. The chapter ends with a section about reliability and validity.

Chapter 6: This sixth chapter handles the empirical data that has been collected for this thesis. It consists of two parts, interviews and a web survey. The chapter starts with the interviews, which are presented and gone through one-by-one. Then follows the result of the web survey, where four relevant correlations are presented.

Chapter 7: The seventh chapter is the analysis, where the theories of choice are compared to the empirical data that has been collected. The chapter is divided into three sections, and this is done in accordance with the division of the theoretical framework.

Chapter 8: The eighth chapter contains the conclusions of the thesis and is the last chapter. It is divided into five sections and follows the structure of the research questions. Every research question will be answered and recommendations will also be made. The chapter ends with suggestions on further research.

2. Problem discussion

This chapter contains a discussion regarding the problem that this thesis is structured around. The problem discussion is divided into three sections starting with the problem area that concerns Lavasoft in general. Then follow a section which contains a discussion regarding problem areas of sales channels and customer relationship management. The chapter ends with a section regarding marketing communication activities and problems concerning that area.

2.1. Lavasoft problem area

A continuous problem at Lavasoft is their lack of time. This was something that was found during the work with the bachelor thesis, Activities for strengthening the brand of an online-based company – A study of Lavasoft AB (Blidner-Knittel & Borg, 2009), which also was written in cooperation with Lavasoft. The company has grown substantially during the last two years and has quite recently been adopting frameworks for how to run business, something that did not really exist earlier. This means that even though Lavasoft has started working more with strategies, areas within both marketing and sales are in need for a revisal. The parts of marketing and sales this thesis will examine and go further into are the marketing communication activities performed by the marketing department, the sales channels maintained by the sales department, and the customer relationship management by both departments.

Because of the work with putting the framework for how the marketing and sales should primarily function has been structured and developed during the last couple of years, that work has been taking much time and new ideas and opportunities has not always been able to be examined thoroughly. As the work has been increasingly structured and the framework improved more time has been available to act on different new activities that after evaluation been either adopted or rejected.

The more activities that are being adopted, the more time is forced to be put on maintaining the present marketing communication activities and sales channels. That is a trade-off that Lavasoft are facing, to be able to seize the opportunities that appears contra to being able to handle the present undertakings at the departments. That trade-off is the basis for great parts of the problem concerning how to evolve in the same pace as the consumer behavior and the business field in general.

The marketing department consists of four persons, whereas only two of them are situated at the Headquarter in Gothenburg. The sales department consists of three persons and all of them are located at the Headquarter, which also the marketing manager is and who is responsible for these two departments.

Not all of these persons working at the marketing- and sales department have work tasks that are aimed at finding new marketing communication activities and sales channels. The limitation in number of employees at the different departments is also a part of the problem with keeping the business up to date. Although, even if one can claim that more employees would improve the business, that is not guaranteed.

2.2. Sales Channels and customer relationship management

Lavasoft are currently using a number of different sales channels in a number of formats. Some of them have been used since the beginning and newer sales channels or complements to them are being implemented regularly. The search for new sales channels is primarily made by the employees at the sales department and it is mainly through their ideas and thoughts that new partners continuously emerge.

This thesis will examine which sales channels that presently are being used and how they function. The sales channels will be divided into categories rather than mentioning every partner and way to purchase a Lavasoft product there is. This is also done because it can be hard to clearly separate the different sales channels and hold them apart.

Since Lavasoft does not actually do all the sales work themselves, but work with different business partners who are doing some of the work for them. Lavasoft would benefit of knowing the retention rates and customer lifetime value for each sales channel and by that work more with specific targets in their work.

The partners that Lavasoft cooperate with are specialized in different areas and the purpose of these cooperation's are that Lavasoft through their partners will have large coverage, both in regards of sales channels and geographical areas. The coverage includes both B-2-C as well as B-2-B work, considering the nature of the company most of the partners are working within the area of e-commerce.

Since a lot of time by the sales department is spent on maintaining the current partnerships and investigating new ones, the problem with time and resources becomes even more apparent. There are no current evaluations of the present retention rates and the lifetime value of the customers with regards to the different sales channels, which could be used as an evaluation tool both for their own work as the work performed by their partners. The notions of retention rates and customer lifetime value are areas within the concept of customer relationship management and that concept will be used in this thesis.

If there was information regarding which sales channels that has the highest retention rates, the different partner's importance for the company could then be revised and the connection between the highest streams of revenue, retention rates, and customer lifetime value could be examined.

One of the ideas with this thesis is to indirectly bring that information to the company and create the possibility to evaluate which partners that are good at keeping the customer to the company and thus good at building customer loyalty and creates a high customer lifetime value.

Even though a sales channel may have a high retention rate, it does not say for how long the customer has been with Lavasoft. Therefore the thesis will examine the lifetime value of the customer. It is a common assumption that it is more costly to attract a new customer than to retain a current customer, it is therefore vital for companies to have a large base of loyal customers. A high retention rate could be seen as a good indicator of having a large base of satisfied and loyal customers. To have a god customer relationship management could render more stable sales figures and give opportunities to better plan and target future marketing communication activities to perform.

The information provided by this thesis will hopefully function as a source for creating structure and extending the framework to include customer lifetime value and retention rate evaluations at Lavasoft.

Another issue that could improve the revenue through obtaining loyal customers and enhancing the retention rates are to examine which marketing communication activities that are being performed in the different sales channels. If one knows the retention rates of a sales channel, information about the average level of how long the customer has had the products occurs. That information could then be used to evaluate the performance and result of the performed marketing communication activities.

2.3 Marketing communication activities

Lavasoft are using a number of different marketing communication activities and distributes them in numerous sales channels. The focus lies on online marketing communication activities, quite naturally considering that the company is online-based. But offline marketing communication activities is also a part of Lavasofts marketing mix. There is some knowledge of which performed marketing communication activities that achieves the desired results and which sales channel the type of marketing communication is affecting. It is though in total a lack of information of the effects and outcome of the marketing communications being performed.

One part of the problem with targeting the marketing communication activities towards the customers is that the company does not really know who the customers are and how they can be grouped together. Lavasoft has high ethical standards that reduce their ability to segment the market, the customers can only be contacted if they

opt-in on it and the customer does not really have to leave any personal information when purchasing a Lavasoft product.

The ethical standards of the company have been with the company since the beginning and are therefore a part of their identity. The fundamental idea of the ethical standards are not open for change, however adaption to a changing business climate could be necessary to some extent. By understanding what the retention rates are for each sales channel, what sales channels that produce the customers with the highest lifetime value and analyze the current marketing communication activities related to these specific factors, Lavasoft could better personalize and customize their marketing communication activities.

This thesis could thereby function as a way to segment the customers by the time they have been customer at Lavasoft, which products they have purchased and through which sales channel they have purchased it. If one knows which type of customer that purchase products through a certain sales channel, the type of marketing communication activities could be directly targeted towards these customers. Therefore knowledge about retention rates and customer lifetime value could be used to evaluate which type of marketing communication activities that are the most effective ones and which that are more suitable for each specific sales channel when targeting existing customers.

There are of course not possible to do any absolute measures of which type of marketing communication activities that are the most effective ones, but one can try to target the customer as good as possible to achieve a better result. In sales channels where there is several marketing communication activities being performed there can occur some difficulties in determine which type of marketing communication activities that is achieving the result.

Another difficulty faced in this thesis is the fact that there could be a problem in clearly stating which type of marketing communication activities that belongs- and that can be targeted to each sales channel. It is considered to be possible to narrow it down to which sales channels the type of marketing communication activities affects, although maybe not which sales channel that is the primary target.

3. Research model

This chapter brings up the research model used. It worked as a guideline when defining the information need, and from which sources the information should be acquired, in order to answer the different research questions. The chapter starts with presenting the research model and then the three areas sales channels, customer relationship management, and marketing communication activities are gone through.

3.1 The research model

For this thesis there were several areas from which information was needed to obtain. All of the areas concern Lavasoft or their customers. In order to approach the task of answering the five research questions as well as determine how to acquire the information needed, a research model was developed. This research model is shown in figure 3.1 below.
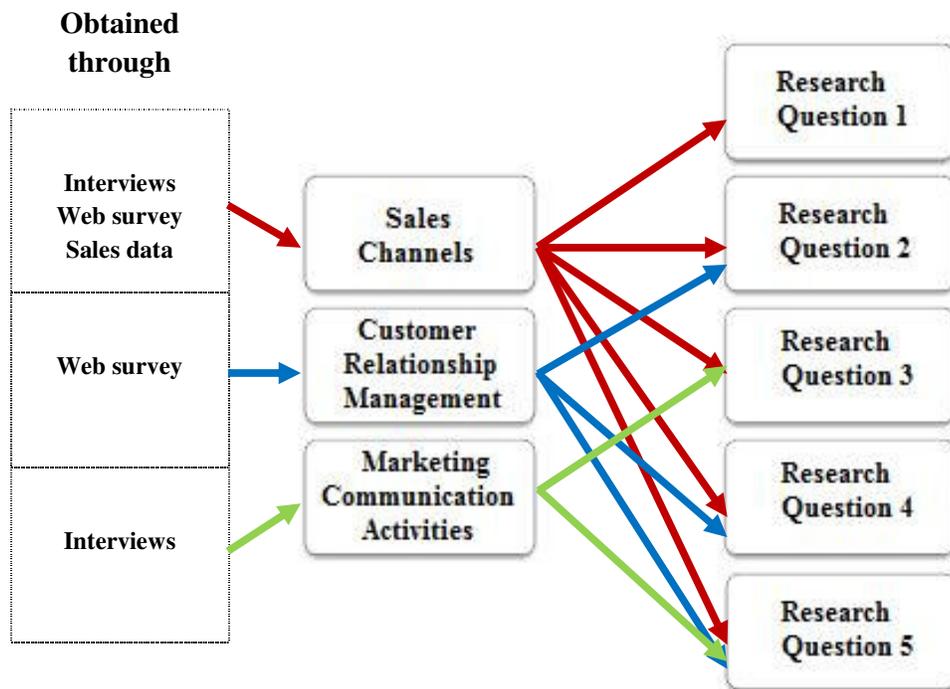
Figure 3. 1 - Master thesis research model by Blidner-Knittel and Borg

The model illustrates what areas that are involved in the different research questions. It gives an understanding of why the information was needed, and what parts it regarded, this in order to be able to answer each research question. The thesis emanates from three areas, sales channels, customer relationship management, and marketing communication activities, which are further described below in the following sections.

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3.2 Sales channels

Do different sales channels generate different amount of retention rates, if so, what is the reason for this? In order to even start analyzing this question, there is a need to have an understanding of what sales channels there are, and how much revenue the different sales channels render.

Information regarding the sales channels will be collected through interviews and material shared by Lavasoft, for example previous sales data. The sales data will be used to enhance the result of the other sources of information and to be used in the analysis. But interviews and secondary data is not sufficient which is why information also will be obtained through a web survey, further explained in the methodology chapter.

The information acquired regarding current sales channels will help in the answering of all of the research questions.

3.3 Customer relationship management

Once the sales channels are established there will be grounds for analyzing retention rates and customer lifetime value, although this information is not something that comes from the sales channels themselves. This thesis examines not only if a customer has a Lavasoft product, through which sales channel this product was purchased, and if they ever renewed their product license, but also for how long they have been a Lavasoft customer. The thesis is by this covering the whole concept of customer relationship management that includes three phases of acquisition, retention and extension.

In order to understand which sales channel that generate the highest retention rates and the highest customer lifetime value, information is needed that only is obtainable with the help of a web survey. Since the aim is to investigate aspects of customer relationship management in comparison to how much revenue the sales channel are rendering, the contact had to be with customers who have purchased the product at least once before. Information regarding the retention rates and customer lifetime value will come from the web survey, and how Lavasoft works with it will come from the interviews. By obtaining information about both the customer aspect through the web survey, meaning the actual retention rates and customer lifetime value, and the company aspect through the interviews, meaning the internal perspective of how Lavasoft works with customer relationship management, it is believed that there will be good foundation for analysis and to give recommendations.

Customer relationship management information will be an important aspect in order to answer research question two, four, and five.

3.4 Marketing communication activities

The final area that is examined in this thesis concerns marketing communication activities. Once established the sales channels and information about customer relationship management in relation to the sales channels have been obtained, how is this linked to the marketing communication activities? That is, do the current marketing communication activities performed in regards to the different sales channels and the customer relationship management have any relation?

For the best result, the information of the present used marketing communication activities is gained through interviews with personnel at the marketing department at Lavasoft. By then analyze and compare this to relevant theory, possible correlations that emerges and that is of importance to answer the research questions will be used.

The information regarding the marketing communication activities will aid in answering research question three, and five.

4. Theoretical framework

This chapter contains the theoretical framework of the thesis and it contains three main sections; sales channels, customer relationship management, and marketing communication activities. The chapter ends with a conclusion that summarizes the three sections.

4.1 Sales channels

Sales channels or distribution channels, from now on referred to simply as sales channels, are according to Chaffey (2006), the flow of products from a manufacturer or service provider, which ends up at an end customer. These sales channels may be directly directed to different consumer channels, or go through intermediaries, such as retailers (Chaffey, 2006). Keller and Kotler (2006) also mention sales channels, as marketing channels, from now on also referred to simply as sales channels. According to them, sales channels must not only serve the markets, but also create market opportunities (Keller & Kotler, 2006). This means that a company should choose the sales channels that fits the company's overall strategy and renders revenues and not just presence.

4.1.1 Multi-channel distribution

A multi-channel distribution strategy involves having more than one sales channel from where the company's products are available to reach the customer segments (Keller & Kotler, 2006). Bricks and mortar companies refers to companies which have a physical distribution approach, with clicks as the very opposite, having purely an online-based distribution and customer service approach (Chaffey, 2006). There are of course those companies, which chooses to mix its sales channels, not doing either or, but both, these are according to Chaffey (2006) called Bricks and clicks, where distribution of products or transactions are made both through online sales channels, as well as offline sales channels.

One way to decide whether a company should be bricks and mortar oriented, bricks and clicks oriented, or purely clicks oriented, is according to Chaffey (2006) by looking at four factors. Firstly, is the customer access to the Internet high? Second, can the Internet offer a better value proposition than other media? Third, is it possible to deliver the products over the Internet? And finally, can the product be standardized, meaning that the customer not necessarily needs to view the product in order to purchase it (Chaffey, 2006). According to the article Verdict says the future of retail is clicks and bricks (2008), having a multi-channeled approach is a key to success, and Internet is getting more and more important.

4.1.2 Vertical and horizontal distribution

The vertical distribution system is a step back from the conventional distribution system, which comprised the producer, wholesalers, and retailers as separate entities. This system of distribution makes all of these entities work as a single unified system, meaning one of these can take on more than one role in supply-chain or even become the entire supply-chain (Keller & Kotler, 2006). One does not need to take on more roles, but alliances or networks can be created that function as a vertical distribution system. Any member of the alliance can then control this system (Paley, 1994). There are benefits with having a vertical distribution system, some of which are greater bargain power, less internal competition where all parties share a common goal, and eliminating offers of the same services in the supply-chain (Paley, 1994).

The horizontal distribution system is when two or more unrelated companies join together and combines resources or expertise in order to grasp new marketing communication opportunities (Keller & Kotler, 2006) (Paley, 1994). One benefit that arises when working with horizontal distribution systems is exposure to consumer segments that the two companies by themselves would not appeal to (Paley, 1994). Another benefit is the ability to exchange marketing exposure by using the mutual resources of both companies (Keller & Kotler, 2006). This type of system can be of both permanent and temporary nature. More permanent cooperation's can be done in the form of joint ventures, and different programs, such as affiliate programs and strategic alliances (Keller & Kotler, 2006) (Tiernan, 2000).

4.2 Customer relationship management

Customer relationship management, from now on referred to as CRM, is a process that involves all activities of building an understanding, creating relationships- and offerings to individual customers (Keller & Kotler, 2006). CRM render companies an opportunity to give better service and better targeted marketing communication and offerings through personalization, customization and knowledge about the individual customer preferences (Keller & Kotler, 2006).

Companies should also work with CRM to identify which customers that renders the most revenue to adjust service levels and to further improve the results of the company (Epstein, et al. 2009). In E-commerce the use of CRM programs are also needed to deploy different strategies of customer segmentation and classification, this can be sorted by among others the customer lifetime value and affects parameters in the supply chain where customer with different lifetime values are prioritized differently (Agatz, et al., 2008).

Acquiring a new customer is more expensive than keeping one, which is why CRM is important because it improves retention rates and loyalty, gives higher revenue and reduces costs (Stone, et al. 2000).

