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Master's degree thesis

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**Trust, Reputation and Simplicity - Core
Elements of A Communication Process of an
Industrial Company**

A Case Study of Laader Berg

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Karoline Vinnes Hjelmeland

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Abstract

A successful relationship marketing requires a company to manage the communication process with its customers so that it can create value for both of them from the time of building and developing their relationship. This strategic role of communication is becoming a managerial priority for firms in all industries, and is essential for the value creation in the competitive markets. Understanding the entire process is important to doing it well and the elements in the communication process determine the quality of the communication.

The purpose of this thesis is to contribute to Relationship marketing, as a body of knowledge in describing and analysing the communication process in a particular industrial company in order to get a better understanding of its elements and the interaction between them. A qualitative case study was used to conduct two different perspective of this communication process in order to identify perceptions of the process and to detect core elements promoted. The case study included in-depth interviews with employees of the industrial company, as well as its customers. The interviews revealed what communication process the company adopted, what main elements were used and why. Also the perception from customers was essential to analysing this communication process.

Evidence obtained from the study revealed that the two-way circular communication process in the case company consist of three elements, message, channel and feedback. The company distinguish between 5 lines of communications where main elements of the process differs. There were six channels of communication identified, where some only existed in some of the communication lines. Feedback is collected in a form of weekly meetings, prioritizing and on individual level. It was also found that the case company adopts communication process in order to promote its reputation and build the trust with its customers. While the customers relies on the communication process in order to ensure company's reputation as well as reduce the complexity of its own operation.

Keyword: Relationship Marketing, Communication Process, Industrial Marketing, Trust, Reputation, Simplicity

Table of Contents

Mandatory statement	i
Publication agreement	ii
Acknowledgements	iii
Abstract	iv
Definitions and Clarification	vii
CHAPTER 1 Introduction	8
<i>1.1 Relevance of topic</i>	<i>9</i>
<i>1.2 Context of the Study: Laader Berg</i>	<i>10</i>
<i>1.3 Purpose of the Study</i>	<i>11</i>
<i>1.4 Outline of the thesis</i>	<i>12</i>
CHAPTER 2 Theoretical Background and Framework	13
<i>2.1 Relationship Marketing</i>	<i>13</i>
<i>2.2 Communication</i>	<i>16</i>
<i>2.3 The Communication Process</i>	<i>18</i>
2.3.1 The Message.....	20
2.3.2 The Channel	22
2.3.3 The Feedback	24
<i>2.4 Customer and Company Perspectives</i>	<i>25</i>
<i>2.5 Customer Satisfaction</i>	<i>26</i>
<i>2.6 Frame of Reference</i>	<i>28</i>
CHAPTER 3 Methodology	29
<i>3.1 Research design</i>	<i>29</i>
3.1.1 Research Method.....	30
3.1.2 Choice of method: Case Study	30
<i>3.2 Case Study Data Collection</i>	<i>31</i>
3.2.1 Semi-structured Interviews.....	31
3.2.2 Observations.....	32
3.2.3 Secondary Data.....	32
3.2.4 Data Analysis	33
<i>3.3 Ethical Considerations</i>	<i>33</i>
<i>3.4 Limitations of the study</i>	<i>33</i>
CHAPTER 4 Communication Process at Laader Berg : Empirical Findings	34
<i>4.1 Company Profile</i>	<i>34</i>

4.2 <i>Organizational Structure</i>	38
4.2.1 <i>Organizational Structure of Responsibilities Related to the Communication Process</i>	41
4.3 <i>The Communication Process at Laader Berg</i>	42
4.3.1 <i>The Communication Process</i>	43
4.3.2 <i>The Message</i>	44
4.3.3 <i>The Channel</i>	48
4.3.4 <i>The Feedback</i>	55
4.4 <i>Perception of Communication Process from Two Perspectives</i>	59
4.4.1 <i>The Company Perspective</i>	59
4.4.2 <i>The Customer Perspective</i>	62
CHAPTER 5 Analysis and Conclusion	65
5.1 <i>A Communication Process at Laader Berg</i>	65
5.2 <i>Main Elements of a Communication Process</i>	67
5.3 <i>Core Elements promoted in a Communication Process</i>	70
CHAPTER 6 Conclusions and Implications	73
6.1 <i>Conclusion</i>	73
6.2 <i>Managerial Implications</i>	77
6.3 <i>Theoretical Implications and Suggestions for Future Research</i>	78
References	80
Appendix 1 Summary of Theory	84
Appendix 2 Interview Guide #Company	85
Appendix 3 Interview Guide #Customers	87
Appendix 4 Summary of Respondents	88
Appendix 5 Laader Berg’s History 1959 to 2018	89
Appendix 6 Key Financial Numbers of Laader Berg	94
Appendix 7 Description of the Machine and its Equipment	94

Definitions and Clarification

Encoding: Encoding is a type of active sending of messages and technically refers to the process of constructing stimuli that may represent meaning.

Decoding: The decoding is at the point at which the message is “read” and understood. Decoding involves the transformation of sensory input significant interpretations

Fitters: A person whose job is to put together, adjust or install machinery or equipment’s.

Polyurethane foam : Polyurethane foam is produced from combining polyol, isocyanate, and water. Flexible and durable, polyurethane foam is used as cushioning in an array of products such as furniture, packaging, car seats, and mattresses.

Maxfoam : On a Maxfoam™ machine the freshly mixed liquid chemicals are piped from the mixer into the bottom fed foaming trough. The initial reaction now takes place and the expanding foam flows onto the bottom paper, which is sliding on an inclined fall-plate.

Slabstock : Slabstock is the term for flexible polyurethane foam which is creates in a free-rise block rather than in a defined mould cavity. The slabstock production process involved pouring liquid chemicals onto a moving conveyor with raised sides and then waiting for the chemicals to expand into a continuous foam slab.

High Resiliency (HR) foam: The highest grade of polyurethane foam and weighs 2.5 lbs or more per cubic foot. These foams contour to the body exceptionally well, and their cell structure enables extreme elasticity and optimal supporting force.

CHAPTER 1 Introduction

A successful relationship marketing requires a company to manage the communication process with its customers so that it can create value for both of them from the time of building and developing their relationship (Lindberg-Repo and Grönroos, 2004). This strategic role of communication is becoming a managerial priority for firms in all industries and is essential for the value creation in the competitive markets. Understanding the entire process is important in doing it well and the elements in the communication process determine the quality of the communication.

The purpose of this thesis is to contribute to relationship marketing, as a body of knowledge in describing and analysing the communication process in a particular local manufacturing company in order to get a better understanding of its elements and its interaction between them. As Schramm (1973, p.3) notes that the study of communication is fundamentally a study of relationships: “Society is a sum of relationships in which information of some kind is shared”. Further, he states that “to understand human communication, we must understand how people relate to one another”. Relationships, in other words, are impossible without communication (Duncan and Moriarty, 1998) and therefore an important topic in this thesis.

The industrial company that will be studied is the Norwegian manufacturing company, Laader Berg. This company have been operated in the polyurethane foam market for almost 60 years and have managed to establish a leading position in the international market where outsourcing and copying are popular subjects. Laader Berg has resisted the temptation of outsourcing for a cheaper production, also the appeal of diversification of products. Few Norwegian industrial companies can state that 100 percent of its production is located in Norway, to have a leading international position for over 50 years and survived both a national and international financial crisis. What makes Laader Berg an interesting case in regards to the topic of the communication process is that they operate in a market where customers relationship result in word-of-mouth and reputation, which have a powerful effect on new potential and existing customers. Also, their unique history express that Laader Berg have not only managed to create a high-quality machine, but managed to design a communication process that results in customers satisfied.

To better understand the actual communication process between the company and the customers, the thesis will look at the communication process from two perspectives. This will contribute to broadening the understanding of its communication process and where value resides from in the standpoint of its customers. Perception is more important than reality in managing many relationships (Duncan and Moriarty, 1998). Knowing where value resides from the standpoint of the customer has been, and still are, critical for a manager, since greater levels of customer satisfaction lead to greater levels of customer loyalty and retention, positive word-of-mouth and stronger competitive position, and ultimately higher market share (Ulaga and Chacour, 2001).

1.1 Relevance of topic

Industrial marketing had always been treated as mainstream marketing unglamorous poor relation, a disciplinary sub-field long overshadowed by consumer goods marketing (Egan, 2011, p27; Brown,1998, p173). The emphasis in this business seemed to be on raw materials, bulk shipments, pricing mechanisms and relational buying models where marketing played only a marginal role. It was becoming apparent, however, largely through the work of the Industrial Marketing and Purchasing Group (IMP) that this approach did not reflect the complexities of how industrial markets operated (Egan 2011; Naudé and Holland, 1996). Research suggested industrial marketing involved not just managing exchanges between companies but much more complex human interactions (Egan, 2011; Naudé and Holland, 1996). After the past four decades, during which the marketing mix perspective was dominant in almost every aspect of the marketing literature, the relationship marketing perspective has gradually established itself as an alternative view of, mainly, industrial marketing (Houman Andersen, 2001; Blois, 1996). Marketing scholars have suggested that firms should leverage firm-customer relationships to gain privileged information about customers' needs and thereby serve them better than competitors (Ndubisi, Malhotra, and Wah, 2008; Ndubisi, 2006). This has culminated in the advents and popularity of the concept of relationship marketing in the past few decades. Besides its ability to help understand customers, relationship marketing also helps to increase market share, profitability and to reduce cost (Ndubisi, Malhotra and Wah, 2008). From a relatively modest start, buyer-supplier collaboration and relationship marketing have come to rank high on the industrial marketing agenda in business schools as well as in business practice (Houman Andersen, 2001).

Customers in both business to business and in a consumer goods market know their position and power in today's markets. Especially the power of the internet have brought customers closer to the organization as well as to other customers. The fact that the information and interaction happens on live basis and the customers reaction can be instantaneous puts a lot of pressure on the organizations to be on their guard at all time. Any adverse opinion shared or feedback from a dissatisfied customer can spread a word-of-mouth campaign that can harm the organization (Juneja, 2008). This demonstrate that companies can no longer afford to use the traditional methods of engaging and selling to the customers. Poolvalingam and Veersamy (2007) stress that marketing today is heavily influenced by the shift away from transactions and traditional towards relationships, since relationship marketing offers a more holistic approach to understand marketing dynamics and to developing and implementing marketing strategies. They believe that today's customer is an informed and intelligent customer who can be reached, who is visible and can be heard and the relationship with the customer is what matters the most to the organization. It further emphasizes the creation of greater value for customers and organizations through fostering co-operative and collaborative partnerships

Relationship management holds the centre stage in the communication strategy of an organization and for a relationship to be successful it requires the organization to manage communication processes with customers so that value is created for both of them from the building and developing of their relationship over time. The strategic role of communication is becoming a managerial priority for firms in all industries and its influence on value creation (Lindberg-Repo and Grönroos, 2004).

1.2 Context of the Study: Laader Berg

The polyurethane foam market is an interesting subject in this context. The future for the global polyurethane foam market looks good with an estimated grow from USD 46.05 billion in 2015 to 74.24 billion by 2021 (Marketsandmarkets.com, 2016). The numerous opportunities in various applications, such as building and construction, bedding and furniture, transportation, electrical and electronic, footwear and others have directly impacted the polyurethane foam industry. A player that has been greatly affected by this positive turnout is Laader Berg. Laader Berg is a specialist manufacturer of continues Slabstock polyurethane foam production machines. The company is the inventor of Maxfoam and Maxfoam technology and as a result they are the world leader in foaming machines with over 500 plants and installations worldwide. Laader Berg has had a patent on this complex process,

however this expired several years ago, which opened the market for other competitors. With the increasing number of actors emerging and entering the market that provide similar solutions the importance of customer satisfaction and relationship marketing increases.

The company is one of few manufacturing companies in Norway with a success story that goes beyond the Norwegian border and has managed to keep their position as market leaders regardless of the economic downturn that negatively impacted the Western European polyurethane market in 2008 - 09 and by the ever-increasing competition. In addition, the company has operated in this industry for over 60 years, and they have, assumable, very satisfied customers. These factors add up to a unique case study and will be relevant for other manufacturing company in the same industry, but also for other Norwegian companies that strive to succeed internationally.

Laader Berg has continued to succeed with their operation regardless of the threat from new players. From 2014 to 2015 they delivered a growth of 35 percent. This progress continued in January 2017 as they had an income growth of 15 percent. The sales have tripled over the last eight years and in 2016 they sold machines for over 90 million NOK. They have resisted the temptation for diversity, and have simply focused on refining and developing the Maxfoam machine to give customer equipment which does what it is supposed to do, supremely well. Laader Berg operates in an industry where reputation and word-of-mouth are two extremely important success factors. Furthermore, for a company to find other competitive advantages than just the quality of its product it needs to get better understanding of the current situation in regarding to communication with customers. By getting a better knowledge regarding one of the most important facets of a sales encounter it can help developing new strategies that can improve and develop the customer relationship, which again can be a competitive advantage for the company in the long run.

1.3 Purpose of the Study

The purpose of this thesis is to describe and analyse the communication process in an industrial company in order to get a better understanding of its elements as well as interactions between them. On the basis of this, a research question has been developed:

“How does an industrial company conduct a communication process?”

To conduct a communication process indicates a manner in which an organization is managing its communication process with its customers, and to manage such a communication, one needs to get knowledge of the type of communication a company conducts, what main elements are included and what actually is promoted. On the basis of this three sub-questions are developed to help find the purpose of this study.

- What marketing communication process is adopted in a company?
- What are the main elements of a communication process in a company?
- What are the core elements promotes in a communication process from a company and customer perspective?

The aim of the research problem and the sub-questions is to contribute to the relationship marketing literature and to get a better understanding of communication between an industrial organization and its customers. By getting research on both perspectives it will contribute to a broader understanding of the communication process in relationship marketing.

1.4 Outline of the thesis

An outline of the thesis is presented for the reader to get a better overview of this study.

Chapter 2 : This part presents the theoretical background and framework for this thesis, and it is structured based on the developed sub-questions. This includes a clarification of the different concepts, the different elements in a communication process, as well as the link from communication to customer satisfaction. Chapter 2 constitute the groundwork for further research in this thesis.

Chapter 3 : It presents the methodology approach that is used in this paper, it also presents and discuss the research design and method, data collection method and limitations of the study .

Chapter 4 : This chapter presents the empirical findings of this research. A presentation of the company and a detailed presentation of Laader Bergs communication process. Also the perceptions of the communication process from the customer and company's perspective are given.

Chapter 5: This part includes analysis and discussion of sub-question.

Chapter 6: Presents the conclusion and implications of the study. Also suggestions for future research is included in this chapter.

Through these chapters a theoretical framework, a case study and an analysis and discussion will be presented to get to the purpose of this thesis.

CHAPTER 2 Theoretical Background and Framework

This part of the thesis includes review of the existing literature on the concepts that the sub-questions are based upon. It contains definitions and explanations of the different concepts that are relevant to the purpose of this thesis.

2.1 Relationship Marketing

One of the first definitions of relationship marketing, according to Berry (1983), is attracting, maintaining and enhancing customer relationships. Even before the 1980s, Arndt (1979) observed a tendency of doing business in the form of long-term relationship which he labelled “domesticated markets”. He concluded that “both business markets and consumer markets benefit from attention to conditions that foster relational bonds leading to reliable repeat business (Grönroos, 2004 ; Arndt 1979). Furthermore, relationship marketing was also described as establishing relationships with customers and other parties at a profit, by mutual exchange and fulfilment of promises” (Halimi, Chavosh and Choshali, 2011; Grönroos, 1991).

Porter (1993) states that relationship marketing is the process whereby both parties - the buyer and the provider - establish an effective, efficient, enjoyable, enthusiastic and ethical relationship : one that is personally, professionally and profitably rewarding to both parties. (Poovalingam and Veerasamy, 2007). According to Grönroos (2004) definition, the process moves from identifying potential customers to establishing a relationship with them, and then maintaining the relationship that has been established and to enhance it so that more business as well as good references and favourable word of mouth are generated. Finally, sometimes relationships are terminated either by the supplier or by the customer, or they just seem to fade away (Grönroos, 2004).

Rensburg and Cant (p.119, 2003) further stressed that this process maintained mutually beneficial long-term relationship among organization and its customers, which is a shift from

building a relationship that offered a solution to an organization to promoting sustainable relationships in era of ever-increasing competition. Kotler (1994) claimed that companies can make more profit if they move from relationships with short-term goals towards long-term relationships. By moving from short to long-term relationship the company and its customers can operate under favourable conditions such as better financial performance and achieving competitive advantages enhancements in the market and attaining higher degrees in customer satisfaction (Halimi, Chavosh and Choshali, 2011; Abdul-Muhmin, 2002).

Furthermore, when manufacturers of industrial goods and equipment turn their interest from single transactions with their customers to doing business on a long-term scale, the nature of consumption or usage from pure outcome consumption to an on-going process consumption or usage. In this process the customer uses the outcomes of the manufacturer's production processes (goods, equipment) that are exchanged between the parties in the relationship as well as a number of service processes that are produced and consumed or used before, during an in between the exchanges of outcomes. The nature of this process becomes very similar to the process consumption characteristic of services (Grönroos, 2004).

Marketing today is heavily influenced by the shift away from transactions towards relationships, since relationship marketing offers a more holistic approach to understand marketing dynamics and to developing and implementing marketing strategies. It further emphasizes the creation of greater value for customers and organizations through fostering co-operative and collaborative partnerships (Poovalingam and Veerasamy, 2007). Nowadays, relationship marketing seeks to build a chain of relationship within the organization to create the value customers want, between the organization and its main stakeholders (Poovalingam and Veerasamy, 2007 ; Brink & Berndt, 2004). As this process becomes as important for the customer as the outcomes, for example, in the form of goods and equipment, the nature of the profit concept changes. The product as the outcome of a production process is basically a transaction-oriented construct. In relationship perceptive physical goods and equipment become a part of the process together with other element such as a host of services. From a marketing point of view, when the outcomes (goods and equipment) constantly become more similar as competition increases, this change of the nature of consumption or usage is emphasized even more. Hence, only services, such as tailor made design, deliveries and just-in-time logistics, installing equipment, customer training, documentation about how to install and use goods, maintenance and spare part service, customer-oriented invoicing, handling

inquiries, service recovery and complaints management are left for the marketer to use (Grönroos, 2004).

Customer-perceived value has been positioned as the prime objective of relationship marketing (Lindberg-Repo and Grönroos, 2004; Lindberg-Repo, 2001; Grönroos, 2000; Gummesson, 1999). Creating superior customer value occurs as the relationship develops at the one-to-one level. Kotler (2001) suggests that customers will buy from the firm that they perceive offers the highest customer delivered value (Poovalingam and Veerasamy, 2007). Lijander and Strandvik (1995) state that value, as perceived by the customer, should enable and strengthen his or her commitment to stay in the relationship with the brand. They described distinctive situations of relations between customers and companies according to customer-perceived commitment. Their thinking introduced three different combinations that characterise customer value perceptions : (1) a valued relation by both parties implies that the customer is positively committed to the firm, that the relationship is strong from the customer's point of view, and that a mutual interest exists for maintaining the strong relationship; (2) described an indifferent relation that does not require a deeper commitment or involvement, and (3) a forced relation with the customer is the weakest relationship in terms of customer-perceived values. Customers are negatively committed to the company and would like to switch (Lindberg-Repo and Grönroos, 2004).

What Levitt (1983) concluded already in the early 1980s about what should accompany the sale of the mere product “having been offered these extras, the customer finds them beneficial and therefore prefers to doing business with the company that supplies them” is very much true today especially since the ever increasing global competition offers customer more alternatives than before, but also because the customer are more sophisticated and better informed than ever (Grönroos, 2004). Customer do not only look for goods or services anymore, they demand a much more holistic offering included everything from information about how to best and safest use a product to delivering, installing, repairing, maintaining and updating solution they have bought. And they demand all this and much more, in a friendly trustworthy and timely manner(Grönroos, 2004). In a customer relationship that goes beyond a single transaction of a product, the outcomes or industrial equipment becomes just one element in the holistic, continuously developing service offering. For a manufacturer, the physical good is a core element of this service offering, of course. The product becomes a process, and the supplier has to truly serve its customers (Grönroos, 2004; 1996).