4.2.1 Three phases of customer relationship management

According to Chaffey (2002) there are three phases of CRM when dealing with E-commerce companies. The phases are shown in figure 4.1.
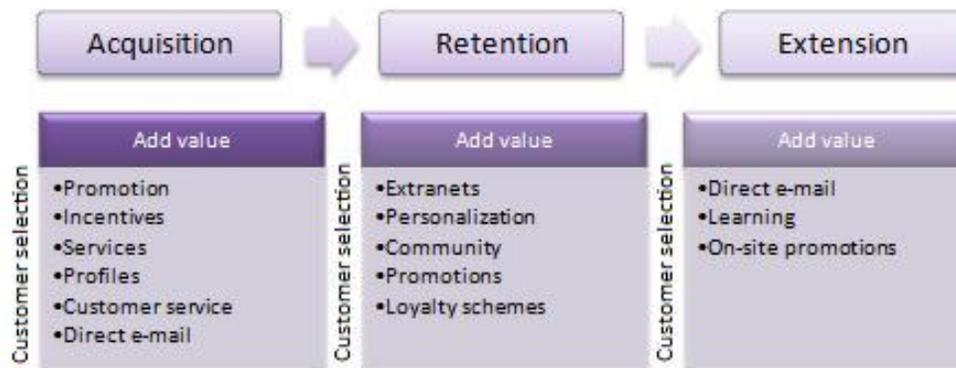
Figure 4. 1- Three phases of customer relationship management (Chaffey, 2002, pp 331)

The acquisition phase of CRM first involves a customer selection phase. Once decided which customers to aim at, the acquisition is techniques for gaining new customers. This is followed by a new selection of customers and then the second phase customer retention, meaning different techniques to maintain relationships with the current existing customers that the company has. New selections of customers precede the final phase known as customer extension, encouraging customers to increase their present involvement with the company (Chaffey, 2002).

4.2.2 Customer acquisition

As seen in figure 4.1, there are different factors that aid the company and add value when trying to acquire new customers. These factors are basically marketing communication activities, which are further presented and displayed in section 4.3. Although, customer profiling is an important aspect and this is not covered in that section. Customer profiling refers to the minimum information needed to obtain in order to be able to segment customers (Chaffey, 2002).

According to Huisken (2008), by capturing a potential customers name, address, phone, e-mail, and other personal information, the company is on their first step of

building a customer relationship. What comes next is to get the customers permission to contact them for better follow-up opportunities, to opt-in (Huisken, 2008). Profiling is also about getting information not only about where the consumer live and how to get in contact with them, but also acquiring a qualified lead, which provides information about consumers' propensity to purchase different products and gives the company an understanding of if to focus attention towards these customers or not (Chaffey, 2002).

Another important issue when acquiring customers is to have a website that is logical and approachable for different customer segments, for instance if the company target both B-2-C and B-2-B. This gives different groups the opportunity to easily access contact information and product information (Chaffey, 2002). Once the acquisition is made, the phase of customer retention can begin (Chaffey, 2002).

4.2.3 Customer retention

Encouraging potential customers or acquiring a new customer is up to five times more expensive than keeping an existing one (Echeverri & Edvardsson, 2002). What this implies is that the company can save a lot of money by simply putting an effort into customer care. Since customer care is subjective, a good idea is to use different techniques shown in figure 4.1 of how to add value.

Extranets are usually extensions of the company's intranet, making it somewhat accessible to customers, suppliers, and collaborators (Chaffey, 2002). When using an extranet, there is usually some form of password requirement making the customer special, and a part of something. The extranet can be used as a way to give the customer an added incentive for continuing being a customer, for instance by getting special offers (Chaffey, 2002).

Personalization can be used in many different ways. It can be used through the extranet, but also through other marketing communication activities. According to Anderson (2009) one of the top five trends in CRM involves personalization and by that venture from traditional marketing into a more open communication, where the keywords are interactive marketing communication and cross-channel dialog, which is built upon consumers past and current behavior. Chaffey (2002) define personalization as delivering individualized content through web pages or e-mail, this can be both time consuming as well as expensive and that is why a mass customization is another important aspect to bring up when dealing with personalization. Mass customization is basically the same thing as personalization, but with the help of segmentation sent to groups of customers (Chaffey, 2002).

Communities are defined by Chaffey (2002) as C-2-C interaction delivered via e-mail groups, web-based discussion forums or chat. C-2-C is the key factor when it comes

to online-communities, where the company acts as an intermediary to strengthen their interaction.

Promotions are a great way to retain customers, by offering products to current customers at reduced or bundled prices. One way to keep contact with ones customers online is to use promotions sent via e-mail. It is important to remember that in order for them to be able to get the e-mail they usually have to have opted-in. When using e-mail as a way to promote, one must be careful, not being perceived as spam (unsolicited e-mail), or as being perceived as annoying, sending to often (Chaffey, 2002). Promotions can come from all types of marketing communication activities, and it should contribute to the goals of customer retention, that is to retain customers, and if online, keep customers using the online sales channel (Chaffey, 2002).

Loyalty schemes, also known as loyalty program is a program that offers real value to its customers. There are different ways to use loyalty programs, and what types of incentives to give to the customer for being a member. Some offer discounts on products, other offer bonuses depending on frequency of purchases (Butscher, 1998). No matter what kind of incentives given, they should offer high perceived value, activate the customers, and increase loyalty towards the brand by an emotional relationship (Butscher, 1998).

All of these different techniques could be used as a single activity or all at once. The chance of giving the customers the best suitable incentive for retention increases with the number of techniques being implemented. When the customer has decided to retain and stay as a customer the extension phase begins (Chaffey, 2002).

4.2.4 Customer extension

Once the company has come this far, the goal is not only to get the customer to make re-buys, but the aim is also to increase the lifetime value of the customer. The lifetime value according to Chaffey (2002) is the combined revenue attributable to a customer during their relationship with a company given that the future purchasing behavior is similar. Lately, the importance of lifetime value has been increasingly recognized as one of the most important measures of customer worth. This because it does not only take the present values into consideration, but also project a lifetime value that the customer has with the company (Clark, 2007). Clark (2007) argues that the lifetime value is the best way to show that the loyalty program is working.

Direct e-mail is a vital part of CRM, especially in E-commerce, because of its repetitive and personal features, that is why the capture of e-mail addresses in the acquisition stage is so important (Chaffey, 2002). E-mails are used to remind the customers to renew their products and it can also provide them with an ongoing information flow that extends and builds the relationship between the customer and

the company into learning more about each other (Levy & Weitz, 2007) (Chaffey, 2002). The Internet is a great source for obtaining product feedback and other evaluations, it is also used for promotions on the website/s that a company controls (Chaffey, 2002).

4.2.5 Identifying the best customers

The customer lifetime is an important parameter in long-term profitability, although all of the customer may not be contributing to the profitability (Levy & Weitz, 2007). The concept of long-term relationships may be more applicable for B-2-B marketing communication than B-2-C, where not uncommonly a more personal contact is used in the buying process (Chaffey, 2002).

A way to segment the customers is through the customer pyramid that divides the customers into four segments, each with own strategies. The four segments are: *platinum, gold, iron, and lead* (Levy & Weitz, 2007). The platinum segment consists of the most loyal customers, who are not concerned about the price and value customer service highly; they stand for 25 per cent of the total lifetime value. The gold segment stands for the next 25 per cent of the total lifetime value and they have a lower lifetime value since that they are more price-sensitive, they still buy a lot of products from the company but are not as loyal as the platinum customers and can buy certain products from competitors. The iron segment has a modest lifetime value and buys enough not be unprofitable but do not deserve that much attention. The lead segment is the ones that can cost the company money, because they are very demanding without buying that much from the company (Levy & Weitz, 2007).

The goal of each of the segments is to move the customers up through the different steps of the pyramid. When they have reached the top, one shall strive to keep them there (Levy & Weitz, 2007). This conversion up the pyramid is called customer alchemy that involves selling more products to existing customers and increasing the share of wallet with the customers (Levy & Weitz, 2007). This division of profitable- and non-profitable customers and working with customer alchemy should be done in all of the three phases of CRM to sort out the best customers (Chaffey, 2002).

4.3 Marketing communication activities

Keller and Kotler (2006, pp. 536) define marketing communications as:

"the means by which firms attempts to inform, persuade, and remind consumers – directly or indirectly – about the products and brands that they sell."

Chaffey (2002) says that E-commerce companies should facilitate the process of mixed-mode buying, which is a process within the buying process where the customers change between online and offline sales channels. This implies that even though a company is online-based there is a need for having offline sales channels and offline marketing communications and the company should support the customer in this process (Chaffey, 2002).

4.3.1 A model for options of marketing communication activities

There is a lot of marketing communication activities that can be done to communicate with the customers. Chaffey et al. (2006) divides and categorizes the available activities into two categories; online and offline. Both the online- and the offline categories have subcategories which are shown below in figure 4.2.
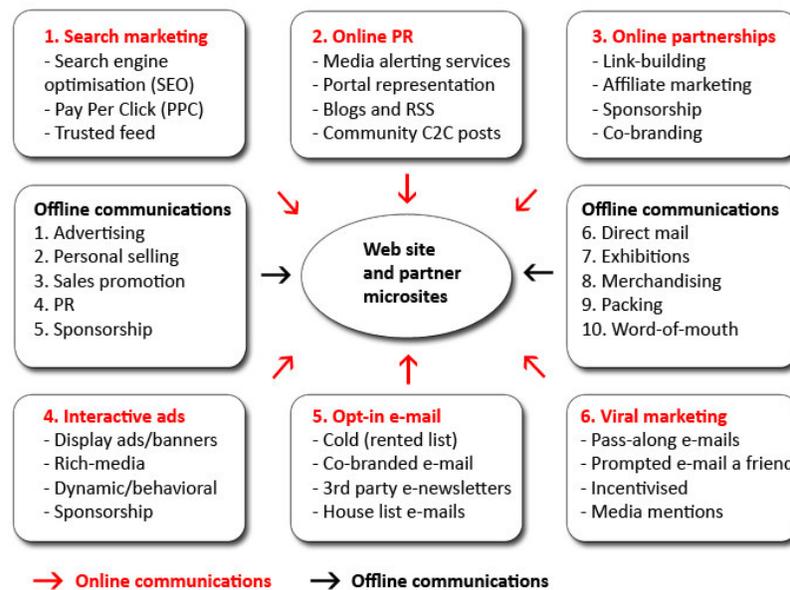
Figure 4. 2 -Options available in the communications mix (Chaffey et al. 2006 pp.349)

The six options for online communications; *search marketing, online PR, online partnership, interactive ads, opt-in e-mails* and *viral marketing* is presented in section 4.3.2 in the same order as in the model.

The ten options for offline communications; *advertising, personal selling, sales promotion, PR, sponsorship, direct mail, exhibitions, packing, and word-of-mouth* is presented in section 4.3.3 in the same order as in the model.

4.3.2 Online marketing communication activities

The online marketing communication activities are gone through in this section and every activity is described under each category.

Search marketing
Search marketing or search engine marketing is about having your company represented among the top results when searching for specific keywords on search engines. Search engine optimization (SEO) can according to Bach-Jensen (2007), be divided into two categories. Organic SEO which is symbolized by reaching high ranking results without having to pay for it, while paid optimization involves just that (Bach-Jensen, 2007). The second part is called Pay per click (PPC). What this implies is that when a keyword is searched for, there might come up a series of sponsored links. These links can be compared to advertising although it only costs money when clicked on. But in order to be able to compete for the top spots that actually is shown; the companies have to bid on the cost-per-click (Chaffey et al. 2006). The final part, trusted feed, is according to Chaffey et al. (2006), not as common. This is a form of search advertising which is mainly used by retailers and is advertising that is automatically uploaded to the site from a database (Chaffey et al. 2006).

Online PR
Online PR is about getting other websites to mention your site (Chaffey et al. 2006). Media alerting services is about ways to inform media about upcoming activities or news, for example by an online press-release area or online newsfeeds (Chaffey et al. 2006). Portal representation means that the company should be visible through the portals that exist because portals, like Google and MSN are places online where the users spend a lot of time when not on other sites (Chaffey et al. 2006). A portal consists of a lot of different features which provides a perfect way for companies to use advertising, sponsorship or PR among others (Chaffey et al. 2006). Then there are blogs and RSS. Blogs are best described according to Chaffey et al. (2006) as online journals, diaries, or news or event listings. Blogs are a perfect tool for businesses to create an interactive environment with their customers because the ability to comment the posts (Davison-Turley, 2005). RSS or Really Simple Syndication is what makes the blogs more powerful. It is a tool that can coordinate the different blogs or news feeds so that the reader has them all in one place (Davison-Turley, 2005). The final part of online PR is community C2C posts. Communities are networks where people with usually equal interests can meet and talk online, for example Facebook and MySpace (Chaffey, et al. 2006).

Online Partnership
Link building is about getting your link or brand onto other sites. One way to work with link building is by using reciprocal links. What this mean is that two companies

agree to link to each other sites (Chaffey et al. 2003). Affiliate marketing is about agreeing with companies to have a link on their site and then do not pay for doing so until a click on the link or advertisement (pay-per-lead) or click leading to a purchase or transaction (pay-per-conversion) (Bach-Jensen, 2007). Sponsorship online is a good way to get linked to different sites. There are different options when choosing how to be an online sponsor. For instance pay for another site entirely or parts of it. When paying parts of it, Co-Branding can be too prefer, this can create synergies between companies and also help when building links or reciprocal agreements (Chaffey et al. 2003 & 2006). Sponsorship is the most effective when it is long term and its weakness are, that it may increase awareness but not necessarily leads to sales (Chaffey, et al. 2003).

Interactive Ads

When advertising on the internet, companies places advertising content on another website and this is called interactive ads (Chaffey, et al. 2006). Banner advertising is the most common and simple form of online advertising and the purpose of it are often described as driving traffic to a website (Chaffey, et al. 2003). The design of the banner should also be tested on representatives from the target audience. This is because the creative side should become as effective as possible and the timing and placement of the banner carefully planned (Chaffey, et al. 2006). Rich-media is a banner that involves for example an animation or sound, a rich-media banner is thus not a static one (Chaffey, et al. 2006). Chaffey et al. (2006) emphasizes that the creativity and interactivity is central for a rich-media banner. Dynamic/behavioral is about relevance and to continuously serve the customers with dynamic information, which also can be called behavioral ad targeting (Chaffey et al. 2006). Behavioral ad targeting gives the advertiser the possibility to target the visitor and with this increasing the frequency of exposures (Chaffey, et al. 2006). Sponsorship was gone through in the previous section and is therefore not mentioned again.

Opt-in e-mail

Opt-in e-mails simply mean that an individual agrees to receive e-mail communication from a company. A cold e-mail campaign is when the recipient receives an opt-in e-mail from a company that has rented a list of e-mail addresses to inform or offer something. It is of importance to state where the message comes from or else the risk of it being treated like spam is great (Chaffey, et al. 2006). When receiving a co-branded e-mail the recipient gets an offer from a company that they have a fairly strong affinity to. This way is quite similar to cold e-mail but is considered as warmer because of the stronger link to one of the brands (Chaffey, et al. 2006). Third party e-newsletter is about placing oneself in newsletters with an ad, sponsorship or an editorial PR piece and the placement later links to a desired page. Followers of e-newsletters tend to at least scan through the document and therefore a placement there can be rather cost-effective (Chaffey et al. 2006). The house list is

something a company owns and consists of lists with contact information about customers (Chaffey et al. 2006).

Viral marketing

Viral marketing is a form of word-of-mouth, which involves passing on information on development of products and other information from user to user (Keller & Kotler. 2006). When the message is spread by e-mail or word-of-mouth alone it is called pass-along e-mails. If the e-mail has a high"WOW" factor the probability for it being passed on is greater (Chaffey, et al. 2006). Prompted e-mails are when the e-mails contain a link to a website where one can send or forward a special e-mail. The company then sends the e-mail to the persons chosen. This can also be done from a website and is then called web prompted message and it works in the same way as the prompted e-mail (Chaffey, et al. 2006). An incentivized viral is one that offers a reward for forwarding it and providing someone else's e-mail address. A common way for doing this is to arrange a contest where people fill in the e-mails and thereby has the possibility to win a prize (Chaffey, et al. 2006). Media mention handles the seeding of the virals. When doing a campaign it is important to get as many targeted online- and offline mentions in the media as possible to increase awareness and the spreading of the message (Chaffey, et al. 2006).

4.3.3 Offline marketing communication activities

The offline marketing communication activities are gone through in this section and all of the activities are described.

Advertising

One common misunderstanding is that advertising is the collective term for what is really called marketing communication, in which advertising only is one part (Arens et al, 2008). Advertising is non-personal communication of information, which usually is paid for and which have a persuasive nature. It can be related to products and ideas and becomes vivid through various media (Arens et al, 2008). There are many different types of mediums used for advertising, some are television, newspapers (print), interactive, for instance online, and radio (Arens et al, 2008). According to Arens et al (2008) people sometimes confuse communication mediums such as word-of-mouth with the typical advertising paid mediums.

Personal selling

Personal selling is about more than just having a good instinct about which people to sell a product to, it is about being a well developed, well trained sales person (Keller & Kotler, 2006). One of the things needed to be understood when becoming a good sales person it not to understand that a product is wanted, but to understand which product that is wanted, this should then be followed by securing this want with

highest satisfaction for the customer (Good personal selling, 2004). According to Good personal selling (2004) there are some common skills shared by good sales people, some of these are how to greet customers, displaying merchandise, supplying facts, answering questions, meeting objectives, suggesting additional merchandise, and building repeat business. Personal selling is not only about selling merchandise and short-term revenues, but also about creating a personal connection with a customer and by that, creating a long-term relationship (Keller & Kotler, 2006).