In relationship marketing, the interaction between the parties is believed to lead to improved connectedness and value for both (win-win notion). Interacting with a customer or obtaining information about the customers' needs is a way to learn how satisfied the customer is or whether the customer has an unspoken complaint (Poovalingam and Veerasamy, 2007). Hence, through these dialogic processes, participants are able to establish deeper contact (Lindberg-Repo and Grönroos, 2004). In marketing relationship, communication plays a central role in providing an understanding of the exchange partners intentions and capabilities, thus forming the groundwork for relationship development. Communication is a prerequisite for building trust among exchange partners (Houman Andersen, 2001; Anderson and Narus, 1990). Evans, O'Malley and Patterson (2004), consider trust to be the basis of relationships and the glue that holds it together. Unless there is a minimum level of trust between the parties, it is unlikely that a relationship will be initiated at all (Poovalingam and Veerasamy, 2007).

Successful relationship marketing requires organizations to manage communication processes with customers so that value is created both for them from the building and developing of their relationship over time (Lindberg-Repo and Grönroos, 2004). Understanding the entire process is important to doing it well, and the elements in the communication process determine the quality of communication (Lunenborg, 2010). A good and successful communication helps to build a solid and good relationship, and at the same time does a successful relationship help an organization to manage the communication process with the customers, so it create value for both of them (Lindberg-Repo and Grönroos, 2003). The most important key to communicating effectively is having a strong trusting relationship with the receiver that will aid in knowing intentions and overlooking minor lapses in good communication practices, which are bound to happen. The receivers perception of the organization's character will set the stage for any communication that one offer. That is why cultivating good relationships through each communication will help ensure the success of future communication efforts (Fitsimmons, 2014). On the basis of this it is important to look closely at the communication between a company and its customer.

2.2 Communication

Marketing entails much more than developing a good product, pricing it attractively and making it readily available to the target customers. Organisations need to communicate with their current and potential customers. They have to fulfil the role of communicator and

promoter (Poovalingam and Veerasamy 2007; Kotler, 2000). In industrial selling, exchange is typically initiated, maintained and terminated on a person to person basis. The industrial salesperson's most basic activity during the exchange is communication (Williams and Spiro, 1985). The interaction between customers and sales personnel and the exchange of information between buyer and seller is an indispensable part of marketing and relationship building (Poovalingam and Veerasamy, 2007).

Organisations have to establish, maintain and manage complex marketing communications systems with their customers, distributors, suppliers and various other publics. Each group communicates with the organisation and also provides feedback to each other. Thus, for most companies the issue is not whether to communicate but rather what to say, to whom, how and when and where to say it (Poovalingam and Veerasamy, 2007). According to Duncan (2002), marketing communication is a process for managing the customer relationships that drive brand value (Poovalingam and Veerasamy, 2007). Further, Houman Andersen (2001) defines communication as the human act of transferring a message to others and making it understood in a meaningful way, and believes that communication is the glue that holds together and inter-organizational channel of distribution (Houman Anderson, 2001; Mohr and Nevin, 1990).

The specific focus on marketing communication involving relationship marketing is well justified. There are indications that communication has a direct impact on central aspects of relationship marketing such as trust, coordination and commitment (Houman Andersen, 2001). New landmarks in information technology make the potential contribution of applying and using communication strategies in the relationship marketing process greater than ever (Houman Andersen, 2001; Honeycutt et al., 1998; Duncan and Moriarty, 1998). Poovalingam and Veerasamy (2007) believe that communication does affect directly the building of long-term relationships with stakeholders of an organization and they state that it is necessary to acknowledge the role of communication in building relationships between the various activities in the organization and between the organization and its stakeholders. Schultz et al. (1995) are of the opinion that it is impossible for a marketer to establish effective communication with target customers using only mass techniques like advertising, sponsorship and publicity. It is the rapport, the empathy, the dialogue, the relationship and the communication that the marketer establishes with the prospect that makes the difference that separates him/her from the rest (Poovalingam and Veerasamy, 2007).

According to Morgan and Hunt (1994), successful relationship communication can be taken into account as a prominent dimension. By means of experimental observations, many authors argued that communication must be employed as an effective means in order to enhance partner's trust to each other (Halimi, Chavosh and Choshali, 2011; e.g Anderson and Narus, 1990; Anderson and Weitz, 1992; Morgan and Hunt, 1994). Communication is also important in building personnel's understanding of the firm's objectives and creating thorough insights about organizational responsibilities and tasks to attain those objectives (Halimi, Chavosh and Choshali, 2011).

2.3 The Communication Process

Communication is a complex process. Although models of communication differ, they contain some common elements. In communication process models, the participants are the senders and/or receivers of messages in a communication encounter. The message is the verbal or nonverbal content being conveyed from sender to receiver (Jones, 2013)

Traditional marketing communication models were based on one-way communication models in which marketers delivered to customers communications about the company that created messages. In contrast of these traditional linear models, Duncan and Moriarty's (1997) model emphasised the importance of the customer's view and pointed out that planned communication, such as media advertising, is not the only form of communication that affects the customers perceptions (Lindberg-Repo and Grönsroos, 2003). Van Staden et al., (2007) also went away from the traditional linear model and defined communication as a two way process whereby information (the message) is sent from one person (the sender) through a channel to another person (the receiver) who in turn react by providing feedback.

The interaction model of communication describes communication as a process in which participants alternate positions as sender and receiver and generate meaning by sending messages and receiving feedback within physical and psychological contexts (Jones, 2013; Schramm, 1997). Schramm's model (1954) envisioned this process as a two-way circular communication between the sender and receiver, and he incorporated the study of human behaviour in the communication process . Schramm included the concept of feedback which was messages sent in response to other messages. The inclusion of a feedback loop also leads to a more complex understanding of the roles of participants in a communication encounter.

Rather than having one sender, one message, and one received, this model focus more on the interaction (Jones, 2013). However, if the message is not identified, if the channel is preventing interaction and if the sender and the receiver have different goals it may be difficult to have an interaction, therefore it is important to clarify the different steps in the communication process.

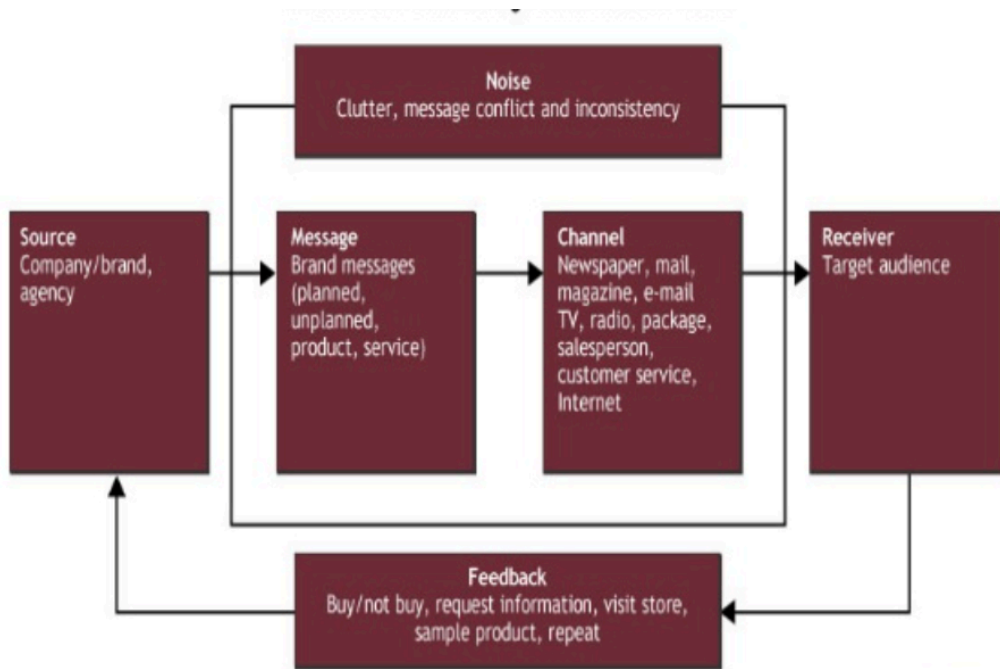


Figure 2.4.1 An Interactive Communication Model (Sutherland, 2012; Duncan, 2005)

The interactive communication model (Figure 2.4.1) start with the source which is the person or the organization that has information to share with another person or group. The source or the communicator frames the communication in a certain way (Jones, 2013). As the initiator of the communication process, the sender/source have primary responsibility for the success of the communication. The sender also needs to make sure that the content of the communication is accurate, and frame the communication in a way that will be the most likely to achieve the desired effect (Fitsimmons, 2014). To achieve this effect the “sender”, have to frame a message that will go in line with the customers perception, in addition to the organization's perspective. However, for the company to get this success it needs knowledge of the intended receiver and its perception of the company (Fitsimmons, 2014), which will be further researched in this thesis.

During the performance of the communication process, persons/organization may experience some communication barriers (Veljanovska and Cibreva-Jovanovska, 2014; Richmond & McCroskey, 2005). These barriers are often called “noise” and they occur from external factors that create unplanned distortion (Fitsimmons, 2014). Richmond and McCroskey believes that these external factors can be (Veljanovska and Cibreva-Jovanovska, 2014) :

- Individual or Gender differences
- Generation Gap
- Lack of trust
- Past Experience
- Cultural Differences or Personal Beliefs
- Language or pronunciation of tones.

Because the sender and the receiver are both human beings, and subject to the human factors, they are usually the source of breakdowns/noise in the communication (Fitsimmons, 2014), which may be one of the factors that are mentioned above.

By looking at the Interactive Communication Model that Duncan (Sutherland, 2012; Duncan 2005) have represented, one can see that there are major steps that are important to look into. Since the source and the receiver already are identified in this thesis, the steps that one need to get a better understanding of are the elements; message, channel, and feedback. It is important to note that Duncan (2005) presents a customer-initiated communication model where the customer initiates to the communication between the buyer and the seller. As Mohr and Nevin (1990) states; “ important facets of the communication process include the message (content), the channel (mode) and the feedback (bidirectional communication), and therefore important to have knowledge about, especially, when looking at this process from two different perspectives.

2.3.1 The Message

“Content of communication refers to the message that is transmitted - or what is said” - Mohr and Navin (1990)

The message is the verbal or nonverbal content being conveyed from sender to receiver. The marketing mix are elements that sends messages in business, however, many believe that these only are intended to be persuasive. Duncan and Moriarty (1998) disagree with this

statement and adds that the notion of persuasion as traditionally used in short-term, transaction marketing is manipulative. They further states that companies are interested in being more customer focused and in building relationships focus on communication rather than just persuasion, because communication-not persuasion- is the platform on which relationships are built (Duncan and Moriarty, 1998).