Sales promotion
Sales promotion offers the customer an incentive to buy a product, and is therefore usually used as a short-term revenue generator. Sales promotion can come in the form of samples, coupons, or free trials and/or equivalents and can be aimed to achieve different objectives (Keller & Kotler, 2006). Different objectives can be attracting new customers, winning customers from competitors, and stimulate larger purchases from existing customers. No matter what the objective is, the goal of all promotions should be to stimulate people to want to buy (Darlington, 2008).

Public relations
Keller and Kotler (2006) explain public relations as an extension of what used to be known as publicity. Publicity is by definition securing editorial space as opposed to paid space, in both print as well as broadcasted media, this in order to promote a product (Keller & Kotler, 2006). Public relations is a great way to assist new product launches, repositioning of matured products, building interests, influence target groups, defending publically problematic products, and building corporate image (Keller & Kotler, 2006). One thing that is especially good with public relations when used integrated with other advertising is that advertising builds mass awareness, while public relations create credibility. Public relations are also, cheap and therefore sensible when money is scarce (McNamara, 2008).

Sponsorship
Sponsorship is according to Overton (2007) a specially designed advertising program which works as a promoter for the company's products aimed at the right audience. It is usually built as a negotiated partnership between a company and an event or similar. There are many benefits with sponsoring; the company can sponsor that kind of event that usually attract similar groups of people and therefore be able to reach its target market, and at the same time strengthening the own brand image (Overton, 2007). When sponsorships are executed well, the cause that the company is sponsoring can be transferable to the sponsoring company (Mcgeer, 2003).

Direct mail
Direct mail enables the marketer to target individuals and groups of selected customers (Keller & Kotler, 2006). It is usually a popular medium due to the fact that it can be personalized it is flexible, and very targetable. According to Wright (2009),

direct mail is essential as a marketing communication channel in order to build relationships with present customers and prospective customers. Especially, when times are tougher, this should not be seen as an indication that marketing investments should be decreased, but instead increased to boost business, and keep the relationship current with customers that renders the most revenue (Wright, 2009). This is strengthened by Keller and Kotler (2006) that says that direct mail is usable as a tool for lifetime value marketing, meaning that marketers develops plans for lifetime marketing for their individual valuable customers. The information in this type of marketing communication is based on knowledge of life events and transitions (Keller & Kotler, 2006).

Exhibitions
According to Arens et al (2008), companies can use exhibits to describe the history of the company, current products and what is installed for the future. Usually, Arens et al (2008) says, these exhibits are prepared for local fairs, universities, and trade shows. The way it works is that the company creates a booth or exhibit, which is placed at the trade-show. It should be simple, attractive, have good lightning, and a large visual. It should also create a good atmosphere where customers can talk to the company (Arens et al, 2008). According to Make exhibitions key to marketing (2002) a visitor at a exhibit, process or reject the exhibition stand in mere seconds, and companies lose opportunities due to lack of stand design that is mapped out against the story of a brand. A lot of companies neglect exhibitions as part of their marketing communication mix, and when they do use it, it is not in terms of their integrated marketing communication strategy (Make exhibitions key to marketing, 2002).

Merchandising
Merchandising is a commonly used marketing communication activity in the film industry, where desires and needs are created through licensed products which are related to the product (Turner, 2006). It can be anything from clothes and toys, to mouse pads and party supplies (Turner, 2006). This merchandise can also easily become a great way for companies to drive traffic by giving them away for instance at trade shows at their exhibit stand (Promoting at trade shows, 2008). Keller and Kotler (2006) also mentions merchandising in the form of specialty advertising. They describe this as a useful low-cost item bearing the company's name or logo that the seller can give away to partners and customers, for instance ballpoint pens, key-chains, flashlights, and memo pads (Keller & Kotler, 2006).

Packing
Packing, also known as packaging, is according to Arens et al (2008) the physical appearance of the container and includes design, color, shape, labeling, and materials. It is important for the company to understand that the packaging of a product not only serves as a container, but also serves as protection, preservation, information, and promotion (Arens et al, 2008). Packaging has a bright future in marketing successful

brands (2005) says that branding is a shortcut to purchase decision and that the packaging sells emotions and not the product. This is also strengthened by Bellas (2004) who says that the packaging must serve as an honest-to-goodness attraction at the point of purchase.

Word-of-mouth
Traditional word-of-mouth, excluding virals, communities, and blogs et cetera which also are forms of word-of-mouth is according to Lovelock and Wirtz (2007) recommendations between customers. This is usually seen as more credible due to the fact that it is not company produced advertising. It can be very useful when customers are saying positive things about the company, but on the other hand also very harmful (Lovelock & Wirtz, 2007). Young (2008) says that people are going to talk about the company whether you like it or not, it is up to the company to make sure that what they are saying is good. For instance, if researching a new product, involve the customers by give them insights as early as possible, this will usually work as a catalyst and the rest will take care of itself (Garrett, 2008). The company might have some trouble with controlling what is said, but a good way to have some control of this is to provide the forum, or community at which customers can talk about what is good or bad. This also gives the company a good overview of what works, and what is needed to be changed (Garrett, 2008).

4.4 Summary of theoretical framework

There are three areas of theories which lie as the basis for this thesis.

- *Sales channels*
- *Customer relationship management*
- *Marketing communication activities*

The sales channels describe the different ways of distributing products to customers. The impact of the Internet has affected not only the products themselves, but the way companies distribute them, some companies are entirely clicks and some stay as traditional bricks and mortar.

The CRM section describes how to acquire, retain and extend customer relationships and that creates opportunities to obtain long-term streams of revenue and an image of customer care through customer lifetime value.

The marketing communication activities consists of both online- and offline activities and explains how a company can, with the use of different mediums, communicate the products and the image of the company to the customers.

5. Methodology

The first section in this chapter is the research approach that contains the approach for the thesis and the choice of methods. Next come data collection which involves the collected primary and secondary data. Following that is sections about the interviews and the web survey. The chapter ends with a section about reliability and validity.

5.1 Research approach

In this thesis both a qualitative and a quantitative approach is used. It was chosen considering the data that was needed to obtain and the purpose of the thesis. The purpose was developed and formulated in a way that best was believed to solve the problem areas that were detected. Holme and Solvang (1997) say that the problem formulation should guide the approach of a thesis and aid in answering the purpose and the research questions. The methods of choice shall be seen as tools aiding the answering of the purpose and if the purpose requires it, qualitative and quantitative methods can with many benefits be used at the same time to complement each other (Holme & Solvang, 1997).

The problem discussion sprung the need for quantitative data. This in order to acquire the retention rates, customer lifetime value, and the use of the different sales channels. It also realized the need to acquire data of a qualitative nature. This in order to be able to get information of what marketing communication activities and sales channels there are, and to categorize them. The different needs of data identified from the problem discussion navigated the choice of methods and approach towards the thesis. The qualitative part of the primary data of the thesis consists of the two performed interviews and the quantitative part consists of the web survey.

There are a number of benefits of using both a qualitative and a quantitative approach, and these were considered in the process of evaluating the approach for the thesis. The qualitative method helps in bringing out different facets and that is in depth, which is best suited for smaller groups and therefore a good approach for obtaining much information (Jacobsen, 2002). For a researcher using a qualitative approach the motivational purpose is to build theory (Benz & Newman, 1998).

When dealing with larger groups and trying to determine the size of a phenomena, not going as in depth but when getting a more broad view, the quantitative method is often to prefer (Jacobsen, 2002). The motivational purpose for a researcher using a quantitative approach is to test theories (Benz & Newman, 1998).

This way of combining both a qualitative and quantitative method is called method triangulation according to Jacobsen (2002). This is also strengthened by Andersen (1998) where he says that it is about choosing different techniques of gathering data

that can complement each other. If, for instance the quantitative methods have a weakness, some of the strengths of the qualitative method can weigh in (Andersen, 1998). Benz and Newman (1998) also shares that view and claims that both approaches are needed to perceive the wholeness of the research.

The use of both qualitative and quantitative methods in the thesis motivates an *abductive* research approach. What this implies is the use of a variation of both *deductive* and *inductive* approach, whereas deductive is quantitative and inductive is qualitative. This was believed to be the best suitable approach when considering the specific parameters of the thesis.

The deductive approach explain how the researcher first creates an expectation of how the reality appears and then collects empirics in order to see if these expectations consist with reality (Jacobsen, 2002). Andersen (1998) explains deduction as when; from generalized principles, draw conclusions about individual events. The inductive approach is an alternative to the deductive approach. This explains how the researcher goes from empirics to theory, by first collecting data, systematical analyze it and then comes to the conclusion about what theory to use (Jacobsen, 2002). Andersen (1998) explains induction as when, from an individual event, keep to a principle or general knowledge about the theory. The abductive approach explains that the researcher got an empirical event, a result. This is related to a rule, a theory, which leads to a new assumption about the event (Danermark et al. 2003).

The approach for this thesis coincides with the approach for the bachelor thesis (Blidner-Knittel & Borg, 2009) that also was written in cooperation with Lavasoft and that is why some of the text is the same as in the bachelor thesis, although rearranged and rewritten. Some of the areas where the same text has been used are here in the methodology chapter and in the theoretical framework chapter in the section about online marketing communication activities.

5.2 Data collection

The information need of the data that was required to collect for this thesis is described in chapter three and the chapter also states how the information was to be obtained. The information about sales channels, customer relationship management and marketing communication activities that was collected in order to be able to answer the purpose and the research questions has been obtained in three ways; by interviews, by a web survey, and through secondary data in the shape of previous sales data and literature. Collected data differs in how it is collected and it is often divided into primary and secondary data (Jacobsen, 2002).

The primary data is data that is collected by the researcher for the first time for a specific problem, and that comes from a firsthand source (Jacobsen 2002).

Dahmström (2005) supports this and also says that the reason for collecting primary data is that is not available from any previous studies. The primary data for this thesis consists of a web survey and interviews. The reason for collecting primary data from interviews and a web survey was because it was not able to obtain from any present source. The choice of, and approach to, the interviews and the web survey is further explained and motivated in section 5.3 and 5.4.

When using existing collected data, either directly used or processed, it is called secondary data (Dahmström, 2005). Secondary data does not originate from sources that is specific for the problem, nor is it taken from a primary source, but still of relevance for the researcher (Jacobsen 2002). The secondary data for this thesis consists of sales data from Lavasoft, literature, and other potential sources. Although, the sales data is not presented in exact numbers due to secrecy issues. It will be presented as revenue rendered by each sales channel, in relation to one another in per cent of the total revenue. The sales data was obtained by the help of employees at Lavasoft who draw out statistics from their database. The secondary data was then used to compare and validate the result of the web survey.

Regarding the choice of literature and theories to use, the selection of these was a process where first larger areas of theories of interest were discussed. The areas which were of special interest and that were chosen are channels, customer relationship management, and marketing communication activities. The idea of the sales channels section where to paint the picture of different sales channels, how to structure the organization, and ways to reach ones customers. The customer relationship management section illustrates the way of acquiring, retaining and extending the lifetime of the customers and the building of relationships to them. The section containing marketing communication activities was chosen because it would give a comprehensive picture of the range of activities that is possible to perform for companies. The mix of these theories was believed to very well support the work of answering the purpose of the thesis.

5.3 Interviews

This section includes the qualitative part of the primary data and it is divided into two parts, the selection of respondents and the approach that was used.

Some of the advantages of using interviews are that the researcher is able to ask many and difficult questions and if any uncertainties arise concerning a question it can easily be straightened out (Dahmström, 2005). The interview approach is also good to use, when wanting to get the personalized opinion and views of a range of different people (Smith et al. 2009)

Some of the disadvantages of using interviews is that they are time-consuming and the risk of interview-effect, which is when the interviewer might influence the interviewee by its choice of words and tone of voice (Dahmström, 2005). According to Echeverri and Edvardsson (2002), the interviewee might also try to answer the asked questions after what seems to be socially acceptable.

5.3.1 Selection of interview respondents

According to Jacobsen (2002) there are three steps in the process of choosing respondents. The first step is to get a good overview of who might be interesting to study, with no regards to limitations. The second step is to divide the respondent population into subgroups. The final step is to chose criteria's for selecting the respondents (Jacobsen, 2002).

Due to the orientation of the thesis; the selection of desirable interviewees was limited to a few people. First of all, personnel at Lavasoft were the initial assortment being done. When choosing subgroups from the population that is Lavasoft, the company's different departments from which information was needed and that was of relevance was looked at. The focus in this thesis is in large proportions linked to the sales- and marketing departments at Lavasoft. Both of these departments' works closely together and this also increase the significance of using these two departments as the selected subgroups from which information was to be taken. Once narrowed down to these two relative small departments of Lavasoft, the final step is the process of selecting relevant employees with adequate information. Due to the size of the departments, this was not problematic.

The people who were interviewed are as followed:

Sales department
Mark Knighton – International channel distribution manager

Marketing department
Lina Nielsen - International marketing manager

Mark was chosen due to his knowledge of the present sales channels. The other employees at the department possess knowledge of the sales channels as well, but it was believed to be sufficient with one respondent regarding the subject and that is why only Mark was interviewed. Mark was asked question from part one of the interview guide, shown in appendix one. Lina is the part of the marketing department involved with current marketing communication activities and therefore the most obvious choice. The other employees at the department possess knowledge of the marketing communication activities as well, but it was believed to be sufficient with one respondent regarding the subject and that is why only Lina was interviewed. Lina was asked questions from part two of the interview guide, shown in appendix one.

5.3.2 Interview approach

The approach that was chosen when conducting the interviews was what can be called an open individual interview. However not entirely open according to Jacobsen's (2002) five grades of structuring an interview, illustrated in figure 5.1.
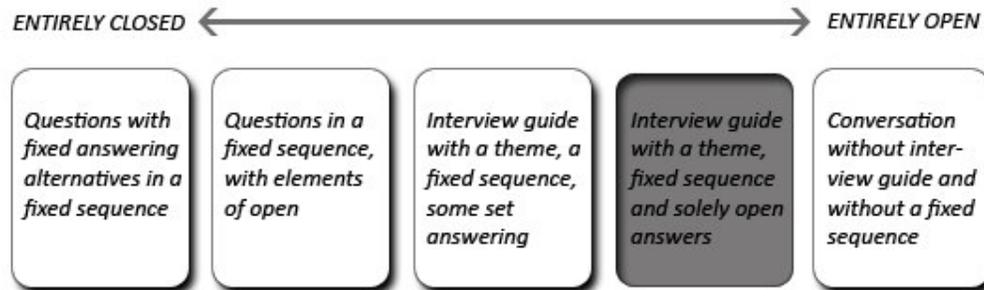
Figure 5. 1 - Degrees of the structuring of an interview (Jacobsen, 2002 pp.163)

This means that the interviews used a guide with a theme, a fixed sequence of questions with the only alternative to give open answers.

This kind of interview is suitable when there is few numbers of respondents, when the interest lies in what the individual has to say and how this person interpret and gives opinion to a certain phenomena (Jacobsen, 2002). This kind of interviews gives the flexibility to navigate free around the subjects and the interview guide makes sure that nothing is forgotten (Bergquist, et al. 2003)

The interviews were held face to face with the selected respondents. This is a good way to do an interview because it is easier to get a more relaxed and pleasant atmosphere (Jacobsen, 2002). When conducting an open and personal interview, it is unsuitable to do it over the telephone (Jacobson, 2002). If the respondent feel safe and comfortable it is easier to receive adequate answers and this can be affected by the location and the time of the interview (Andersson, 1985). The interviews were performed in meeting rooms at the Lavasoft office where the respondents where at ease and the time for the interviews were chosen to as good as possible suit the respondents schedule. The interviews were conducted in English since Lavasoft is an international company and because the thesis is written in English.

When performing the interviews, it was of importance to get out as much information as possible. Therefore, the interviews were recorded so that nothing important was missed while at the same time having the opportunity to do exact quotes and keeping a constant eye contact. A well performed interview demands eye contact which is hard to maintain when taking notes (Jacobsen, 2002) (Holme & Solvang, 1997). Jacobsen (2002) also recommends a time limit for the interview that is approximately one to one and a half hour. When longer the respondents can get tired and if shorter

than half an hour it is hard to obtain relevant information (Jacobsen, 2002). Therefore the interviews were kept to approximately 45 minutes with a maximum of one hour.

The interview with Mark Knighton was made first in order to acquire information about the present sales channels used by Lavasoft. Then the interview with Lina Nielsen were performed and the information about the present sales channels was then used in the process of forming the questions for that interview and then asked in order to obtain information about which type of marketing communication activities performed in each of the identified sales channels.

In Activities for strengthening the brand of an online-based company – A study of Lavasoft AB (Blidner-Knittel & Borg, 2009) empirics regarding the performed online marketing communication activities where collected through an interview, that data will also be used in this thesis to answer for the empirics of the online part of the marketing communication activities. This is done because not to take up to much time of the employees at Lavasoft, the performed activities are according to Lina Nielsen the same as when the data was collected, and of practical reasons in that sense that the data are available and easily accessible. The question will still be in the interview guide to illustrate that the question also belongs in this thesis.

The interview guide can be found in appendix one. Both parts of the interview guide are gone through question by question and motivated as well as giving the purpose of the question and this can be found in appendix two.

5. 4 Web survey

This section includes the quantitative part of the primary data and it is divided into two parts, the selection of respondents and the approach that was used.