The key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency. That does not mean all messages say the same thing. Strategic consistency means that messages are appropriate for their audiences; however, there is a consistency in the way corporate values are presented, how products perform, and how the brand is identifies and position (Duncan and Moriarty, 1998). Consistency is also something Danaher and Rossiter (2008) mentioned as an important element of the communication message. They also believe that to provide such consistent message, firms need to understand how consumers perceive the breadth of available communication channels.

Because a communication-based model of relationship marketing recognizes that everything a company does (and sometimes does not do) sends a message that can strengthen or weaken relationships (Duncan and Moriarty, 1998). Communication failures are well known, and these occur when a lack of care on the part of the communicator in choosing the best way to frame their message. But even with the most carefully thought-out message, failure can still occur, leaving the sender confused as to what has gone wrong. This is where the receiver bear some responsibility in the communication process. By giving full attention to the communicator, the receiver can verify the understanding of the message with the communicator. This will be the effect if the receiver believes that the sender is sending the message in good faith with a desire to understand the message correctly (Fitsimmos 2014).

Williams and Spiro (1985) mention an important argument in regards to the message, they state that companies need to focus less on delivering a particular message, and more on interaction communication skills such as careful listening and speaking clarity. This is especially important in an interaction communication model, and an important element when having a relationship with the customers. As Duncan and Moriarty states, the messages don't need to say the same thing, as long as it has strategic consistency. By having interaction communication skills and focusing on the strategic consistency, it can provide a message to the customers that both the company and the customers value.

2.3.2 The Channel

After identifying the purpose of the message, one need to select the most appropriate channel. The medium over which the message is physically transmitted is the channel (Guffey and Loewy, 2010). McLuhan's (1964) insightful, but extreme, dictum that the medium is the message, and suggests that the correspondence recommendation should also apply to the channel (Danaher and Rossiter, 2011). Some information is most efficiently and effectively delivered orally, while others should be written, and still others are best delivered electronically (Guffey and Loewy, 2010). In Schramm's basic communication model, information flows through channels of communication, or media. Channels in marketing studies refers to distribution instead of communication, and "flow" is represented by the movement of goods. What is common to both is that a channel is a conduit through which a stream of something, such as information or products, flows (Duncan and Moriarty, 1998). The channel may be a computer, telephone, letter, report, picture, spoken, web page or through other channels. Advances in technology, especially the Internet, have greatly enhanced the flow of dialogue, and the interpretation and dissemination of information (Payne and Frow, 2004) and marketing managers in the new millennium face a wide and diverse choice of media channels through which to send marketing communications to customers and from a marketing channels perspective. No one is in any doubt that the internet will continue to change the way that marketing and communication is conducted (Danaher and Rossiter, 2011) .

Payne and Frow (2004) have divided the channel options into six main channel categories:

- Sales force (field account management, service and personal representation)
- Outlets (Retail branches, stores, depots and kiosk)
- Telephony (Telephone, facsimile, telec and call centre contact)
- Direct marketing (direct mail, radio, TV)
- E-commerce (email, Internet, interactive digital TV)
- M-Commerce (mobile telephony, SMS, and text messaging and WAP and 3G mobile services).

These main channel categories can be represented as a continuum of forms of customer contact ranging from physical (face to face encounter) to the virtual, including e-commerce or G3 phone transaction (Payne and Frow, 2004). With the rapid and widespread uptake of new

electronic media channels, traditional channels like television, mail, and telemarketing are expected to decline, at least in some extent. For postal mail the most direct threat is from e-mail, the fastest expanding new channel (Danaher and Rossiter, 2011)

Guffey and Loewy (2010) introduce some factors that are relevant when selecting the best channels:

- Importance of the message
- Amount and speed of feedback and interactivity required
- Necessity of a permanent record
- Cost of the channel
- Degree of formality desired
- Confidentiality and sensitivity of the message

In regards to the choice of the channel it is important to add that the channel choice in the consumer and business markets are often very different (Danaher and Rossiter, 2011), however this thesis will focus on an industrial company that operates in the business markets, therefore the channels preferred in the business markets will be in the most interest in this thesis.

A channel that still have an important and significant role in a communication process is the salesman's voice . Both business and consumer agree that voice is still dominate as a channel of choice, particularly for issues that are time sensitive or complex (TeleTech, 2015) .

Ashford and Cummings agree with this statement and from their research they concluded that customers believe that the manufacturer's salesman was the most trusted source of information. (Ashford and Cummings, 1983). In some industries, intermediaries are becoming more valuable channel members, whilst in other industries, the value of intermediaries are being challenged (Payne and Frow, 2004). If the intermediary don't add value to the customer relationship, it may prove to be an unnecessary cost and an unusual channel. Danaher and Rossiter (2008) found that senders in the business market, surprisingly, rate email more negatively than receivers do, which pinpoint that business receivers view email in a positive light, but senders are more cautious. They also concluded that the business receivers rate email as being trustworthy and reliable, in addition to being very efficient in regards to sending important messages. However, in regards to developing relationship between the players it may not hold to only choose email as a channel for communication.

For effective communication, the sender should match the channel that the receiver prefer. Danaher and Rossiter (2011) research demonstrates that the receivers have distinct preferences for the channels. These preferences differ from the certain types of messages, how they are used, and how the receiver want to reply to these messages (Danaher and Rossiter, 2011; Westmyer et al., 1998; Rice et al.,1998). The reply on these messages is called feedback, and will be the next element studied in this section.

2.3.3 The Feedback

Bartol and Martin (1997) define feedback as the receiver's basic response to the interpreted message. Furthermore, Sullivan (2009) specify this definition and describe feedback as a process of sharing ideas, concerns, and suggestions between people in an organization or organizations with the intention of improving organizational performance. This also includes people from other organizations, which may be customers to another organization. While Bartol and Martin definition is on a broader level, Sullivan's includes elements that are a part of interactive communication process, which signify relevance to this thesis.

The verbal and nonverbal responses of the receiver create feedback, a vital part of the communication process. This response is a message or a set of messages where the source of the feedback is the original source in the communication process (Foulger, 2004). Feedback helps the sender know that the message was received and understood (Guffey and Loewy, 2010) and it allows the sender to evaluate the effectiveness of the message and adapt accordingly (Foulger, 2004). Positive feedback implies constructive praiseworthy behaviour within the organization. It amplifies divergent possibilities and allows growth and evaluation within an organization (Sullivan, 2009).

Senders can encourage feedback by asking follow up questions, the senders can improve the feedback by timing the delivery appropriately and by providing only as much information as the receiver can handle. The best feedback is descriptive rather than evaluative. An evaluative response is judgemental and doesn't tell the sender whether the receiver actually understood the message (Guffey and Lowey, 2010). In this evaluative response the nonreactive or nonverbal message is included, however, this type of feedback can be difficult, if not impossible to detect or understand.

Barlow and Møller (1996) states that complaints provide a feedback mechanism that can help organizations rapidly and inexpensively shift products, service style and/or markets focus to meet the needs of the customers. However, complaints may not be the preferred communication in regards to relationship marketing, hence it may be an element in improving the existing relationship with the customers.

To conclude, feedback is a reversal of the communication flow, an opportunity for communicators to react quickly to signs resulting from the signs they have put out (Duncan and Moriarty, 1998; Schramm, 1973, p.51). This part is central in the two-way communication and the Schramm's interactive communication model.

2.4 Customer and Company Perspectives

When describing a communication between two parties it is not enough to study only those elements that are exchanged, but the parties themselves must be included. The reason for this is that the partners have certain conceptions about each other (Håkansson and Wootz) and about the different element included in a communication process.

Customers are considered to be one of the most important primary stakeholders for a company (Shamma and Hassan, 2009), they also play a vital role in Relationship marketing. The customer perspective adds to an emerging understanding of customers no longer as a mere recipients of communication, but as an active and integral part of the communication process and a key in creating value for the both the customer and the company. As a result of the highly competitive landscape, customers are becoming more demanding than ever (Maull, Geraldi and Johnston, 2012). Therefore the importance of knowing their perspective of the company's communication process may be critical for future survival.

When a business is looking at themselves, they can see the full context of the experience, from start-up to present day. They know exactly why everything is the way it is, why certain decisions were made, and are often heavily invested in the method that they used to build what they have. This is called a company perspective, how the company actually look at themselves.

Taking a customer perspective on a communication process or constellation of organizations may provide both conceptual and practical opportunities. It may also provide insight as to

how managers can design and manage communication to deliver better value for customers, improve relationships and create partnerships with them (Maull, Geraldi and Johnston, 2012). Looking at communication processes from the perspective of both the sender (company) and the receiver (customer) may offer some potentially rich information.

2.5 Customer Satisfaction

In relationship marketing, the interaction between the parties is believed to lead to improved connectedness and value for both. Interacting with a customer is a way to learn how satisfied the customer is or whether the customer has an unspoken complaint (Poovalingam and Veerasamy, 2007). To get better understanding of process of relationship marketing and communication a presentation of customer satisfaction is needed.

Satisfaction can be perceived from a number of different viewpoints, however, most researchers agree that satisfaction is a psychological process of evaluating perceived performance outcomes based on predetermined expectations (Sheth, Sisodia and Sharma, 2000). Customers are, therefore, satisfied when their expectations of values are positively disconfirmed (Egan, 2011; Buttle, 1997, p.143).

Customer satisfaction is significantly taken into account as assurance for customer retention. Nowadays customer satisfaction is one of the top management main concerns in businesses (Halimi et.al, 2011; Kardaras & Karakostad, 1999). Satisfaction with the delivered products and services has been suggested and empirically documented as affecting the buyer's decisions to continue a relationship (Ndubisi et.al 2009; 2006; Anderson, 1994; Fornell 1992, Hirschman, 1970). The article written by Ndubisi, Malhotra and Wah also states that when customers are satisfied, the likelihood for exit from the relationship and negative word of mouth is reduced greatly.

Relationship satisfaction is the customer's positive feeling that comes from the customer's evaluation of the buyer-seller relationship (Halimi et.al, 2011; Geyskens, et.al 1999). Customer satisfaction with the relationship develops the customer-company relationship (Halimi et.al, 2011; Roberts, Varki, and Brodie, 2003). Hence, customer and firm take advantage of the relationship exchanges. Consequently, when the customer is satisfied, the company is able to make more profit through maintaining this relationship since based on the

previous studies, the cost of creating new customers is higher than the cost of maintaining them. Therefore, satisfaction with the relationship is essential in developing the relationship performance (Halimi et.al , 2011).