A survey is, according to Echeverri and Edvardsson (2002), a collocation of opened or closed questions in which the selected respondent answers the given questions, either by its own words or by predetermined answering alternatives. The benefits with using surveys are that it creates a possibility of getting a greater reach over a larger geographical area, at a fairly low cost. If the questions are non-sensitive or sensitive, it does not matter because a survey is very much anonymous (Smith et al. 2009).

Echeverri and Edvardsson (2002) mentions when surveys are being done through the web or by mail, even when it is done through an actual visit, the influence of the person conducting the survey is very small, or non-existing. When it comes specifically to web surveys some advantages are that they are quick, one has a strong control of the answering alternatives and the data registration is direct (Dahmström, 2005) (Echeverri and Edvardsson, 2002). Some of the disadvantages are difficulties with the framework and other technical aspects, time consuming planning phase, and everybody does not have internet access (Dahmström, 2005).

5.4.1 Selection of web survey respondents

The web survey will be directed towards Lavasofts customers who have purchased a product and not customers who use free versions. This means that the survey is not suitable to be available on Lavasofts website due to the high traffic of visitors who are just looking for information or need help, but instead it has to be more directed towards their paying customers, who constitute the target population. This excludes the free-ware users but since the thesis will examine issues concerning revenues it was a natural limitation. In order to do this, the best solution was to send it as a part of the monthly newsletter who has somewhere around 480000 subscribers, although all not paying customers.

According to Dahmström (2005) it is imperative for the researcher when it comes to web surveys that in order to be able to draw statistically conclusions from a sample; it has to be taken from a current frame of the target population. By distributing the web survey through the Lavasoft newsletter the target population for this survey, which is paying customers, is better reached than if distributed through the website where many customers may be for the first time and therefore not in the target population.

5.4.2 Web survey approach

It is very important when designing a web survey that the questions are well thought through, since there will be no opportunity to retroactively redesign any of them (Echeverri & Edvardsson, 2002).

According to Dahmström (2005) there are certain rules that are recommended to follow when constructing a survey. This approach has been adapted to the web survey in order to develop as distinct and non-directional as possible, meaning, not leading the respondent.

Dahmström (2005) gives some recommendations, which are as follows:

¤ There should only be questions asked that leads to a certain solution or it might be too long.

¤ The language should be easy to understand for the respondent, so no confusions arise.

¤ A question cannot be formulated in a way so it is perceived as two different questions.

¤ Keep the questions short and the instructions few.

¤ The important questions should be asked in the beginning of the survey.

¤ Avoid using leading questions.

¤ Questions designed as hypothetical is hard to answer and should be avoided.

These recommendations has been an aid when designing the web survey, some points such as keeping the important questions in the beginning was taken into account and at the same time not really adaptable to the web survey due to the short length of it.

The questions in the web survey are based on closed answering alternatives. One reason for choosing this alternative was because the web survey was sent to the subscribers of the Lavasoft newsletter, and given the size of that population, the collected data could have been too large to handle qualitative.

The web survey can be found in appendix three. In appendix four all of the questions are gone through one by one and motivated as well as giving the purpose of them.

5.4.3 Web survey result discussion

The survey was programmed by Mattias Lundmark, who is the manager of the web department at Lavasoft, and he also helped in developing then web survey. In the process of developing the web survey and testing the different question, Lina Nielsen also gave some good advice.

In some questions it was possible to answer more than one alternative. This was because a customer could have purchased more than one product and therefore more than one alternative could be accurate. By having the ability to cover more than one alternative in a question the ability to have a requirement to answer the question also was denied.

Question 6a and 6b in the web survey will not be analyzed in this thesis because those questions were asked on the behalf of Lavasoft.

The fact that the respondents could have purchased more than one product and through more than one sales channel makes it harder to do any absolute measures about some of the connections in the web survey, but the information gathered are still able to be used in order to see tendencies and draw some conclusions.

The goal was to obtain at least a hundred answers, because if less than hundred respondents it makes the margins for errors to big and it hardens the analysis (Jacobsen, 2002). Since 126 answers were obtained, this supports that it is considered to be possible to see tendencies and draw some conclusions out of the collected data. Jacobsen (2002) says that 400-600 respondents are to recommend in achieving a higher precision. The answers frequency on the survey is low considering the size of the population, although it is hard to determine the actual answer frequency because the target population, which consists of paying customers, was unknown.

The 126 respondents that answered the survey were subscribers to the Lavasoft newsletter, and thereby possibly having a more positively approach towards the company and the products than the average. But there is also an option that it is the unsatisfied customers that have answered the survey. Although, maybe not as likely as the positive option. Because the uncertainty of the respondent's different approach towards Lavasoft compared to the average of the population, one could consider these aspect in connection to the obtained results.

5.5 Reliability and validity

Reliability and validity and are two important aspects and the researcher could consider these aspects as a help when trying to be critical to the collected data (Thurén, 2004). This section will go through these two aspects and motivate how and why the approach and results of this thesis is to be considered reliable and valid.

5.5.1 Reliability

Reliability means that the research has been done correctly, that it is reliable. To achieve a high reliability it shall be possible to obtain an equivalent result with the same method, when conducting a different study (Thurén, 2004). Brewer and Hunter (1989) agree to this description and say that a measure that is reliable is not affected by random errors and that the result should be consistent regardless of whom that performs it.

If different people in different studies achieve the same result, one says that the results are able to be tested intersubjective. This means that it is possible to disregard the researcher's personality and thereby strengthen the reliability (Thurén, 2004). The notion of intersubjectivity is more common within social science and is consistently more used than the notion of truth. Practically does the this notion mean that something is accurate if others agree to the description and the more that agrees to the description, the greater becomes the probability of accuracy (Jacobsen, 2002).

The research of this thesis in collecting primary data through a web survey should be considered to be able to be tested intersubjective. The method of how the data is collected and the design of the web survey do not leave room for misinterpretations and the respondents view is believed to have been properly obtained. The questions in the web survey were designed to be easily understood and to avoid confusion and there was also requirements to answers certain predetermined questions to be able to participate. It was the statistical numbers of the respondents that were the objective and that are also what is considered to have been obtained.

The number of answers received in the web survey was 126 which are believed to be quite enough to see general tendencies and draw some conclusions. Even though the number of respondents was few, it is only one of three sources of information, and this together with the interviews and secondary data makes it possible to draw some conclusions. The interviews are also believed to have obtained reliable answers, although the interviews were conducted partially open there is no reason to doubt that the respondent's answers in general would differ if being performed again.

5.5.2 Validity

Validity means that the research really examines what was meant to be examined. Even though a measurement may be correctly performed and the result is correct it is not certain that the research is of relevance for the purpose (Thurén, 2004). There are two forms of validity, internal and external (Benz & Newman, 1998) (Jacobsen, 2002). The internal validity is concerning the accuracy in the description of a phenomena and the external validity is regarding in which degree the conclusions can be generalized (Jacobsen, 2002). Generalization can be explained as the degree of an outcome that can be transferred to another context beyond the particular situation (Brewer & Hunter, 1989). Jacobsen (2002) concurs with this description and says that the generalization could be done in two ways, by generalizing data from a smaller selection or by generalizing the frequency of a phenomenon.

The collected data for this thesis is considered to coincide with a high validity in the internal perspective. The selection of respondents of both the interviews and the web survey was conducted in a way that ensures that the results would be adequate to the purpose of the thesis. The questions being asked on the interviews and in the web survey has been developed, analyzed and tested in order to affirm that the answers that was needed really was obtained. Even though one can discuss the attitude of the web survey respondents, it is believed that they represent the total population in an acceptable way.

The external perspective of the validity is not to be considered as high as the internal, as mentioned in limitations this thesis will not strive towards being fully generalizable. Certain aspects will not be transferable to other contexts outside of the company. Primarily it is the concept of how to combine theories and the context of how it is put together that is transferable. The research has been done with a focus on what is applicable for Lavasoft. However other online-based companies may be able to see some tendencies of online consumer behavior through the result of the web survey and subjects regarding online marketing communication activities and sales channels might be considered as generalizable to other companies because these aspects are not explicitly related to Lavasoft, and thus the results regarding these areas most likely could be applicable to any online based company, and in some cases also offline based companies.

6. Empirical data

This chapter contains the empirics of the thesis and it contains two main sections, which is interviews and web survey. The section with the interviews will be displayed one by one, and the results on every question will be presented. The web survey section will display and present the result of four chosen connections.

6.1 Interviews

For this thesis two interviews were performed with personal at the sales- and marketing department at Lavasoft. The results of the interviews are presented as summations of the respondents answer on every question in accordance with the interview guide that can be found in appendix one.

6.1.1 Interview sales department – Mark Knighton

1. What sales channels do Lavasoft currently use?
The current sales channels that Lavasoft uses in order to reach their customers with products are first and foremost through direct sales, meaning sales that go directly through Lavasofts own website. E-mail is also one way that Lavasoft can come into contact with customers, although, this require the customer to opt-in to the Lavasofts newsletter or equivalent.

Lavasoft also work with affiliates and resellers. Affiliates are other companies that direct traffic to Lavasoft with the use of banners and such on their website. Affiliates are not active in their selling in the way resellers are. Resellers are partner companies that actively sell Lavasofts products to customers. The customers of resellers are usually other companies that purchase many product licenses.

Traditional retailing such as box-in-shop is done, although in a very small scale, there is also a new concept developed called software on demand. This is when a customer walks into a retail store, and when purchasing a product, it is burned to a disc, the box cover is printed and the product is processed in a few minutes.

Product-messaging is an actual pop-up message in the program, reminding the customer to renew their licenses. It is also telling freeware users to purchase a paid version. This sales channel renders little revenue but reaches current customers in a good way.

TrialPay is a way to sell products that have shown to be very effective, by offering a paid version for free when purchasing a product not related to Lavasoft. This is done in collaboration with other companies.

2. Which sales channels render the most revenue?
Direct sales, which are the sales created directly from the Lavasoft website, generates at the moment the highest stream of revenue. This includes product-messaging, the "in-program" messaging service that can inform customers of license renewal et cetera. Following this, Mark says, is the TrialPay channel, which actually was a greater success than originally thought. The third highest revenue rendering sales channel is the reseller program, where large amount of licenses are sold at once, this because resellers usually generate B-2-B oriented sales. Then the affiliate program comes, followed by e-mails sent out to customers and the smallest part of Lavasoft sales, traditional in-store retailing, comes last.

3. Do you know the current retention rates for the different sales channels?
No, Lavasoft do not. This is partially because of the ethical standards of Lavasoft and in that sense that very little personal information about the customers is collected. The lack of collected data that could be used in CRM program is something that has been discussed. An extended follow-up in tracking which sales channel that renders which revenue was also a thought that was mentioned.

4. Which sales channels are prioritized, and why?
Direct sales would be considered to be the highest priority since it constitutes a large proportion of the company's total sales. That is also the sales channel with the highest margins. In general one can say that the sales channels are prioritized in accordance with the amount revenue rendered and the potential revenue. The sales department consists, as earlier stated of three persons, each one with different responsibilities, which means that in a way every person prioritize the sales channels that they are responsible for. But for Lavasoft as a whole, it is structured around the revenue.

5. Do you during any stage of the customer buying process demand personal information from the customer?

No, not really. The customer can purchase the product without giving any personal information. Although, when registering the product that one must do to get the free support, there is a need to leave some personal information, such as name and e-mail. But there is no obligation to register the product, so Lavasoft do not really demand any information, which is due to the ethical standards of the company. From a marketing perspective Mark says maybe there is not a great need to collect the information either, because Lavasoft can communicate with the customers through the program et cetera.

6. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

There is not a pronounced and established CRM program to where all information is collected. There is some information about the sales channel that the sales department can view, but it is nothing that Lavasoft use to target the customers, also here due to

the ethical standards. What can be said to be the closest of a CRM program that Lavasoft has is the data that is collected when the customers register their products. It is possible to obtain information about the whereabouts of the customers, by looking through which E-commerce provider the revenue is coming. This information is though not especially specified, and it is not used to any greater extent.

7. Which continents are Lavasofts primary markets and why?

US have always been, and still is Lavasofts primary market, with UK and other European countries as second. Australia is also one primary market. Lavasoft has recently ventured into Asia, with focus on Japan and China, and also a B-2-B expansion towards Dubai coming up. Other continents are not getting much attention. The reason for this division is simply that Lavasoft has the most customers there.

6.1.2 Interview marketing department – Lina Nielsen

1. What online marketing communication activities do you perform?
Two distinctive channels for communication that where mentioned was the newsletter and opt-in e-mails and that are also channels that they can control themselves. Regarding the opt-in e-mails they are doing co-branded e-mails quite often and sometimes also third party e-newsletters and house list e-mails.

Lavasoft uses banners to some extent, for example in PC World online and other computer magazines. Products can be distributed through the mailing lists of the online magazines as trial versions as an attempt to increase awareness and preferences. One sort of activity used in connection to this, was reviews of the products.

Lavasoft has a couple of partner companies that they are doing cross-selling promotion with. They sometimes offer trials of different programs in exchange for editorial space or a cut on the revenue. Lavasoft works with co-branding together with its business partners, even sponsorships occur sometimes for non-profit organizations. The cooperation with their business partners also involves link building and affiliate marketing.

Search engine marketing is one relative large kind of marketing communication category that Lavasoft are conducting. Both paid search and work with keyword optimizing. With search engine marketing it is easy to follow the results and calculate the turnover. Press releases and articles are also used, by sending it out through different channels and having a free usage of it. Lavasoft also uses RSS feeds, which give them the possibility to be linked to portals and communities that people are using, the blog written by employees at Lavasoft can be linked that way for example. Different media alerting services are also being used for the press releases.

2. What offline marketing communication activities do you perform?
Since Lavasoft is an online-based company, selling products used for Internet security, most of the marketing communication activities are online-based. However there is some offline communication activities used.

Lavasoft works with advertising on a local level in Swedish newspapers, although, this is not a frequent activity. Personal selling is something that Lavasoft is not currently working directly with, but they do have personal relations with their partners such as resellers who perform personal selling on their behalf. Sales promotion is mostly used online with offers on products, but also through computer magazines where promotional offers are distributed in the form of trial versions on an accompanied disc.

The PR used is distributed by both online-, as well as offline sources. Based on Lavasofts other marketing communication activities, as well as their products, they are written about in product reviews and news articles. They also develop own press releases that are distributed to the media where they are allowed to quote freely, or use entire articles. Lavasoft have sponsored both exhibitions with money as well as schools with products among others, so they use different kinds of sponsorships that also give nourishment to new PR material. Besides only sponsoring exhibitions Lavasoft frequently attends different conventions and other events. Lavasoft do not send direct mails at all, hence their base of online customers.

When it comes to merchandising Lavasoft only produce products in a promotional manner, they have pens, water bottles, candy, and fans et cetera that works as physical reminders, but no merchandising products are for sale. Since most products are sold online, the customer does not get a box with the product. Lavasoft puts a great effort into their packaging designs, and even though the customer only get a physical box when purchasing through a retailer, the boxes are used in almost all of the marketing communication material, as well as being displayed on their website.

Finally, word-of-mouth is based on customer reaction and therefore hard for Lavasoft to know in what extent it is performed. Actions that encourage positive word-of-mouth are based on the work from the customer support, but also sponsorships and the product itself by being user–friendly and high performing. Word-of-mouth is how Lavasoft was spread in the beginning and thus is a big part of their marketing communication history.

3. Which type of marketing communication activities do you perform in which sales channels?
It is hard, if not impossible in some cases to connect specific marketing communication activities to specific sales channels. Although, there are of course generalizations and certain sales channels which have a more obvious type of marketing communication connected to it.

For instance, affiliate marketing could be linked to the affiliate sales channel because they are basically the same thing. So by develop a banner, communicating a certain message, Lavasoft can both see and control the marketing communication in some aspects. But to say that one thing 100 per cent is the reason for why a customer goes through just that sales channel is as said, very hard to state. The cross promotions that are being sent out through e-mails and done in cooperation with affiliates to Lavasoft can be considered to be adapted to a sales channel, since it is always send out through e-mails, that is the actual sales channel for those activities.

Regarding TrialPay, there are no specific marketing communication activities aimed towards this sales channel besides from on the website and through product-messaging. But the communication about TrialPay that exists is of course meant to drive sales for that sales channel. Product-messaging is a sales channel that is quite easy to connect with the marketing communication activities performed. Mainly because there is none, except for the messages themselves in the program. Those who clicks on an offer from a message in the program, clearly ends up in the product-messaging sales channel.

In the retail sales channel the design and product information on the boxes are more understandable for customer not accustomed to the field of Internet security than on the website where the information can be for existing customers as well, and therefore more advanced. The marketing communication for retail might be more focused towards first time users than the website is. The package design of the physical box is primarily done for the retail sales channel, where the customers actually can touch and feel it. The package design is also being used in many ways online, among others for giving the different products a face. Another activity that could be connected to a sales channel is exhibitions where contact with resellers is made, with continuous follow up. The resellers themselves can also use exhibitions to come in to contact with customers and then they can use the marketing communication material provided by Lavasoft to sell products.

4. Do you know the current retention rates for the different sales channels?
No. They are able to see sales data and retention rates, but cannot identify from which sales channel the renewal was made. Although, there are a discussion of increasing the tracking of e-mails and the product-messaging sales channels, that in extension would render retention rates of those sales channels.