According to Palmatier et al., (2006) relationship satisfaction entirely belongs to the customers satisfaction with the relationship and this is not the same as the customer satisfaction with the general exchanges. A satisfied customer is more credible to be loyal to a firm (Lee and Lin, 2005), therefore, fulfilment of both the company and the customers desire leads to satisfaction with the relationship (Halimi, Chavosh and Choshali, 2011; Anderson and Narus, 1990). To be loyal is to be deeply held commitment to rebuy or re-patronize a preferred product or service in the future in spite of situational influences and marketing efforts to cause switching behaviour (Ndubisi et.al., 2009; Oliver 1999). Grossman (1998) defined customer loyalty as: making customers feel committed: "*When the benefits are meaningful to them, they will stay on*" (Ndubisi et.al., 2009).

There is a considerable overlap between trust and satisfaction, since both represent an overall evaluation, feeling or attitude about the other party in a relationship. Satisfaction may be developed directly through personal experience or less directly through opinion and the delivery and depends on the duration of the relationship. Thus high levels of service need to be present throughout the delivery process. Satisfaction over time reinforces the perceived reliability of the organization and contributes to trust (Poovalingam and Veerasamy, 2007).

2.6 Frame of Reference

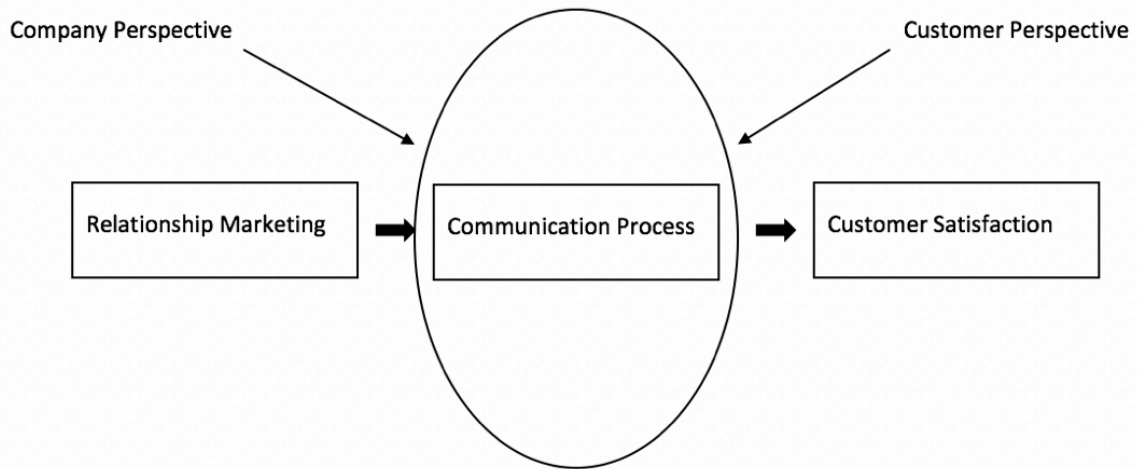


Figure 2.6 Frame of Reference

Figure 2.6 illustrates a frame of the literature presented in the previous sub-chapters. The lines are drawn between the different topics because the literature stresses the direct link which exists between them. Lindberg-Repo and Grönroos (2004) express that successful relationship marketing requires organizations to manage communication processes with their customers. Further, Halimi, Chavosh and Choshali (2011) states that companies can make more profit if they move from relationships with short-term goals towards long-term relationships. This creates a number of advantages associated with relationship marketing, such as a higher degree in customer satisfaction.

Further, for an organization to manage a communication process it needs to consider its customers. Customers are considered to be one of the most important primary stakeholders for a company, also they play a vital role in relationship marketing. To add a customer perspective to a study adds to an emerging understanding of customers no longer as mere recipients of communication but as an active and integral part of the communication process and a key to creating value for both the customer and the company (Shamma and Hassan, 2009).

To manage a communication process an organization needs to know the central elements of this process (Mohr and Nevin, 1990). These elements are the message, the channel and the feedback. The content of communication represents the message, while the medium over which the message is physically transmitted is named the channel (Guffey and Loewy, 2010).

The process of sharing ideas, concerns and suggestion from receiver to the original sender (Sullivan, 2009) is called feedback. To get a better understanding of these elements, it need to be studied from both the sender and receivers point of view.

CHAPTER 3 Methodology

There are certain major steps that a researcher needs to go through when doing research. Every step is important in its own in affecting the value of the research and their worth. In this chapter a stepwise process starting with choosing the research design, method than describing the data collection will be presented. In ends with some limitations of the study.

3.1 Research design

The research design is the overall plan for relating the conceptual research problem to relevant and practicable empirical research. It reveals the type of and the priorities of the researcher (Ghauri and Grønhaug, 2010 ; Kornhauser and Lazarsfeld, 1955). Research design relates to the choice of strategy to collect the data needed to answer the stated research problem.

In this thesis, an exploratory research will be used. The primary purpose of exploratory research is to get an understanding of the phenomenon being studied, how and why it operates as it does (Johnson & Christensen, 2010 p.379), which in this case is the communication process. How this communication phenomenon actually operates depends both on the company and the customers, therefore it would be natural to research it from both perspectives, the customer and the company.

Another important element to designing the research is the use of inductive and deductive reasoning when conducting the research. The aim of this thesis will be to fill the gaps in the literature in regards to the communication process and its element, and therefore a bottom up logic where the research gives constructs or evaluates general propositions that are derived from a specific examples such as the foaming company would be the most proper. This bottom up logic is also called inductive reasoning.

3.1.1 Research Method

Research methods play several roles, such as logic or ways of reasoning to arrive at solutions, it explain how the findings have been achieved and outsiders should be able to examine and evaluate research findings. This method is referred to the techniques used to collect data (Ghuri and Grønhaug 2010; Kornhauser and Lazarsfeld, 1955).

These techniques that are used to collect data are called qualitative and quantitative research methods. This thesis uses a qualitative approach to examine the communication process and to get a holistic understanding of its main element and the contribution to relationship marketing. By using a qualitative research method it can provide an understanding and description of people's personal experience of phenomena (Johnson and Christensen, 2008, p.442) which gives this thesis a better viewpoint of perception of the communication adopted by the company.

3.1.2 Choice of method: Case Study

This thesis conducted a case study in order to facilitate an understanding and improve further development, as well as a reflective device aimed at illustrating and further extending the modelling efforts by reconstructing the theory (Houman Andersen 2001; Burawoy, 1991). Case study method enables a researcher to closely examine the data within a specific context. According to Yin (2012) case studies are the preferred strategy when “how” or “why” questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context. Further, case studies are particularly applicable in answering descriptive questions, which in this case is “*How does an industrial company conduct a communication process?*”. The great strength of using case studies is that it is no limit to a single source of data, rather, it can incorporate several different types of evidence, such as interviews, documents, artefacts and observations (Yin, 2012).

There are elements that needs to be considered when designing a case study. The first element is to define the case of interest (Yin, 2012) who will be the main unit of analysis in this study. In this research the case of interest will the communication between Laader Berg and its customers. The company's success story, their unique position as marked leaders and the ever increasing competition makes this a special case that is relevant and useful for other

manufacturing companies that operate in the national or international market. Since this study is limited to one company it is perceived as a single case study (2012).

3.2 Case Study Data Collection

There are several methods of data collection in qualitative research, including observations, textual or visual analysis and interviews (Gill et al., 2008). In this thesis, interviews will be the main method of data collection. Furthermore, direct observations will be a tool to collect some evidence to this research.

3.2.1 Semi-structured Interviews

There are three fundamental types of research interviews: structured, semi-structured and unstructured (Gill et al., 2008), and for this paper semi-structured interviews will be the most appropriate. Semi-structured interviews consist of several key questions that help to define the areas to be explored, which in this case are the communication process and relationship marketing. It also allows the interviewer or interviewee to diverge in order to pursue an idea or response in more detail (Gill et al., 2008). The major advantage is that the materials are somewhat systematic and comprehensive, while the tone of the interview is fairly conversational and informal (Eriksson and Kovalainen, 2015)

Case

In the process of choosing and developing the research it is important to know what information is needed to answer the research question. However, not only is it important to know what information is needed, but also who is willing to provide this information. Since this thesis focus on two different perspectives on the topic, it is crucial to get information from both the company and the customers. A list of the respondents and the interview guides for the two perspectives are located in Appendix 2 - 4.

Company

The main focus was in-depth interviews with employees internal in the company , which had opinions and perception of the communication process and the customer relationships. The representatives from Laader Berg was those that had an impaction and a key position regarding communication with customers. The four representatives from Laader Berg was the CEO, the Sales Manager, Sales Coordinator and the Service Manager, which all have an indispensable part of the communication and relationship building.

Customers

Laader Bergs customers are located in 90 different countries, therefore it was important to have respondents in different countries to see if the perception differed. Since Laader Berg has both organizations that have been their customers for over twenty years, while others have been for two years, it would be interesting to compare these two perspectives as well. Furthermore, interviews with two employees of the same company was also conducted to see if the perception differed on a personal level.

A list of customers was contributed by the case company. From this list there were 5 respondents that were willing to share information. These respondents were directors of companies from Uganda, Italy, Spain and Hungary, and all were directors. Some were able to conduct an interview through telephone, while others managed to communicate through email were some questions (Appendix 3) from the interviews were given, and further follow-up questions.

3.2.2 Observations

Interview was the main source of evidence in this study, however, some direct observations was also included. This was to get a better understanding of the work environment, the production site and the actual product. This direct observation included a tour around the site, in addition to some informal conversations with employees both in production and in administration. The researcher managed to gain more knowledge around how the production process was, from getting the raw materials to delivering it to the customers. The CEO was in charge of the tour and provided the researcher with any information needed in regards to the company. There was also some direct observation when the four representatives from Laader Berg was interviewed. In this observations it was easy to see how the respondents were interacting with each other and it helped confirming what they stated in their interview response.

3.2.3 Secondary Data

Secondary data was collected, recorded, or left behind at an earlier time, usually by a different person and often for an entirely different purpose than the current research purpose (Johnson and Christensen, 2010). In this thesis annual reports, books, published articles and websites

were used to get a better knowledge about the company and its industry, in addition to getting a theoretical perspective and framework on the topic of communication process.