5. Is the marketing communication activities developed and adapted to fit a specific sales channel?
Yes, to some extent. Some of the adaptation of the marketing communication activities is related to the target audience and not to a specific sales channel. All marketing communication material is not adapted to a specific sales channel but Lavasoft supports the sales channels need of marketing communication material. One example of this is that Lavasoft develop the design and information in the marketing

communication material, but when sent to retailers, resellers et cetera, they themselves decides how to use it.

When dealing with online partners, Lavasoft do tend to have more to say regarding how to use the material, but when strictly dealing with traditional retailers, they have almost no control over the placement of the material. Lavasoft have branding guidelines that everyone using their marketing material should apply. Although, that have shown not to always be the case.

6. Is there any marketing communication activities, not designed, by the marketing department?
No not really, as stated in the previous question, Lavasoft produce all the marketing communication material. After that, it is up to the different partners how they intend to use it. Lavasoft do want their ads and marketing communication material to be used in order with the branding guidelines, but they have a lot of partners and minor faults in placement is acceptable in some cases, although not from any major site drawing a majority of traffic. In a way, there is marketing communication activities not designed by Lavasoft, but all marketing communication materials are designed by Lavasoft. Since Lavasoft are working with partners who are selling their products on their behalf, they cannot overview all the marketing communication being done by the partners.

7. Do you during any stage of the customer buying process demand personal information from the customer?

No, Lavasoft are not demanding it, but it is required to fill in some personal information when registering the product. There is also an option of filling out information this gives Lavasoft information about some of the customers, but not all.

8. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

To some extent, it depends on how one defines CRM programs. Lavasoft works with a kind of voluntary CRM program, where the information from the registration of the products and information from the Lavasoft community, MyLavasoft, are gathered. There is some information about the subscribers of the newsletter and others that has opted-in to be contacted, but what information that is depends on where the customers opted-in. If opted-in when purchasing, there is information about the customer, and if opted-in from the website there is no information collected.

9. Which continents are Lavasofts primary markets and why?

North America is the main market, by having many customers in the US. The next one would be Europe where there are quite large markets in the UK and France for instance. Australia also is included in the primary market.

10. Do Lavasoft perform any particular marketing communication activities in regards to the three phases of CRM?

Yes, there are several activities performed and it is done in all three phases. In the acquisition phase Lavasoft offers additional services in the shape of telephone and e-mail support, newsletter, et cetera. Direct e-mail is used to all that has opted-in to receive it, in which they do promotions of various kinds to give different incentives that hopefully will satisfy as many customers as possible. The customer service is very important to Lavasoft, mainly because they want to have satisfied customers that will stay with the company for a long time, and also because it is when registering the product most information is collected.

In the retention phase Lavasoft do many activities, though not extranets. That function is somewhat included in their community MyLavasoft, which was built to be a rallying point for the customers and a way to further interact with them. Promotions are also done in this phase, giving the customers good offers and incentives to renew their license/s. Personalization is done in the promotion, which often is sent by e-mails or promoted on the website.

In the extension phase Lavasoft are not doing quite as many activities as in the earlier phase, but there are still some that is to be mentioned. Direct e-mail are also sent in this phase to remind the customers and to keep them informed, which is one of the purposes of the newsletter where another purpose are to learn the customers about the business and keep them updated about new threats and business news. Promotions are also sent in this phase, and promoted on the website. The website also contains information that the customers can take part of and to learn more from, the Lavasoft blog is one example of that. Lavasoft also send out surveys to the customers sometimes to learn more about them and their preferences, which then are meant to be analyzed in order to improve the value given to the customers.

6.2 Web survey

The web survey was sent out to the subscribers of the Lavasoft newsletter and 126 answers were received. Instead of presenting the plain numbers of the survey, the intention is to present the most adequate correlations according to the purpose in this section. The result of the survey can be seen in appendix five where all the result of every question is displayed and presented.

In order to find correlations in the result, there had to be a segmentation of the answers, and this was possible to achieve with the help of Mattias Lundmark at Lavasoft. He developed a tool that made it possible to segment the result from the survey in any desired way.

The correlations that was chosen to be presented were the retention rates for each sales channel and continent, and the average customer lifetime value for each sales channel and continent. The retention rate for the different parameters were calculated by taking the number of respondents answering "Yes" on the question if they had ever renewed, this was then divided by the total number of respondents for the parameter that was looked upon. The customer lifetime value for the different parameters were calculated by taking the total of all respondents years as customers and divide that to the total number of years that was to chose from, which is ten years.

The retention rate is high in general and in some diagrams goes up to 100 per cent and this can mainly be explained by the low number of respondents in those specific sales channels or continents. The average numbers in customer lifetime value is also quite high in general, although higher in certain sales channels or continents and this in similarity with the retention rates can mainly be explained by the few numbers of respondents in some categories.

6.2.1 Retention rates on each sales channel

The diagram shows the percentage of respondents that has renewed their license/s based on which sales channel the respondents purchased the product from.
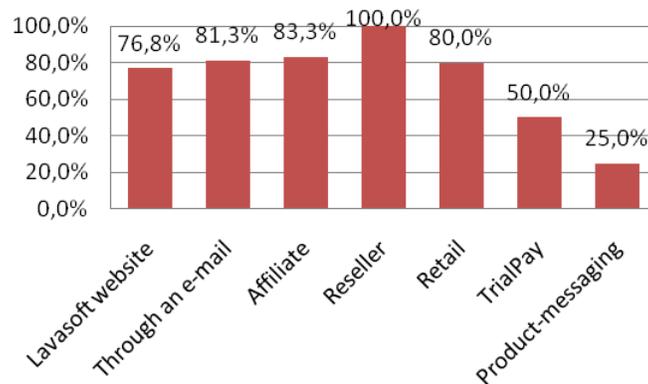
Figure 6. 1 - Retention rate for each sales channel

In general there is quite high retention rates for all the sales channels, with product-messaging as the exception and this could partly be because this is a fairly unknown sales channel. Reseller has the highest retention rate with 100 per cent, although this only represents two respondents, which in itself is a very low number and that could be because resellers is mainly B-2-B sales. TrialPay has a retention rate of 50 per cent, the reason for not having a higher retention rate could be because the respondent did not find an offer as good as when first purchasing the product since the offers differ over time. The other sales channel have a high and even retention rate.

6.2.2 Retention rates for each continent

The diagram shows the percentage of respondents that has renewed their license/s based on which continent the respondents come from.
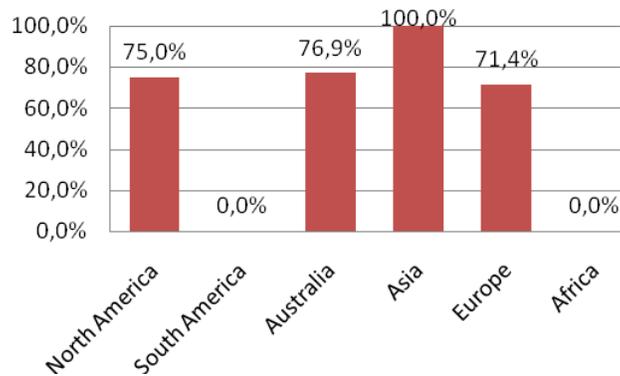
Figure 6. 2 - Retention rate for each continent

South America and Africa is remarkably low with zero per cent and this is due to different reasons. In the case of Africa, there were simply no respondents coming from there, and in the case of South America there where respondents, although no one that had renewed. Asia had a retention rate of 100 per cent and that is very high, which partially can be explained by the low number of respondents. As seen in appendix five, North America has the highest number of respondents, with Europe as the second highest, and Australia as the third. The relatively high retention rates from those continents are maybe more satisfying considering the number of respondents.

6.2.3 Customer lifetime value for each sales channel

The diagram shows the average of how long the respondents have been customers at Lavasoft in relation to which sales channel they purchased the product/s from.
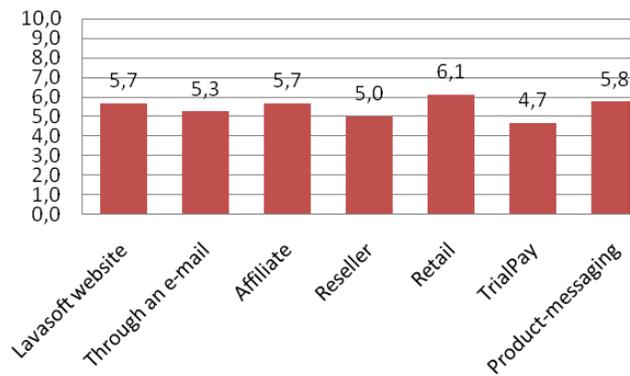
Figure 6. 3 - Customer lifetime value for each sales channel

The average is evenly divided between the sales channels, with Retail and TrialPay as the top and bottom of the results. The reason for TrialPay having the lowest average could be that the respondents did not find such a good offer that they found it worth renewing. The reason for retail being in the top could be a surplus of the personal relation when purchasing through a physical sales channel. In general the average customer lifetime value is high considering that Lavasoft has only existed for ten years.

6.2.4 Customer lifetime value for each continent

The diagram shows the average of how long the respondents have been customers at Lavasoft in relation to which continent they come from.
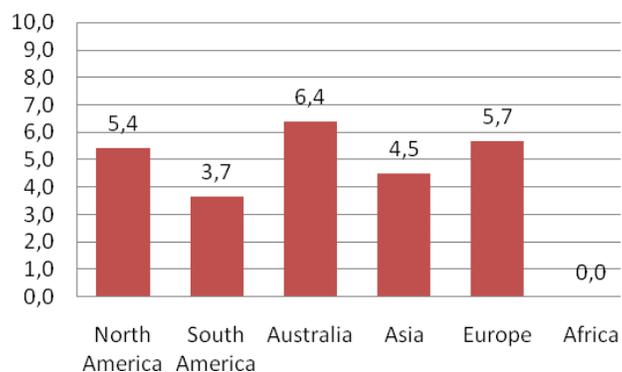

Figure 6. 4 - Customer lifetime value for each continent

The three lowest numbers in average is Africa, South America, and Asia. There is also in those continents where the least number of respondents was from. Lavasoft has not been aiming their focus into these continents, and it is just recently that their Asian expansion has fully started. North America, Europe, and Australia has the highest averages, these has been the primary markets for Lavasoft historically and these continents also has the highest number of respondents too.

6.3 Sales data

In this section collected secondary data, in the shape of actual sales data from Lavasoft from 2008, is presented. The sales data will not be presented in any exact numbers, the sales of each sales channel will be put in relation to the total sales of Lavasoft. The result is presented as a percentage of the total, this to illustrate which sales channel that renders the most and least revenue to the company. The result is presented in figure 6.5 below.
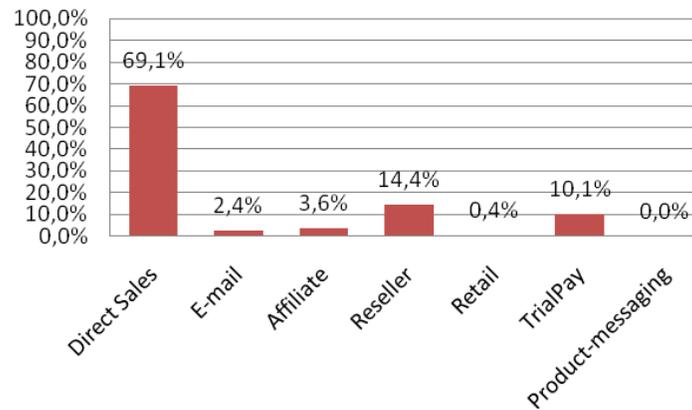
Figure 6. 5 - The revenue of each sales channel

Notable is that the sales channel direct sales is the clearly dominating source of revenue. Then there are a great leap to the second place where reseller comes, it is followed by TrialPay. Then there are another leap down to affiliate and e-mail. Retail comes after that and last is product-messaging. The reason for product-messaging having zero per cent is because Lavasoft had no separate numbers for this sales channel, for this specific period, and it is included in the direct sales in this sales data. Although, is should not have any major impact on the result it renders very little revenue. This is also supported by the interviews.

7. Analysis

This chapter contains the analysis of the thesis and it is structured in accordance with the theoretical framework. The chapter hence consists of three sections, sales channels, customer relationship management and marketing communication activities. The analysis puts the empirical data in relation to the theoretical framework.

7.1 Sales channels

Lavasoft works with a multi-channel distribution approach, this since there are several different ways for Lavasofts products to become available for the customers. Lavasoft currently works with seven distinct sales channels, namely: direct sales, e-mail, through affiliates and resellers, traditional box-in-shop retailers, program product-messaging, and finally through TrialPay.

The majority of Lavasofts customers purchase their products through a sales channel that is of an online nature, which represents all sales channels except retail. Regarding this, and because Lavasofts products exist because of the Internet since they all work for a safer Internet experience, it is believed that the customer access to the Internet is high. Also, due to the fact, that most of the Lavasofts customers comes from North America, Europe, and Australia, which are among the most developed areas of the world, where the Internet access is among the highest in general. This is supported by the interviews and the web survey. And by that ranking high on the first of the four factors, described by Chaffey (2006).

Secondly, the value that comes with the online purchases is both the value for the customer in the form of convenience of on-demand delivery from the safety of the customer's home. And the generated value for Lavasoft, by creating less additional costs in the form of packing, transportation, as well as the cost of the physical location.

Thirdly, as stated, the products are computer software, produced to generate higher Internet safety. This makes the products not only easily deliverable over the Internet, but also that there is not really a need for delivering it in any other way. Although, except in marketing purposes such as availability, exposure, and creating awareness.

Last, if the products need to be viewed before purchase. Again, since the products are software, Lavasoft have both free versions with fewer functions than for the paid version, as well as trial versions where the consumer can try the full version before purchase. With this in mind, Lavasoft could be considered a purely clicks based company. Although, Lavasoft has chosen to distribute their products through traditional retailers and therefore created a mix, making them a clicks and mortar.

Lavasoft has just until recently only worked with traditional retailers in the US, but have chosen to establish it in more areas. Even though the products are computer software, it should not be forgotten that many people like to touch and feel the product that they have purchased. This is, together with marketing exposure, the reason why Lavasoft do not simply distribute their products online. Having a multi-channel distribution works for Lavasoft. But the way Lavasoft works with these multiple sales channels can also be divided into vertical- and horizontal distribution. Vertical distribution in the form of taking on more than one role in the supply-chain comes quite naturally, being the producer and also selling the products online.

According to the results in the web survey, shown in appendix five, in terms of number of respondents, direct sales and e-mail are the top sales channels. The top rank of direct sales is also strengthened by the interview with Mark Knighton and the sales data in section 6.3. Although e-mail gets relatively high on the web survey, it does not contribute with that much revenue, and the result might have been affected by the fact that the web survey was sent out to customers who have opted-in on the newsletter, thus being accustomed to this way of purchasing a product. Product-messaging and retail were the two in the bottom in number of respondents of the web survey, and this is also the case when looking at the revenue rendered in 2008.

The direct sales are also the sales channel in which Lavasoft has the highest control, with no middlemen for selling the products, and thus generates the highest streams of revenue with the highest margins. At the moment, this is the highest form of vertical distribution as applicable to Lavasoft. This is also one reason for why Lavasoft prioritize their direct sales. When mentioned that it was the highest form of vertical distribution, it is important to understand that Lavasoft only have in-house production of one of their products, which is their flagship product, Ad-Aware. The rest of their products are re-branded products, thus making Lavasoft lose some of their control in the supply-chain. Since Lavasoft do work with some traditional retailers, also here, they tend to lose some of that vertical distribution control.

Although, if the margins may be smaller in the sales channels resellers, affiliates, retail, and TrialPay, they all share a very good attribute, namely that when well been established the sales channels runs almost by themselves. That is the reason for Lavasoft coping with the few number of employees that they have. However to establish new suitable partners to these sales channels can be very demanding. Besides the direct sales, Lavasoft works with both resellers and affiliates. This form of partnership can be seen as an alliance in the vertical distribution chain. This creates opportunities for both parties, especially the reseller program, which is the third most revenue generating sales channel at Lavasoft according to Mark Knighton. The sales data in figure 6.5 shows that it is the second highest. Although, this is based on numbers from 2008, and Mark refers to the numbers for 2009, where TrialPay has surpassed. The vertical alliances, although working well being dependant of others, it is still a dependence that might limit Lavasoft.

The reseller sales channel is mainly used for B-2-B, which also is a reason why the web survey results on this particular sales channel perhaps cannot be fully generalized due to the small number of respondents, and the fact that the respondents of the web survey are subscribers of the newsletter. Since resellers sell to other companies, not everyone at the office subscribes or even fully understands what the program does. This is up to the people responsible for purchasing the licenses, and thus, could limit the people choosing to receive the newsletter.

The affiliates of Lavasoft are also a form of vertical alliance, although not one of the top revenue generating sales channels, shown both by the web survey as well as the interviews. On the other hand, it can also be seen as a horizontal sales channel since affiliates contributes with resources to give Lavasoft exposure, which also works the other way around through cross-promotions. There is a low renewal rate through the affiliate sales channel according to the web survey, only four respondents said that they renewed through a Lavasoft affiliate. If this is compared to the number of customers who bought their product through an affiliate, that is six people, one can see a decrease in number of buyers who then renews through the same affiliate channel. This could indicate that the customers, even though it is a small decrease, might have renewed through a direct Lavasoft channel, skipping the middleman.

Another sales channel, which also can be seen as a horizontal distribution alliance is TrialPay. TrialPay creates an amazing opportunity for Lavasoft to come into contact and also appeal to customer segments whom they normally would not appeal to. It also gives Lavasoft the opportunity to cross-promote and gain marketing exposure. It is currently the sales channel that generates the second highest stream of revenue. The web survey did show that the retention rates of customers who have bought their products through TrialPay were at 50 per cent. One reasons for why this might be is because the first offer might have been in accordance with the preference of the customer, and thus leading to a purchase. Although, if the license ran out, and the customer could not find any offer that suited him or her, this could lead to a loss of those customers.

According to the web survey 73, 2 per cent of the total 97 respondents who said that they renewed their license, answered that they renewed it through the website, that is, through a direct sale. This could possibly mean that large proportions of the customers who renew their product licenses waits until after the license time is up, and then re-purchase the product from the website. This instead of using the product-messaging, which only 7, 2 per cent of the total 97 respondents who said that they renewed their license, said that they did. The same goes for e-mail, where only 11, 3 per cent of the total 97 customers who said that they renewed their licenses renewed through e-mail, which usually also contains offers with better prices than if purchased through the website. This concept of letting the license run out and then re-purchase the product as a new buy is also strengthened by the sales data, which shows that the revenue rendered by e-mail is quite low and direct sales are great.

7.2 Customer relationship management

CRM is about getting to know ones customers and to engage in relationships with those of them that renders revenue, and should not be just a way to make more money. It should be process of mutual benefits where the customers get better targeted and personalized offers, and the company gets feedback on possible improvements and more stable sales figures. CRM could and should improve the loyalty to the company, but if the customers are feeling that the personal information being improperly used, it could affect the loyalty negatively.

Lavasoft do not have a CRM program where all customer information automatically ends up, mainly due to due their high ethical standards. Although, for those who opt-in on receiving the newsletter or promotional offerings it could be possible to target them and to make customized offers to the specific customers based on what products the customers presently possess. Lavasoft do not at any stage in the acquisition process demand any personal information for purchasing a product, which is why they do not automatically obtain information about the customers. This aggravates the customer profiling that Huisken (2008) says is the first step in the process of building CRM. Because even if the customers have not opted-in to be contacted, which is the next step in the building process, there are still possibilities to segment the existing customers and be able to see patterns in the customer base.

The web survey shows that that the customers are concentrated to primarily North America, followed by Europe and Australia. The other continents had very few respondents. If knowing the primary markets for the company one can target those areas where the most customers live and also the areas where there are few customers to create awareness of the company and the products. Another aspect of customer selection, targeting areas and segments of customers, are the customer lifetime value, meaning the number of years the customers has been with the company. The web survey showed that Lavasofts customers have a high customer lifetime value, with in general high numbers both compared to sales channels and continents, especially considering that Lavasoft only has existed for about ten years. That there in general seems to be a positive attitude towards the company and that the average customer lifetime value in overall is high, could be considered to be more important than the specific numbers for the individual sales channel.

If having identified a group of targetable customers with a high lifetime value, the marketing communication could be adapted to fit this group. Customers with a high lifetime value can be considered possessing a greater knowledge about the products than new customers, and thus the marketing communication should be adapted to fit their understanding. It should, in accordance to build relationships with the customers, be a difference in the marketing communication in the different phases of the CRM process and it should also be a difference in the marketing communication to different segments and customer with variations in the lifetime value.

Customer profiling is as stated an important issue in the acquisition phase, whereas another essential issue is the website. The website should be able to attract both B-2-B and B-2-C customers. The front page on the Lavasofts website has a division into three categories, which are Home, Business, and Non-Profit (Lavasoft.com, 2009). This division could be considered to support that Lavasoft has a proper website to satisfy both types of customers in this aspect. At the same time the website should obtain adequate information that is suitable for the purposes of the customers. This aspect is hard to establish if performing well, but the high stream of revenue coming from direct sales could be seen as supporting that the Lavasoft website contains adequate information.

Figure 4.1 mentions several activities that can add value to the product in the acquisition phase: Promotion, Incentives, Services, Profiles, Customer service, and Direct e-mail. Lavasoft has plenty of activities for adding value for the customers. There are sales promotions and special offers frequently being communicated, both on the website and to existing customers and others that have opted-in. The whole idea of the sales channel TrialPay is to give the customers incentives to purchase a product, with the offer of getting another product for free. The direct e-mail that is being sent out often contains some kind of offer with either a discount or an offer to upgrade a product. These e-mails include many kinds of incentives and the idea is that at least one of them should appeal to the customers. Lavasoft also offers services in the shape of e-mail- and phone support, newsletter with business news and updates. Lavasoft puts a great effort into customer service and recent research (Blidner-Knittel & Borg, 2009) shows that the perception of the customer service is good.

When a customer is acquired, the retention phase starts and it covers customer care in a greater extent than in the acquisition phase, because now the customer has firsthand experience of how the product is functioning and how the customer service actually is performing. Therefore there are other activities that add value to the product in the retention phase, according to figure 4.1, these are: Extranets, Personalization, Community, Promotions, and Loyalty schemes. Lavasoft are not working with extranets, although they do work with mutual programs and have a close personal contact with most of their partners, in the shape of resellers and affiliates. The community MyLavasoft, which is Lavasofts own community, could be seen as a consumer substitute to extranets, where one can share experiences and receive promotions. Since MyLavasoft almost solely consists of C-2-C communication, it is of utmost importance that Lavasoft deliver a well functioning product and give a satisfying customer support. If not the customers could, and most likely will, spread their bad experiences on the community and on other Internet websites.

The promotions made by Lavasoft are mainly distributed by e-mails, and Lavasoft is careful of not being perceived as too pushy and offensive by sending to many e-mails. This is extra important for Lavasoft, and they have high ethical standards,

because they work against malware and other Internet security issues. The e-mails also try to keep the customer purchasing or renewing through an online sales channel, which Chaffey (2002) argues is a goal if being online. Personalization is also mainly done by cross-promotion e-mails and other offerings sent by e-mail. If the customer has opted-in, there usually is information of what products the customers presently is using, and the offerings could hence be personalized. The same goes with the newsletter, where the banners in the newsletter can be replaced depending on which product/s the specific customer uses. Regarding Loyalty schemes, Lavasoft has thoughts on starting a reward program where one gets points on each purchase and thereby automatically receives discounts on the next purchases. This is also a way to start collecting more personal information from the customers, by getting more of them to join the program. By starting this program Lavasoft would take a step towards being able to build a proper CRM program.

There is a greater chance of achieving a retention using many of these activities, and thus Lavasoft could be consider having good opportunities to achieve retentions because they use several activities. The web survey shows that the retention rate for the sales channels and continents is high in general. The continents where the most customers live have a high retention rate that lies between 71, 4 per cent to 76, 9 per cent, indicating that there are a lot of satisfied customers and the same tendencies of high retention rates can be seen in the sales channels with the most respondents.

The last phase of the CRM process is the extension phase, and here the goal is not just to achieve re-buys, but also to increase the lifetime value of the customers. Clark (2007) argues that customer lifetime value is the best measure to that a loyalty program is working. Lavasofts loyalty program is not yet running, although there should be good presumptions to that this would be functioning well. This, since the result of the web survey illuminates that the customer lifetime value in overall is high. Hence they been with the company for a long time and renewed the products many times. Therefore the willingness to get discounts for doing just that would probably be well accepted.

There are three activities that can add value in the extension phase according to figure 4.1: Direct e-mail, Learning, and On-site promotions. Lavasoft works as stated with direct e-mail, and this is also done in this purpose. They remind the customers through e-mails when the license is about to expire and informs them about other promotions, such as the ones on the website. Through the newsletter and e-mails Lavasoft also collects feedback from the customers, in the shape of surveys, et cetera. Customer experience is also gathered from the support department at Lavasoft, quite naturally since they have frequent direct contact with the customers. Lavasoft not only tries to learn things about their customers, they also tries to educate the customers in matters of Internet security through information in the newsletter, on their website, and in the Lavasoft blog. The learning process should, just as the process of CRM itself, be about a mutual benefits.

The concept of customer alchemy and the steps in the pyramid is something that Lavasoft could enact on. Although, that would probably not be possible at present due to the lack of information about the customers buying behaviour and history of purchases. The web survey indicates that Lavasoft has a large group of loyal customers, by the in general high numbers in customer lifetime value. These loyal customers can be considered to be platinum or gold, but Lavasoft cannot, with the current information, know which customers that are belonging to which group.

There are some correlations between the sales channels rendering the highest revenue and the retention rates for the sales channels. Directs sales that are the best selling sales channel only comes in fifth place in the retention rate, but the retention rate is however on a high level considering the number of respondents in that sales channel. The sales channel with highest retention rate are the resellers, which is the second highest sales channel in terms of revenue 2008, and one can consider that there exists a connection between the retention rate and the sales. The third largest revenue rendering sales channel is TrialPay, but when comparing to the retention rate, there is a weak correlation between the two.

Another sales channel having a low retention rate is product-messaging, but when compared to revenue, there is a correlation in the low numbers in both aspects. Even though the sales data in figure 6.3 cannot present any numbers on the revenue, the small amount of revenue rendered from product-messaging is supported by the interviews. The e-mail and affiliate sales channels do not render that much revenue in comparison to the top three. Nevertheless, these sales channels have a high retention rate, and these sales channels could hence be considered to show tendencies to have a relatively large group of loyal customers who stand for a large part of the revenue that is rendered each year.

When comparing the retention rate, customer lifetime value and the sales data for the different sales channels, one can see that direct sales, reseller, and affiliate are the best in overall. These three sales channels are also in top of rendering revenue, with exception of TrialPay, which is higher than affiliate in rendering revenue. The reason for TrialPay not having a better overall is the low retention rate and customer lifetime value. TrialPay, together with Product-messaging, has the lowest overall numbers. E-mail and retail is in the middle with an even distribution in the overall comparison. The comparison above shows that there are a connection between the retention rate, customer lifetime value and the highest revenue. Although, not in direct comparison between the retention rates and the customer lifetime value. But when adding the revenue, correlations start to emerge. If Lavasoft were to further analyze these connections they should start the process of building a CRM program, where also the concept of customer alchemy could be added to these parameters. The web survey shows tendencies that Lavasoft has good customer material to build the CRM program around, where the actual sales data also could be assisting in building and expanding CRM throughout the organization out towards the customers.

7.3 Marketing communication activities

Lavasoft are using a large number of both online- and offline marketing communication activities when communicating with their customers. This behaviour supports the customer's process of mixed-mode buying. The use of both online- and offline marketing communication activities could be considered to support that Lavasoft is enacting on helping their customers in this process. Even though Lavasoft do work with both online- as well as offline marketing communication activities, thus supporting the mixed-mode buying process, their main activities are online-based. When being a computer software producing company, distribution and marketing communication activities goes hand in hand. This means that even though a sales channel in theory might be considered just a channel for distribution, at the same time, it, in many aspects, acts as a marketing communication activity itself.

The affiliate program that Lavasoft works with is a mean for selling products, but it is also a mean for getting marketing exposure. Affiliate marketing is being performed through the sales channel affiliates, which means that Lavasoft knows where the marketing communication for affiliates is going to be distributed, and thus could be targeted towards this specific sales channel. Much of the marketing communication being done in the affiliate sales channel is what falls under online partnership, link-building, affiliate marketing, and co-branding. Lavasoft also does sponsorships both online and offline and this creates an image that affects the whole company. This is hard to connect to any specific sales channel, but it still affects several sales channels, which can gain the company if positive. The online sponsorship is usually for non-profit organizations and the offline is for industry exhibitions.

Lavasofts direct sales are based on many different marketing communication activities. Since this is sales from Lavasofts website, all marketing communication that reminds the customer about the brand Lavasoft, could affect this sales channel. For instance, search marketing helps linking the customer to the website, but at the same time, so does advertising. Traditional advertising is however only used very little and on a local level. While online advertising which also is conservatively used, links the customer directly to the Lavasoft website, and thus strongly connected to direct sales. Marketing communication activities for the direct sales is thus based on almost all the marketing communication performed.

One thing which also is believed driving traffic to the website is the Lavasoft blog, where the reader can get industry updates and also some information about what is going on in the office. The blog is a part of the online PR category in which Lavasoft also works with media alerting services, portal representation, and community C-2-C posts. All online PR could be seen as driving traffic to the direct sales channel. The offline PR could be seen as having the same purpose. Another sales channel, which can be seen both as a mean for selling products as well as a marketing communication activity, are e-mails. E-mails are based on customer consent, and once the customer has opted-in, Lavasoft are able to send offers or renewal reminders to this customer. Since Lavasoft has high ethical standards, they do not send out more e-mail than needed. But they are still able to personalize and customize their e-mail in a fashion that suits Lavasoft.

The marketing communication activities that lead the customer to the website or that makes the customer try the free– or trial version could be seen connected to the e-mail sales channel, since it is through the Lavasoft website or the program the customer can choose to opt-in to the newsletter or e-mails. There are different ways Lavasoft use e-mails to contact customers, it could be a direct e-mail sent from Lavasoft or it could also be a co-branded e-mail, 3rd party e-newsletters, or house list e-mails.

Product-messaging, the in-program sales channel is directed towards present Lavasoft product users. This is something that Lavasoft is very careful with using, again because of the ethical standards. There is no marketing communication activities being performed for this sales channel, but just like e-mail, it is a mean for communication by itself. The messages that is being exposed to the users, usually contains, offers on products, or reminders of licences end dates. For the freeware users, the messages with the offers are designed to convert them into paying customers. Lavasoft do not perform any specific marketing communication activities for the TrialPay sales channel, more than the information on the website and product-messaging. It is still one of the top sales channels in terms of rendering revenue. It is important to understand, that it is not only Lavasoft who do marketing communication for this sales channel, but all the involved partners of TrialPay. This means, those customers interested in other companies, might come across Lavasofts products, in search for something else. That is also one of the biggest strengths of TrialPay, the ability to appeal to large customers segments that might not otherwise be reachable.

Traditional retailing, which is done in a small extent in relation to Lavasofts other sales channels, exists because there still is a relatively large group of customers that want to be able to touch and feel the products purchased. Not only before purchasing, but also to bring a physical product with them home. Therefore one can say that the packages are developed to the retail sales channel, at least the physical boxes. The design of the boxes is though also widely used online, to represent and to give a face for each product. Once installing the products on their computers, retail customers will face the same options as the online customers, and thus be exposed to product-messaging, and if opted-in, also e-mails. The actual retailing is not done by Lavasoft, but with partners. Even though Lavasoft design the marketing communication for this sales channel, the partners perform the actual work, such as shelving and in-store promotions. Other work the partners perform, are for instance advertising through the retailers direct mails and newsletters.

The reseller sales channel is mostly aimed towards B-2-B and the resellers purchase large volumes of licenses from Lavasoft, that they themselves can sell by own means. In similarity with the affiliate and the retail sales channel, the resellers obtain Lavasoft designed marketing communication materials that they could use to sell. This material could be used at exhibitions, both by Lavasoft in order to come into contact with resellers, but also by resellers to come into contact with customers. Hence one can say that the activities performed towards the sales channel resellers by Lavasoft are aimed towards the resellers themselves and not the end-users. Just like for most of the other sales channels, the reseller sales channel is affected by the general image of Lavasoft produced by all the marketing communication being done and the products themselves.

Lavasoft uses merchandise when visiting exhibitions, on other events and also in promotional purposes to partners. The merchandise is used by Lavasoft to promote their products and to drive traffic, which according to Keller and Kotler (2006) can be called specialty advertising. In connection to exhibitions, other events and giving away merchandise, Lavasoft frequently uses sales promotion in the shape of free samples and trials of the products. Since most of the merchandise and sales promotion is used at exhibitions and to partners it is possible to connect it to the resellers and affiliates that often is represented there, and by that connecting the merchandise to the reseller- and affiliate sales channels. Lavasoft also perform some sales promotion by distributing extended trial versions of their products through different computer magazines on an accompanied disc, which cannot be connected to any specific sales channel as the other sales promotion.

The offline word-of-mouth that consists of recommendations between customers, according Lovelock and Wirtz (2007), is something that exists, but it is nothing that Lavasoft have any control over or is trying to control. The MyLavasoft community can be used to get an overview of customer's perception of the company. The fact that they have their own community could provide them with good customer insights that are easier obtained than if the customers were elsewhere. Lavasoft were spread through word-of-mouth from the beginning when first entering the market and it is hence a kind of marketing communication that is closely connected to Lavasoft. Viral marketing is something that Lavasoft do not perform at the moment, but that is of great interest to them, much because the similarities with word-of-mouth in that sense that viral marketing being the online form of it.

Other marketing communication activities that Lavasoft does not perform are personal selling and direct mails. The direct mail is quite naturally not of interest to Lavasoft, being an online-based company, despite the click and mortar approach. The personal selling is not performed directly towards the end-users, but it is performed in that way that Lavasoft have personal contact with their business partners, such as resellers, affiliates, retail partners. Thus one can say that Lavasoft do personal selling in that sense that the resellers for example is customers to Lavasoft, but they are not the end-user. Lavasoft do in other words not perform personal selling towards consumers.