3.2.4 Data Analysis

The data and information collected needs to be summarised, interpreted and analysed in order to draw conclusions. First, recordings of all interviews was used in order to collect all of the information that the respondents shared. It also helped transform the summary afterwards. In addition, notes were taken under the interviews in order to develop follow-up questions. To interpret and analyse the data, general logic, knowledge from a bachelor and master degree and the information the existing literature contributed with, was used.

3.3 Ethical Considerations

It is important to consider the ethics when doing research. It conducts a more meaningful and effective research. In this thesis it was important to have respondents that had valuable information on the topic, however, it was also important that the interviewer was interested in sharing this information. By informing the respondents beforehand on the purpose and method used in this study, as well as the demand placed as them as participants gave the respondents the opportunity consider if he/she was willing to share this information for this research. Also, questions regarding privacy were asked, for example, if the respondents accepted that the interview was recorded.

3.4 Limitations of the study

As with any research, this study is not without limitations. The aim of this study is to look into a communication process in a particular local manufacturing company, for getting a better understanding of how it can contribute and effect relationship marketing. This gives both the case company and other industrial organizations better understanding regarding the communication process. It can be difficult to draw generalizations from this thesis since it is a qualitative research with one single-case study.

When studying a communication process it is important to study every aspect of it. In this thesis, there are two perspectives which are central; customers and the company. However, another human factor that could have been of value is the agent operating in the industrial market. Laader Berg is depending on agents as a communication channel for some of their customers. By interviewing agents it could detect noise which can prevent an effective

communication process, also what effect the agent have on customers and opinions about improvements on Laader Bergs process.

Lastly, this thesis followed a inductive research where the data from the interviews and the observations made the foundation of the analysis and conclusions. However, some of the interviews were conducted through email because of their limited time schedule. Although, follow up questions were sent to verify it may have occurred that some of the answers from the interviews have been misinterpreted. On the other hand, same questions were formulated to several respondents to lower the risk for misinterpretation.

CHAPTER 4 Communication Process at Laader Berg :

Empirical Findings

Laader Berg operates in a big geographical market, however in a very specific niche. A result of this is that players are depending on each other to identify potential customers, new threats, new marketing channels and other elements in the market. Laader Berg operates, therefore, under circumstances where the communication process is an important element. Like many other industries, the today's market with product innovation and quality may no longer be a source of competitive advantage in a market. In this chapter a brief history of Laader Berg, the market and its product will be presented, where one can see that innovation and product quality have been two important success factors for Laader Berg. Furthermore, the organizational structure in the company will be explained in this chapter to get better understanding of how the communication flows in the company,

4.1 Company Profile

Laader Berg AS is a family owned company and was established in 1960 and founded by the Norwegian inventor and engineer, Mr Laader Berg. Early on in the establishment, Laader Berg delivered machines to Italy, Libanon, to the Middle East and Nigeria as well as to national companies such as J.E Ekornes. Since Mr. Berg was an engineer and inventor, he always strived in finding new and improved ways of producing plastic foam. This gave Laader Berg several new machines that cut the foam in different ways, decreased the volume to improve the delivery cost, improve the quality of foam and simplifying the production process. Through this process a world-wide Maxfoam patent was introduced and tested at

Laader Berg, which boosted a strong and solid relationship between Laader Berg and its licensee. From being established in 1960 to becoming a world leading producer of polyurethane foam machines Laader Berg have managed to developed through the years. This process can be read in Appendix 5.

In the last eight years the sales of Laader Berg's machine have triplet, and their revenue growth between 2014 to 2015 was 35 percent. In December 2016 they delivered machine number 500 and the turnover the same year was 90 million Norwegian Kroner. The unique growth was driven by several different factor. Firstly, the most important raw material for production of foam is based on petroleum products, and with a decrease in oil price these foam products gets cheaper and the margin for the production companies get bigger. Secondly, the purchase power for customer in non-oil producing economies have grown, which have resulted in higher demand. At the same time, Laader Berg has taken advantage of the low exchange rate which have increased the Norwegian competitiveness. The development of technology have also been a factor for success for Laader Berg. It have given them the opportunity to communicate with customers on the other side of the world, in an easy and efficient way. It have also provided them with the opportunity to create a network that have given them new customers, partnership and new developments in the market. Furthermore, the company itself believes that their quality, their exceptional reputation and position in the market have been the most important success factor.

Today, Laader Berg has approximately 52 employees and delivers machines to 90 different countries where the majority comes from Europe, Africa, Middle East and Asia. These machines produce polyurethane foam in the furniture and bedding industry, in the car industry and in the shoe industry, which means that they have a broad function. Contracts for 2018 have already been signed and there is nothing that shows that this exceptional growth will stagnate any time in the future.

Financial

Laader Berg has been operating the last years under very favourable financial conditions. From 2014 to 2015 the company had an income growth of 36 percent, and in 2017 the income increased by 9 percent. As mentioned, Laader Berg is expected to have a turnover of 100 million Norwegian Kroners in 2018 and for future financial growth, it is forecasted to be a

growth of 7.9 % from 2017 to 2022 in the polyurethane market, and most likely growth for Laader Berg as well.

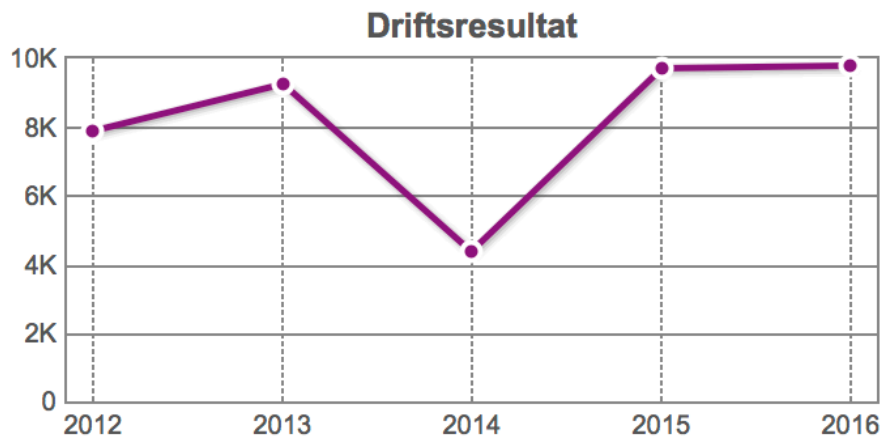


Figure 4.1.4 Operating Profit (Proff.no, 2018)

By looking at figure 4.1.4, one can see that there was a decrease in income in 2014. From 2013 to 2014 there was a decline of 12 % (Appendix 6). This was a result of external factors in the market, especially the currency situation. The currency situation made chemicals, needed in Laader Bergs machines, extremely expensive. Because of the high price, companies put projects on hold. This resulted in a decrease in demand this year. However, the situation got better the next year, and Laader Berg, along with the rest of the market, back on track. Therefore an unusually high increase in the income growth was observed from 2014 to 2015.

Market

Laader Berg operates in the polyurethane foam market, where the company is the world leading supplier of polyurethane foaming machines. The CEO of the company, Per Henning Vågen, describe the situation in the market as: *“In the polyurethane market there are requested to deliver machines for over 1 billion Norwegian kroner. Half of these are called “dreamers” and are not realistic buyers. 500 million is what will be sold in 3 years, globally. This means that approximately 175 million is on the table/market every year. From these 175 million, Laader Berg should be able to take half because of its leading position in the market”*.

The company delivers machines to customers in the furniture, bedding, automotive, clothing and lamination industry. Laader Berg shares the market with Hennecke Inc and Cannon Viking, and are direct competitors to the company. It is also important to mention that companies in Taiwan have started to develop good quality machines that may be direct competitors in the future, as well as the copies developed in India. The polyurethane foam machine producers share their market with chemical and lamination distributors and other machine producers that are next in line in the value chain.

The polyurethane foaming market is a very specific niche which means that there are not as many players in the market. This makes the market quite simple and straightforwardly, and easy to operate in. But at the same time, the competition increases and the process of getting information about new potential projects gets more valuable. Therefore an important part of work that the CEO and sales department does is to collect information about the market, and identifying signals.

Being a Norwegian industrial production company with a leading position in the international market where outsourcing is trending, is rare. Since the internationalization and after many companies have outsourced their production there are only a few production companies in Norway left, especially companies that operate in the industrial market. Also, after the financial crisis and the low value of the Norwegian krone, there are few that have had success, however, this has not been the case of Laader Berg that has been increased its income almost every single year the last decade.

Being a strong brand in the market have helped Laader Berg to collect customers. Yet, their strong brand has been mostly based on their high quality and innovative products. Furthermore, the competition has increased and intensified the last years, and the company needs other advantages than just the quality products. Therefore an effective communication process with customers has been a competitive advantage that Laader Berg can use to strengthen their brand and to keep the leading position in the market.

Product

Laader Berg AS is known for their Maxfoam machine, and it's their pride and outstanding product that they deliver to customers all over the world. This machine can be ordered in

different sizes, and it has different equipment depending on what the customers want. The production of the machine itself is quite standardized, however each machine is tailor-made to each customer. Through the choice of classic control or enhanced computed system, every Laader Berg Maxfoam Machine is designed to be intuitive and easy to operate.

On a Maxfoam machine, the freshly mixed liquid chemicals are piped from the mixer into the bottom fed Multi-through. Here the initial reaction take place before the expanding foam flows on the bottom paper, which is sliding on an inclined fall-plate.

As mentioned, Laader Berg offers the Maxfoam machine, however it can be equipped differently and the size varies. There main “sizes” or types is called 5010, 5020, 5025, 5035 and the Multimax. The main differences between these machines are the capacity of running different chemicals, if it includes multi-through and liquid lay-down (Appendix 7) and if the machine has high or low pressure. The higher the number, thus better equipped and more technical it gets, and the Multimax is the most advanced. However, customers have different preferences regarding how advanced foam the customer needs which means that Laader Berg are depending on having different types of machines.

Regarding the production of these machines, Laader Berg produces every part of the machine in their headquarter in Aalesund. To welding small parts, the painting and building, to develop the computer system and installing the machine takes place at the factory. When the machine is fully done, it gets fitted down and shipped. As the product arrives with the customers, travel fitters follows and stays for approximately 8 weeks where they install every part of the machine and makes sure it runs as planned. This process from being produced to being shipped is expected to take in average 8 to 10 months.