Lavasoft perform a lot of marketing communication activities, both online and offline, and through several different sales channels. When looking at which sales channels that is the overall best in comparison between customer lifetime value, retention rate, and rendering revenue, one sees as shown in the previous section that those sales channels are directs sales, resellers, and affiliates. The marketing communication being performed in those sales channels differs among them. Since resellers and affiliates are among the best in the overall, one can consider that the marketing communication in those sales channels is working well. The activities performed associated to resellers are exhibitions, sales promotion, and merchandising. Although, these activities are aimed towards the resellers themselves and what is aimed towards their customers and contributes to the high stream of revenue are thus the marketing communication material provided by Lavasoft and the general image of Lavasoft. The performed activities associated to affiliates are the ones that fall under the category online partnerships, and are to be considered having a substantial effect on the sales since these more clearly than any other

activities can be connected to the affiliate sales channel. Although, also in this sales channels, the revenue rendered are affected by the general image of Lavasoft and the provided marketing communication material.

The sales channel TrialPay is not very good in the overall, in spite being the third highest source for revenue. This is quite remarkable since there are not really any marketing communication activities directed towards this sales channel performed by Lavasoft, except for some product-messages and some promotion on the website. One explanation for the good sales figures could be that the other companies involved in TrialPay renders revenue by selling Lavasofts products on their websites. Product-messaging is low in the overall, but is an important sales channel in that aspect that it reaches all Lavasoft customers, including the freeware users, and is very cheap. It is no marketing communication activities performed for this sales channel.

Both the e-mail and retail sales channels are quite low in overall and revenue, but are still important, e-mails since it is a good way to communicate with the customers and is fairly cheap, and the retail because it is the physical presence of Lavasoft in stores. They both have a high retention rate, which is good. The marketing communication performed for the e-mail sales channel is cross promotions, co-branded e-mail, 3rd party e-newsletters, house list e-mails, and direct e-mails and newsletter to customers that has opted-in. In the retail sales channel the marketing communication activities are the package design of the product boxes, and marketing communication materials for the partners selling the products towards the retailers. These performed activities cannot be seen as working very well, but they still contribute with some revenue and are important as sales channels even if not rendering that much revenue. The retail was until quite recently just existing in the US, which now has changed and that will probably increase the revenue in the future. E-mails are very useful throughout all of the three phases in the CRM process and besides from rendering revenue have an important informative purpose.

8. Conclusions

This chapter contains the conclusions and recommendations of this thesis and consists of five sections. It follows the structure of the research questions. Every research question will be answered and recommendations will also be made on each one.

8.1 Research question 1

Which are the sales channels currently used by Lavasoft, and which render the most revenue?

Conclusions

The presently used sales channels by Lavasoft are; direct sales, e-mail, resellers, affiliates, retail, TrialPay, product-messaging. These seven sales channels motivate a multi-channel approach, which Lavasoft adapts. Within the multi-channel approach Lavasoft also work with vertical- and horizontal distribution. The sales channels are predominantly online-based but Lavasoft has still an offline sales channel as well, which is why they can be considered a click and mortar company.

The sales data obtained from Lavasoft shows that direct sales are rendering the highest revenue, with resellers as second and TrialPay as third, however these two are oppositely placed in the interviews. On the fourth place in rendering the most revenue is affiliates, this is followed by e-mail and retail. Product-messaging comes last, and this is because no numbers was able to be obtained about this sales channel, the numbers are in this thesis included in the direct sales. Although, the interviews supported product-messaging as the least revenue rendering sales channel.

Recommendations

Lavasoft has a good reach with their different sales channels and every sales channel earns its existence in different ways. As it is of now, Lavasoft has a sufficient range of sales channels. We recommend that they keep on working with the present sales channels, maybe rather develop and expand the present sales channels instead of searching for new ones.

Offline, a company like Lavasoft, do not need more sales channels than the retail, partially because that sales channel by itself covers quite many different areas. What could be recommended on the offline sales channel part is to keep expanding both in acquiring business retail partners and to cover greater geographical areas.

To a great extent this is also to be done because it gives a lot of marketing exposure. Basically, as long as the marginal revenue exceeds the marginal cost of this expansion the expansion is recommend to continue.

When it comes to the online sales channels, direct sales should continue to be the main focus, because it is the sales channel with the highest margins, rendering the highest revenue and Lavasoft has the highest level of control in this sales channel. We believe that the sales channel linked to direct sales, e-mail and product-messaging, should be a focus because they have the same mentioned benefits as direct sales, and those three can be considered as direct sales channels.

All the other sales channels; affiliates, resellers, retail, and TrialPay, should be considered as tools for customer acquisition. Once the customer has used a Lavasoft product, the goal should be to retain the customer using a Lavasoft direct sales channel. Even though Lavasoft have well functioning and self-sufficient vertical- and horizontal distribution with their partners, the margins will never be the same as in a direct sales channel.

8.2 Research question 2

Which sales channel has the highest retention rate, and which sales channels have the highest customer lifetime value?

Conclusions

According to the web survey the sales channel with the highest retention rate is resellers, with affiliates as second, and e-mail as third. After that comes retail as fourth, in fifth comes direct sales, and the last two are TrialPay and product-messaging.

According to the web survey the sales channels with the highest customer lifetime value is retail, with product-messaging as second, direct sales and affiliate as split third. Following that is e-mail as fifth, reseller as sixth, and TrialPay as the last.

Recommendations

As stated in the previous recommendation the goal should be to retain the customer through the sales channel with the highest margins, thus meaning the direct sales channels. The web survey shows that only one fourth of those purchasing through product-messaging renew their license, which is something that needs to be worked on. When looking at the result of the web survey of in which sales channel the customers had renew their license/s, it shows that most of them retained through direct sales. This result tends to that the customers let their license run out before

renewing it. That behavior should be targeted, preferably with the other two of the direct sales channels, e-mails, and product-messaging.

The retention rate is to be considered as high, the customer lifetime value is to be considered as high, and the customers have a good image of the company. All of these factors together illustrates that there are a lot of satisfied customers, Lavasoft just do not know who they are. Therefore we recommend to either start a new CRM program or to continue the building process of the present CRM initiatives, this in order to build relationships with the customers. In this process of expanding the CRM, the ethical standards should be taken into account to secure that it is done in a manner that the customers understands and accepts.

8.3 Research question 3

What marketing communication activities are Lavasoft currently doing and what type of marketing communication activities are Lavasoft doing in regards to each sales channel?

Conclusions

As of today, Lavasoft are working with both online- as well as offline marketing communication activities.

The online marketing communication activities performed are, search marketing; both paid search as well as key word optimization, Online PR by media alerting services, communities, portal representation, blogs and RSS feeds. Lavasoft are also to a greater extent working with online partnerships such as affiliate marketing and co-branding, as well as sponsorships and link-building. Then they are also to a smaller extent also working with interactive ads, such as banners. Finally, one of their stronger online marketing communication activities is opt-in e-mails, where they work with co-branded e-mails, 3rd party e-newsletters, and house list e-mails.

The offline marketing communication activities that Lavasoft are working with are: advertising, public relations, sponsorships, exhibitions, packing, sales promotion, merchandising, and word-of-mouth.

First of all, to pinpoint the type of marketing communication activity that affects which sales channel is due to the nature of marketing communication relatively hard. All types of marketing communication serve the purpose of creating awareness of Lavasoft and their products. Although, some type of marketing communication activities can be seen as affecting certain sales channels more than others.

Here follows a generalized description of what types of activities affecting which sales channels:

Direct sales from the Lavasoft website, is believed to be affected by all marketing communication performed by Lavasoft and their partners. E-mail is one of Lavasofts direct sales channels and is affected by cross-promotions, 3rd party newsletter and house list e-mails. In a way, the e-mail sales channel is also affected by what affects the direct sales. The affiliate program as a sales channel is mainly affected by affiliate marketing, link building, sponsorship, and co-branding. All of which, falls under the category of online partnerships. But also here all the marketing communication is affecting. Generally, all marketing communication activities affect the resellers as a sales channel too. Lavasoft attract resellers for instance by exhibitions, merchandise, and sales promotion. They then produce material that resellers can use as they see fit, in accordance with Lavasoft. The retail sales channel is affected by in-store promotion, advertising, and packing. This is not performed by Lavasoft, but by partners of Lavasoft. Though little marketing communication is done for TrialPay as a sales channel, it is affected by almost all marketing communication activities done by Lavasoft, as well as marketing communication done by other TrialPay partners. Product-messaging uses no marketing communication activities at all, except being present in the program.

Recommendations

Lavasoft is currently not yet working with viral marketing, which could be considered as negative. There are many opportunities that come from working with viral marketing, for instance, the chance of obtaining low-cost marketing exposure where the customers themselves do all the spreading, as a kind of online-based word-of-mouth. Further recommendations of which online marketing communication activities that Lavasoft could or should implement in their range of activities, can be seen in the bachelor thesis: Activities for strengthening the brand of an online-based company - A study of Lavasoft AB (Blidner-Knittel & Borg, 2009), and are still believed to be valid.

There are no specific recommendations to be made regarding the performed offline marketing communication activities. Our recommendation is to continue working with more partners and keep expanding to create more marketing exposure. Another recommendation that could be made is to further develop B-2-B relationships and by that maybe creating more direct business, cutting middlemen, and thereby sell the products at a lower price but still have higher margins than with the middlemen. This recommendation especially concerns the sales channel resellers, because they primarily sell B-2-B and in large volumes, which motivates the effort of implementing offline personal selling.

8.4 Research question 4

Are there connections between the sales channels with the highest- revenue, retention rate, and customer lifetime value for each sales channel?

Conclusions

There are connections for the sales channel regarding these aspects. The connections are not particularly strong for each sales channel, but they are considering being existing in every sales channel.

The strongest positive connection between the three aspects is in the sales channels; direct sales, affiliates, and resellers. These sales channels are in the top when looking at the overall of these aspects, where the best is considered as the highest in all the aspects. By that definition of what is best, the sales channels TrialPay and product-messaging is the ones with lowest at the overall. The sales channels e-mail and retail is the middle in the overall.

Recommendations

Regarding the sales channels with lowest overall, TrialPay and product-messaging, there are recommendations to be made. TrialPay has high revenue, but low retention rate and customer lifetime value and what could be done is to further use product-messaging towards these customers. While product-messaging has a low stream of revenue and retention rate that could be improved by getting more of the TrialPay customers to retain.

An idea that would have been a recommendation if not already been planned at Lavasoft, is to keep more continuous contact with the customer by automatically sending e-mails at predetermined points, for example when the license is about to run out or after purchase asking if the customer is satisfied. The reward program planned at Lavasoft is recommended to be more beneficial to those customers who purchase products from a direct sales channel.

8.5 Research question 5

Is there a connection between the type of marketing communication activities and the sales channels with the highest- revenue, retention rates, and customer lifetime value?

Conclusions

The conclusions in this question strongly depends on the same issues as in research question 3, where the problems with directly connecting the type of marketing communication activities with a specific sales channel where highlighted. Therefore to connect the type of marketing communication activities performed in each sales channel with the three further aspects; streams of revenue, retention rates, and customer lifetime value, is considered even harder. Although, when generalizing the connections, it is believed that some tendencies were found.

The three sales channels that were the best in overall of the three aspects are direct sales, affiliates, and resellers. The marketing communication activities performed in those sales channels are not directly able to be connected to those, but what affects those sales channels are mostly all of the marketing communication activities performed. Therefore, regarding direct sales, one cannot connect any specific activity to the good rank in the overall. Affiliates could be considered being affected to some extent by the activities from the category online partnerships. Resellers could be considered being affected by merchandising, exhibitions, and sales promotion.

On the other hand, one connection that can be made is the connection between the low results in overall, for the sales channels TrialPay and product-messaging, and the marketing communication being made in those two sales channels. There is no direct marketing communication activities specifically made for those sales channels, which could be seen as a connection.

The sales channel e-mail is ranked in the middle in the overall, and it has some marketing communication activities from the category opt-in e-mail that are able to be connected to it. Considering the average overall rank for e-mail, one can claim that there are potential for improvements for this sales channel. The retail sales channel is also ranked in the middle in the overall, the marketing communication activities that could be seen as connected to it is in-store promotion, advertising, and packing. Even though, the retail sales channel also is affected by all the marketing communication activities performed by Lavasoft. These identified activities could, when considering the low overall, be seen as having potential for improvements. Although, the improvements might have to be done by the partners, that are dealing with the retailers on behalf of Lavasoft.

Recommendations

Recommendations that can be made concerning the potential improvements of the e-mail marketing communication activities are generally to find new activities and to develop the existing ones. More specific, one recommendation is to generate more traffic to the direct sales channels by using online partners newsletters and develop

options for opting-in on the Lavasoft newsletter or e-mails, through the partner's newsletters. If or when Lavasoft develops more advanced CRM programs, to further personalize and customize the e-mails is also to recommend.

Regarding potential improvements for the marketing communication activities related to the sales channel retail, our recommendation lies primarily in what has been mentioned in the previous research questions, namely to continue the geographical expansion and thereby also establishing relationships with more partners.

8.6 Future research

In this section we will give our suggestion on ideas of further research and areas for future research. The suggestions are presented without any specific order of importance.

- *Further examine what work that needs to be done to develop a proper CRM program.*

- *Further examine how Lavasoft could enact on performing more B-2-B sales by themselves.*

- *Examine if there is a possibility of developing tools of evaluation to be used in order to examine the performance of partners.*

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Appendix one

Interview guide

Part one

1. What sales channels do Lavasoft currently use?

2. Which sales channels render the most revenue?

3. Do you know the current retention rates for the different sales channels?

4. Which sales channels are prioritized, and why?

5. Do you during any stage of the customer buying process demand personal information from the customer?

6. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

7. Which continents are Lavasofts primary markets and why?

Part two

1. What online marketing communication activities do you perform?

2. What offline marketing communication activities do you perform?

3. Which type of marketing communication activities do you perform in which sales channels?

4. Do you know the current retention rates for the different sales channels?

5. Is the marketing communication activities developed and adapted to fit a specific sales channel?

6. Is there any marketing communication activities, not designed, by the marketing department?

7. Do you during any stage of the customer buying process demand personal information from the customer?

8. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

9. Which continents are Lavasofts primary markets and why?

10. Do Lavasoft perform any particular marketing communication activities in regards to the three phases of CRM?

Appendix two

Interview guide questions go-through

Part one

1. What sales channels do Lavasoft currently use?

This question was asked simply to obtain the information about which sales channels that Lavasoft uses.

2. Which sales channels render the most revenue?

The purpose of this question was to acquire information about the revenue of each sales channel, this in order to be able to later draw conclusions about correlations between the effects of the type of the performed marketing communication activities, the retention rates obtained in the web survey and the stream of revenue.

3. Do you know the current retention rates for the different sales channels?

If Lavasoft would know the retention rates for the different sales channels there would not be a need to examine this through a web survey because the information would then be available in secondary data. It was asked in both parts just in case the different departments would have different answers.

4. Which sales channels are prioritized, and why?

This question examined if any sales channel was considered more important than another and if any sales channel got more attention or was worked on more than the others. The priority could have impact on the result of the different sales channels and this question could be used to aid in finding explanation to these differences, if occurred.

5. Do you during any stage of the customer buying process demand personal information from the customer?

In order to understand if Lavasoft even could build up programs for customer-acquisition, retention, and extension, there was a need to understand if they even collected information about their customers at all. If they collected information, this could be used in a CRM program in order to develop specific strategies for these different objectives.

6. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

This question was asked in order to understand if Lavasoft had a CRM program. If this was the case, what was the information that they collected, and how it was used, for instance to aid Lavasoft in their marketing communication activities, and/or creating customer satisfaction when trying to acquire, retain or extend the customers.

7. Which continents are Lavasofts primary markets and why?

This question was asked to obtain information about which continents Lavasoft considers as their primary markets and why. The answers on this question was then to be used in comparison with the result of the web survey, where the first question handles on what continent the web survey respondents live. If knowing which the primary markets where, a deeper understanding of the marketing communication being performed was also believed to be obtained.

Part two

1. What online marketing communication activities do you perform?

This question was asked in order to obtain the information of Lavasofts present online marketing communication activities.

2. What offline marketing communication activities do you perform?

This question was asked in order to obtain the information of Lavasofts present offline marketing communication activities.

3. Which marketing communication activities do you perform in which sales channels?

This question was structured so that it could give the information of which marketing communication activities that is being done in which specific sales channel and thereby able to connect the type of marketing communication activities done in the different sales channels to the revenue, retention rates, and customer lifetime value.

4. Do you know the current retention rates for the different sales channels?

Same as part one.

5. Is the marketing communication activities developed and adapted to fit a specific sales channel?

This question examined if and to what degree the marketing communication activities are fitted to certain sales channels, this in order to inspect the adaptability of the marketing communication being performed. If there would be a great degree of adaptability in the different sales channels, the result of it should be considered to be greater due to its focus on different sales channels and segments.

6. Is there any marketing communication activities, not designed, by the marketing department?

In this question the interest was on if the where any marketing communication being done outside of the marketing department at Lavasoft. If there would be a great deal of activities designed and performed by others than the marketing department that could have an impact on the perception of the marketing communication and the effects of it.