4.2 Organizational Structure

Figure 4.2 presents an organizational map of Laader Berg. This map shows an overview of central positions in the company and gets a better understanding of how the company is structured. This company is a departmental organization where it groups jobs according to work functions, taking a bottom-up approach to structural design. The map consist of three organizational levels, where the CEO is positioned in level one, CFO in level two and the rest of the departments are positioned in level three. These departments include finance, technical, sales, service and production.

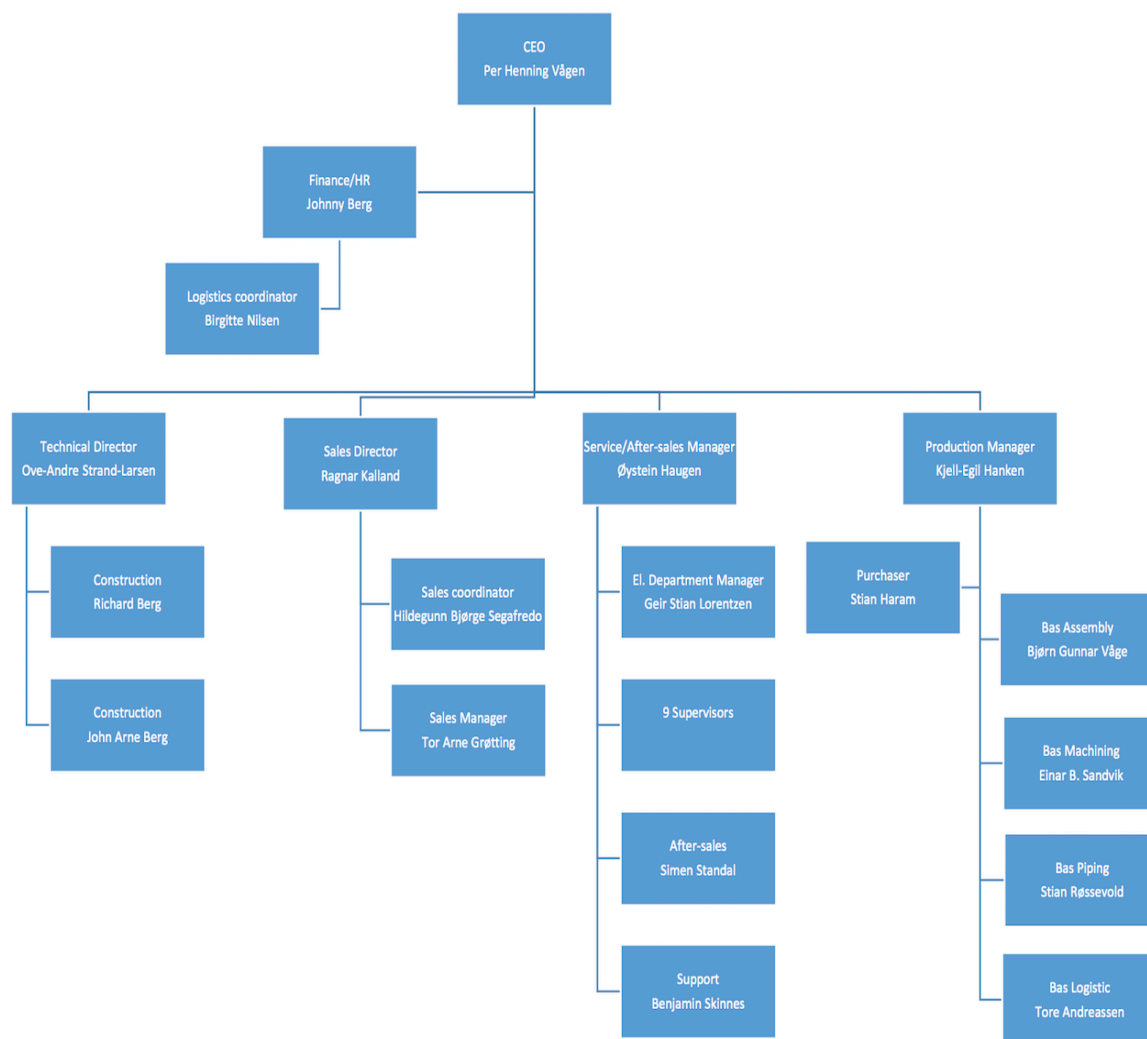


Figure 4.2 Organization Map of Laader Berg (Berg, 2018).

In this departmental organization there is a CEO positioned at the top (level 1). The CEO has been with the company for 10 years and is the first managing director which is not directly linked to the Laader Berg family. 70 percent of his daily work is to build new and existing customer relationship. This includes communicating with the market to locate new projects, in addition to communicating with their existing customer through different channels to strengthen their relationship. This is additional to the daily decision making that the managing director is obligated to do. The CEO works closely with the sales team because of his central role regarding customer relationships.

At level 2 the financial director (CFO) is located. He is responsible of all the financials in the company, this includes accounting, budgeting and payments from customers. In addition to this, the financial director is in charge of the human relations in the company. The financial director has a family link to Mr. Laader Berg and has been with the company since 1979. By being in a company for that amount of time one develop personal relationships with existing customers. This means that the financial director has a role in the communication with some of the customers. Under the CFO, there is a logistics coordinator that helps the financial director with accounting, in addition to coordinate shipments in and out of the factory.

Level 3 consist of four departments, service, sale, technical and production. Every department has their own director that has the overall responsibility. The service director has responsibility for the after-sale, regarding technical service, coordinating the fitters and has communication with the customers if they need support, installations or spear parts. Also, following up customers without any requests is also an important part of the service director's daily work. The service director has approximately 10 to 15 trips during one year. On these trips, he makes sure that their machines are functioning as it should, also providing them with new upgrades or equipment that can further improve their production. Another central part of these customers visits is to develop the customer relationship through having a meeting, or social events after working hours. The service director also works together with one that actively develops offers regarding upgrades (after sales), and one that is in charge of the support. These two are also in communication with customers.

To coordinate the travel fitters is one of the main responsibilities of the service director. This includes sending the right number of fitters, when they will arrive, how long they are staying and provide both the customers and the fitters with the information required to install the machine. Today, there are 9 fitters that are employed through Laader Berg, some of them have worked for decades while others are new to the game.

The sales director has the overall responsibility of sales in the company, which includes to facilitate the sale, to reach the goal of 12-20 machines a year, to get information about new projects that may exist in the market and to communicate with both potential and existing customers. The sales director has a sales manager that also work actively with getting information about the market and to get a hold of new customers. This manager got employed

in December 2017, and have not established as many relations at the rest of the sales team (CEO, sales director and sales coordinator).

Sales Coordinator is located in the sales department, and has been with the company for 15 years, and her daily work is based on coordinating between the company and the customer, especially in the phase where a machine is being bought. In this phase there are active dialogues between the two parties. When the customer has decided to buy the machine, the sales coordinator communicate with the customers regarding delivery, the contract, the fitters and how the payments should be done. The main objective is to find the best solution for the customers. The sales coordinator is often in direct contact with the customers, often via email or phone. In addition, the coordinator does occasionally travel with the rest of sale or service team on direct visits or expos, especially in Europe. The reason for this is that the sales coordinator has built close relations to many of the customers.

The technical and the production directors are responsible for all the technical parts of the product, and its production. They have the competence regarding every single part and function of the machine. Their main responsibility is not to communicate and “sell” to the customers, however it can happen that the customers take direct contact with them if they have questions regarding the technical part. However, normally it is the sales team or the service director that will be the intermediary between the customer and the technical or production department.

4.2.1 Organizational Structure of Responsibilities Related to the Communication Process

Laader Berg operates in a decentralised hierarchy where interaction across departments is happening on a daily basis. What is meant by this is that the CFO does not only handle the financial work, he may occasionally work directly towards getting new customers, or the technical director may have direct communication with customers, regardless of what is in his job description.

Also, the department directors and the sales coordinator, alongside the CEO have decision making power. This means that each department does not need approval by the CEO to decide on important matters, such as payments of products or contracts regarding a new machine.

Figure 4.2.1 illustrates how the communication flows between the internal part of the company to the customer. It is the sales department, the managing director and the service department that have the main communication with the customers. However, there are occasions where the technical, production or the financial team communicate directly with customers. This happens when the customers have a close relationship with some of the employees in these departments or it may be because of their expertise. Normally, the service - or sales department together with the CEO is the intermediary between the other departments and the customers, but sometimes the customers take directly contact with the technical or production department, as mentioned, because of their expertise or their already established relationship.

The fitters, which is located in the service department, are communicating through the service director. But these fitters have also direct contact with the customers after a machine has been delivered. When the machine have arrives to the customer organization, the service director coordinate fitters the customer. These fitters stay with the customer for 8 to 10 weeks depending on how long it takes to install the machine. Here the fitters are in contact with people on a production level, or they may also have contact with the administration of the customer organization. The fitters are not actively there to sell more equipment or to develop a stronger customer relationship, they are there simply to install machines.

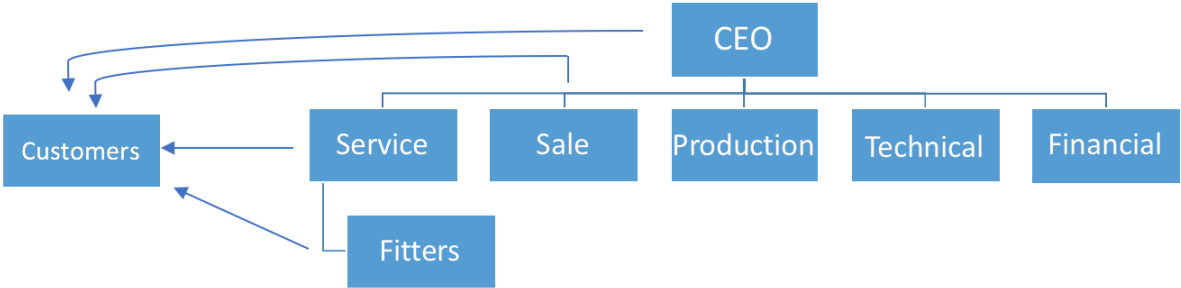


Figure 4.2.1 Communication flow between the organization and the customer

4.3 The Communication Process at Laader Berg

The purpose of the study is to get a better understanding of communication process. Therefore interviews from the case company, and their customers was conducted. By getting these perspectives and combine them, will give the readers a better understanding of how the

communication process actually work, and how it can contribute to their customer relationship.