7. Do you during any stage of the customer buying process demand personal information from the customer?

Same as part one.

8. Do Lavasoft use CRM programs in order to collect and maintain information about their customers?

Same as part one.

9. Which continents are Lavasofts primary markets and why?

Same as part one.

10. Do Lavasoft perform any particular marketing communication activities in regards to the three phases of CRM?

In this question the interest lied in if Lavasoft performed any particular marketing communication activities with regards to the three different phases of CRM. If that was the case, which activities where performed in which phase.

Appendix three

Web survey

Customer Survey

We need your help!

We are two students from the University of Gothenburg. This survey is a part of our master thesis in marketing, which we are writing in cooperation with Lavasoft. We appreciate you taking the time to fill out the survey and help us with our work.

1. Where are you from? (*)

▢ North America

▢ South America

▢ Australia

▢ Asia

▢ Europe

▢ Africa

2. How long have you been a Lavasoft customer? (*)

▢ Less than 1 year

▢ Less than 2 years

▢ Less than 3 years

▢ Less than 4 years

▢ Less than 5 years

▢ Less than 6 years

□ Less than 7 years

□ Less than 8 years

□ Less than 9 years

□ Less than 10 years

3. Which Lavasoft product/s have you purchased? (*)

Please select all that apply.

□ Ad-Aware Plus

□ Ad-Aware Pro

□ Personal Firewall

□ Registry Tuner

□ Anti-Virus Helix

□ Privacy Toolbox

□ Digital Lock

□ File Shredder

4. Where did you buy the product/s? (*)

Please select all that apply (if you have bought more than one product).

□ Lavasoft website (Purchased direct from a Lavasoft webpage)

□ Through an e-mail (Direct offer, through a promotional mailer or newsletter)

□ Affiliate (An affiliate is a partner that links you to purchase a Lavasoft product, for example Download.com, Peregain.net, Couponcraze.com)

□ Reseller (A reseller is a company that sells Lavasoft products, for example: SHI, Insight, Softchoice, Greymatter)

□ Retail (Purchased a product box in a shop)

□ TrialPay (Got the product for free through TrialPay)

□ Product-messaging (Received an offer through the program and clicked on it)

5. Have you ever renewed one of your Lavasoft licenses? (*)

○ Yes

○ No

6a. If No, what was the primary reason for not renewing the license/s?

Please select all that apply (if you have not renewed more than one product).

□ Did not like the product/s

□ The support and service was not so good

□ Price was too high

□ Other

6b. If Yes, what was the primary reason for renewing the license/s?

Please select all that apply (if you have renewed more than one product).

□ Like the product/s

□ Good support and service

□ Out of habit

□ Got a good offer

☐ Good price level in general

☐ Other

7. How did you renew your license/s?

Please select all that apply (if you have renewed more than once).

☐ Lavasoft website (Purchased direct from a Lavasoft webpage)

☐ Through an e-mail (Direct offer, through a promotional mailer or newsletter)

☐ Affiliate (An affiliate is a partner that links you to purchase a Lavasoft product, for example Download.com, Peregain.net, Couponcraze.com)

☐ Reseller (A reseller is a company that sells Lavasoft products, for example: SHI, Insight, Softchoice, Greymatter)

☐ Retail (Purchased a product box in a shop)

☐ TrialPay (Got the product for free through TrialPay)

☐ Product-messaging (Received an offer through the program & clicked on it)

Thanks again for helping us with our thesis work!

Best regards
Christian and Christopher

Appendix four

1. Where are you from?

This was a question that was used as a segmentation of the respondents, by continent. The segmentation could then be used to give recommendations of where to focus the type of marketing communication activities.

2. How long have you been a Lavasoft customer?

Depending on how long the customers have been with Lavasoft their knowledge and expectations differs. The retention rates tell how many customers that are renewing, but not for how long they have been doing this. This question examines the present lifetime of the customers, which could be used to segment from and to adapt the type of marketing communication activities.

3. Which Lavasoft product/s have you purchased?
Please select all that apply.

This question tells which products the customers possessed, in this question it was possible to click on several answers, depending on how many products the customers have. The question was then used to examine contingent patterns in which products the customers have and which products that were renewed more often et cetera.

4. Where did you buy the product/s?
Please select all that apply (if you have bought more than one product).

This question was asked in order to obtain the information regarding which sales channel the products were purchased through. Also in this question it was possible to click on more than one alternative.

5. Have you ever renewed one of your Lavasoft licenses?

This was a short question that was asked to get the number of respondents that had ever renewed their license/s.

6a. If No, what was the primary reason for not renewing the license/s?
Please select all that apply (if you have not renewed more than one product).

The respondents that did not have renewed their license/s were asked this question to try acquiring information of the reason for not renewing. The question is not used in

this thesis, but was asked in order for Lavasoft to obtain this information. Additional answers where aloud if possessing more than one product.

6b. If Yes, what was the primary reason for renewing the license/s?
Please select all that apply (if you have renewed more than one product).

The respondents that had renewed their license/s were asked this question to try acquiring information of the reason for this. The question is not used in this thesis, but was asked in order for Lavasoft to obtain this information. Additional answers where aloud if possessing more than one product.

7. How did you renew your license/s?

This question gave the information about in which sales channel the respondents had renewed their license/s and this information were essential in order to examine the retention rates and how the retention was made.

Appendix five

Web survey results

Customer Survey – Results

Question 1 - Where are you from
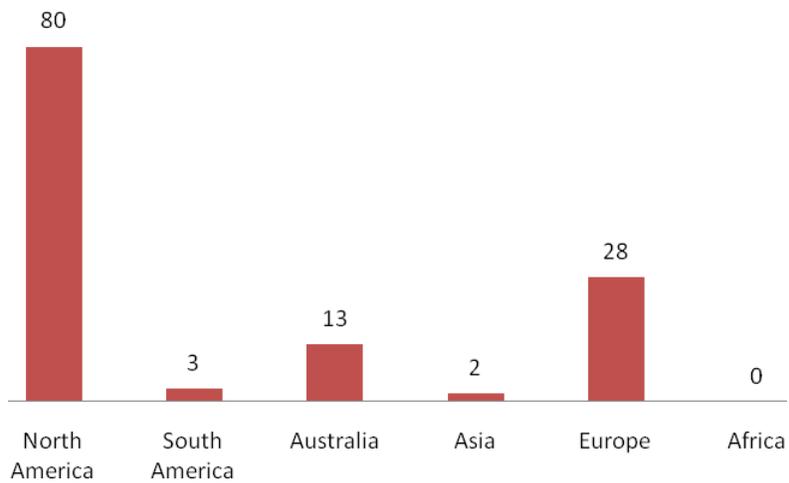
As shown in the figure most of the customers are situated in North America, with Europe as the second most common. Australia have some customers but not at a significant level. South America and Asia have three respectively two customers each and this is of course very low, although the level of marketing communication in these areas has been nearly non-existing. Africa's representation in this thesis is non-existing, by not having a single customers from the region and this depends on a number of factors, marketing communication being one and representation of the survey population might be another.

Question 2 - How long have you been a Lavasoft customer?
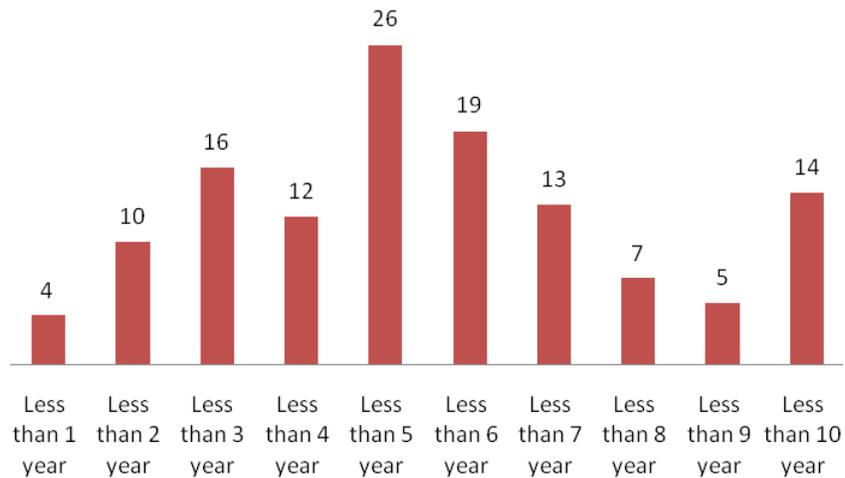
The answers in this question differs quite a lot, with a spread all over the alternatives. The two most common answers are less than five year and less than six year. What is remarkable is that the alternative less than one year only got four answers, which means that all of the other 122 respondents have had a Lavasoft product/s more than one year. Also worth mentioning is that the alternative less than ten years, which is how long Lavasoft has existed as a company, received 14 answers.

Question 3 - Which Lavasoft product/s have you purchased?
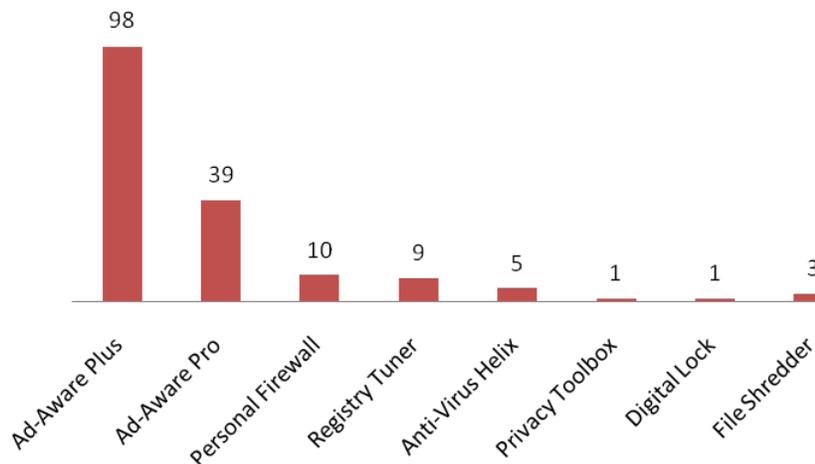
Ad-Aware is the most commonly purchased product, both versions. Notable is that the plus version is more common than the more expensive and advanced pro version.

Of the rebranded products, Personal Firewall and Registry Tuner is the most common.

Question 4 - Where did you buy the product/s?
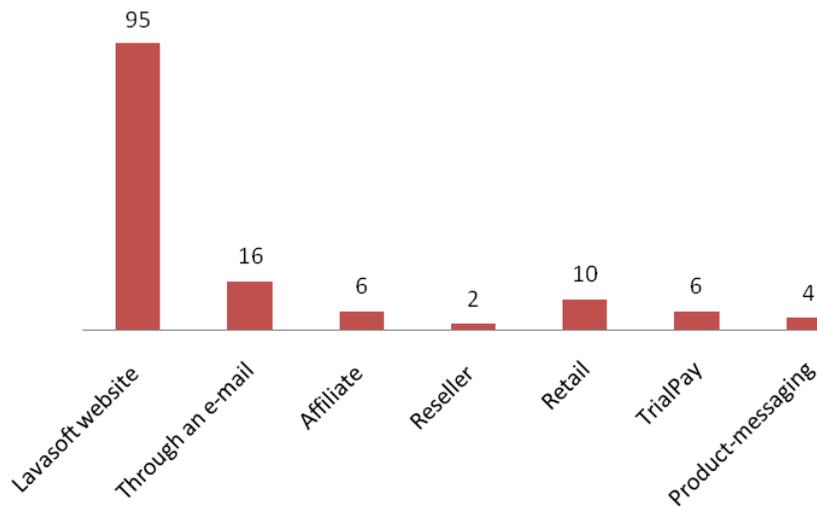
Direct sales through the Lavasoft website, constitute the primary sales channel according to the result of the web survey. Purchasing through an e-mail is the second most occuring answers. The only physical sales channel, retail, is on third place of occuring answers. The reason for the alternative Reseller only has received two answers could be that this sales channel is to a great extent focused on B-2-B sales.

Question 5 - Have you ever renewed one of your Lavasoft licenses?
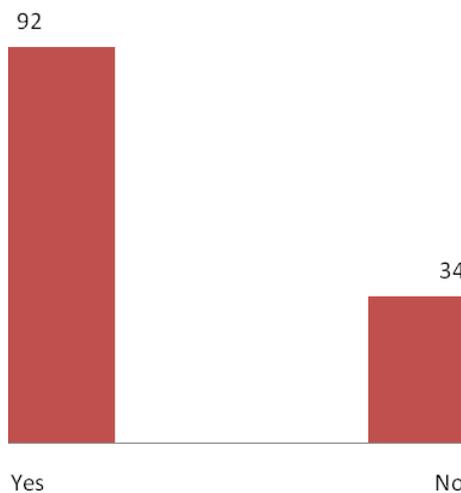
This question was simply there for giving the general retention rate of all the respondents answers. There were a clear majority for the Yes alternative as shown in the figure.

Question 6a - If No, what was the primary reason for not renewing the license/s?
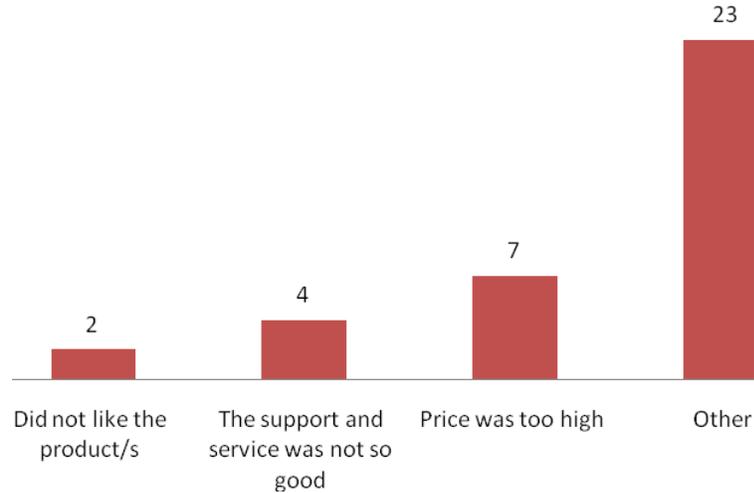

This question will not be further used in this thesis.

Question 6b- If Yes, what was the primary reason for renewing the license/s?
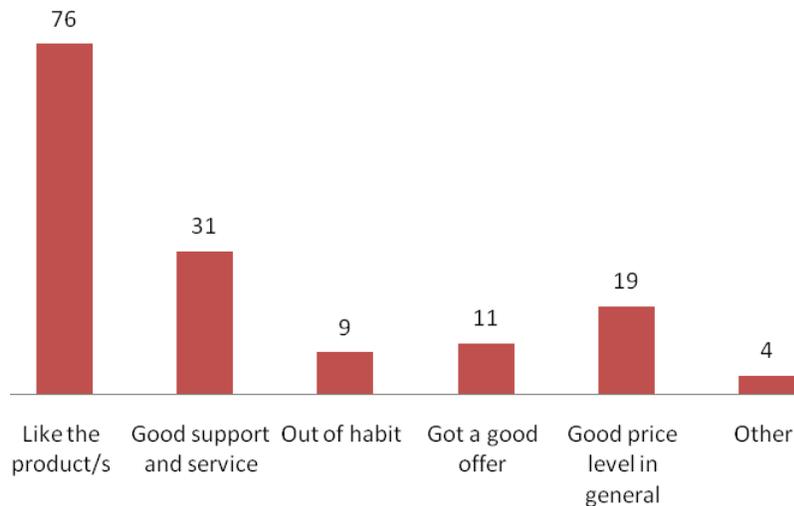
This question will not be further used in this thesis.

Question 7 - How did you renew your license/s?
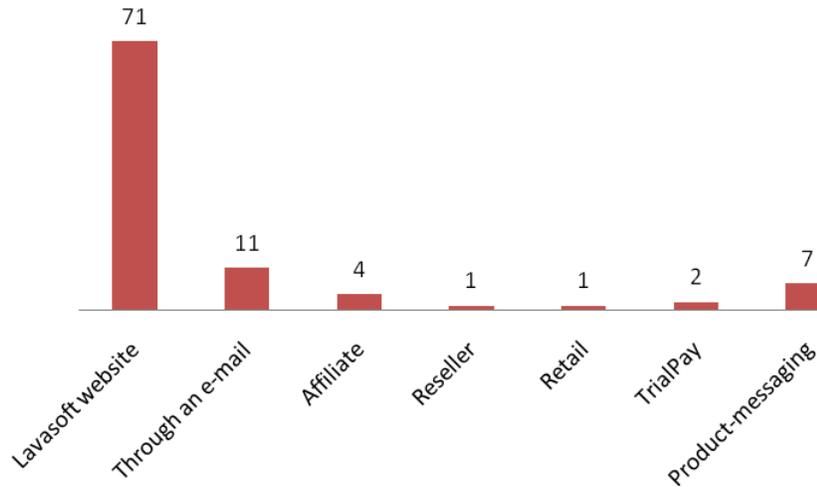
Regarding through which sales channel the respondents renewed their product license/s the Lavasoft website is the outermost common answers, with e-mail as secondly most frequent. Notably is that all alternatives, except for Product-messaging, has decreased in numbers compared to the sales channel of the original purchases.