4.3.1 The Communication Process

The interaction model of communication describes communication as a process in which participants alternate positions as sender and receivers, and generate meaning by sending messages through communication channels and receiving feedback within physical and psychological context (Jones, 2013; Schramm, 1997). A communication process occurs on different lines. For Laader Berg this can happen when finding new projects or customers (1) selling a new machine to a customer (2), when delivering this machine to a buyer(3), when providing a service to an existing customer (4) or when developing the relationship with its existing customers (5). However, there are common elements in these communication processes, which are the sender, a message, a channel, a receiver and feedback. Furthermore, the sender in a communication process will not change from situation to situation, however, the message, channel and feedback can change, depending on the purpose of the process. The message will influence the choice of channel and how the feedback will be handled.

The receiver in this case is another industrial company, which alongside Laader Berg, operates in a business to business market. These receivers do not differ from situation to situation, however they change from one communication “project” to another. The companies that are illustrated as receivers are customers of Laader Berg and will be the customer perspective of a communication process. Today, Laader Berg have approximately 400 different customers, spread over 90 different countries, and as a result of this, there exists 400 projects and even more communication processes on different levels. The majority of these communication processes are in the position where a customer relationship gets developed and improved. There are different processes, however it is important to note that majority of the situations are quite the same and therefore the purpose of the message and the choice of a channel will be intended to be similar as well.

The company has 5 lines of communication. Line 1 involves the process of finding new customers. The people mainly responsible for this process are the CEO and the sales department. Further, when the customer is ready to buy, a new line of communication evolves. This line is referred to as Line 2. In this communication line the sales coordinator and logistics coordinator, together with the CFO handle payment, shipment and other

agreements with the customer. The production and technical department get involved in line 3 where the machines gets into production. Further in line 3, the machine get delivered to the customers, and here is where the service department takes over the main communication. To get the machine up and running, the service director needs to coordinate fitters and to answer any questions the customer might have, and this creates a new line for communication, called line 4. The last line of communication is called Line 5 and includes developing and improving the customer relationship. Here the CEO, the sales department and the service department have the main responsibility for communication. All these lines present a customer project at Laader Berg and figure 4.2.1 illustrate how a project is handled by the organization and an overview of the organizational responsibility regarding the communication process.

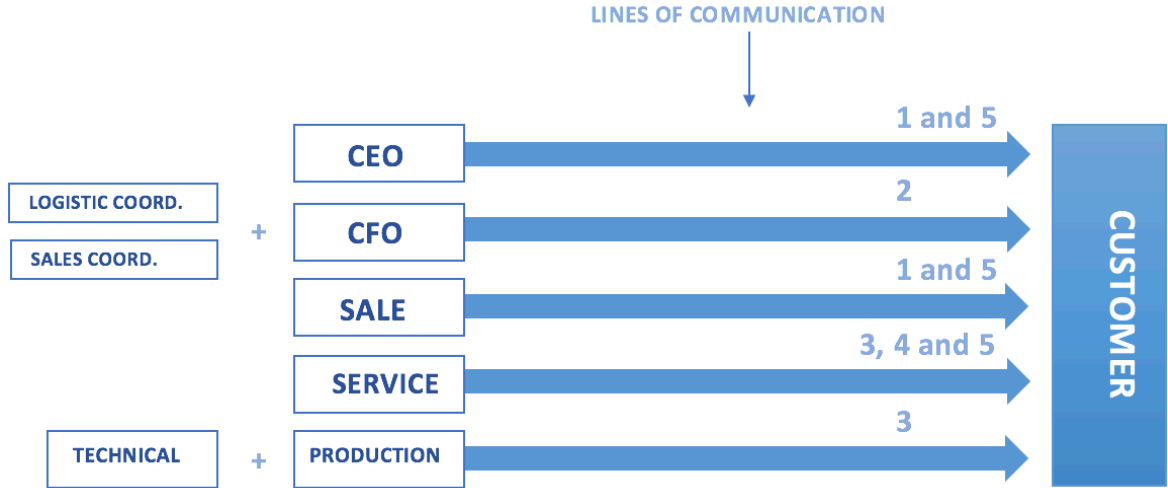


Figure 4.2.1 Communicators in the communication lines

4.3.2 The Message

The content of the communication that moves between the sender and the receiver refers to the message that is transmitted (Morh and Navin, 1990). This content needs to be developed or encoded by the sender and the decision is based on what the source believed about the receivers knowledge and assumptions, along with additional information that the source wants the receiver to have (Hall, 1980)

As demonstrated earlier, there exist communication processes on different levels. This also demonstrates that there needs to be different content for different lines. This content is

developed by Laader Berg and is based upon the expectations that the customers have to Laader Berg. These expectations are formed by Laader Bergs reputation that flows in the market. From interviewing the objects from the company all gave the impression that Laader Berg has a very strong and good reputation in the market. When asking what this reputation included according to them, this was the statement:

“ By talking to customers and other players in the market we believe that our reputation includes that we are trustworthy when we communicate with customers and that we keep our promises. We communicate that we have a high-quality machine that can run for decades, that has a very flexible system, which we believe that they get. Our perception is that customers value our quick response time and that we follow up our existing customers ”

- LB4

This statement was the response from one of the respondents, furthermore, all of the other respondents included some or all of these “strengths” in their respondents to what Laader Bergs reputation was.

By believing that their reputation is so solid, also means that Laader Berg knows that the expectations are high. This is something they need to consider when developing and sending the messages to their customers. Laader Berg has to satisfy if not go beyond these expectations when communicating with customers.

As Duncan and Moriarty states (1998) “ the key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency”. What is meant by this is that messages can vary from one customer to another, however, it pint points that the strategic consistency presents corporate values, how the company perform and how the brand is identified (Duncan and Moriarty, 1998). As figure 4.3.2 presents, a customer will go from being a new customer to an existing one during the project, which again shows that one customer expects different messages during this project. Furthermore, Laader Berg delivers a strategic consistency by developing messages based on their perceived reputation, and as the interview objects already state, the customers already know that Laader Berg deliver a high quality product, therefore they expect more than only their product. They expect a quick response time and that Laader Berg follows up each customer relationship. The purpose of

sending these message will therefore be to highlight that both their machines and the services are of high quality.

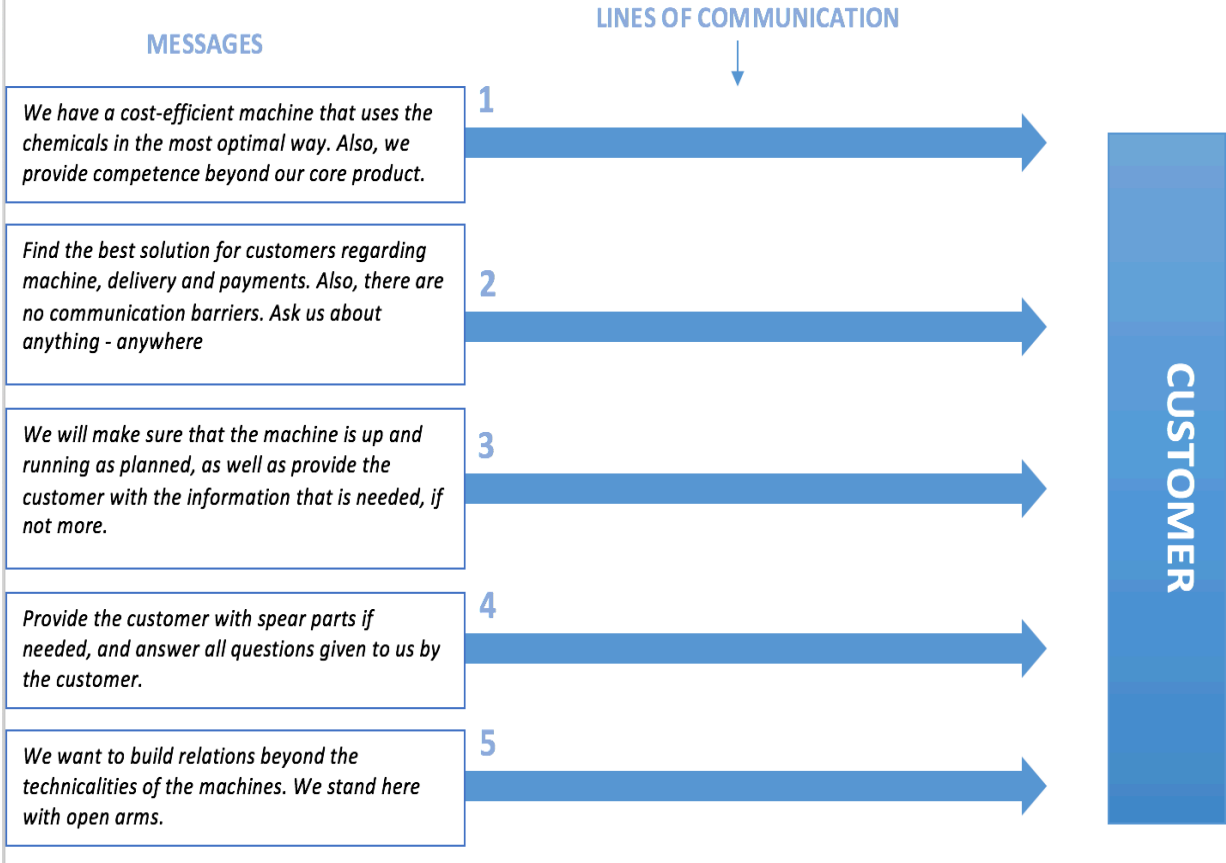


Figure 4.3.2 Lines with Communication Messages

As shown in figure 4.3.2 there exist several messages in a communication project with a customer. This means that there are various expectations for the different situations. When communication in line 1 the company intends to emphasize on quality product and on competence. By sending messages that demonstrates that the machines and service is high quality, they also send messages that they can deliver competence beyond their product. What is meant by this is that Laader Berg can provide them with information about what chemicals that are most efficient to produce an HR foam, they can provide information about cutting machines that fit their foam, or Laader Berg can inform customers about innovation and other technologies that are being developed in the market. Communication line 3 also stresses this point.

Laader Berg stresses the importance of being a company that is easy for customers to get in contact with. This includes that customers can get in contact with Laader Berg via several channels, and ask the company about topics that not only involve their machine. They believe that communicating this to their customers will demonstrate that Laader Berg value a relationship both before and after a machine has been bought. This is included in their messages by stating that they will answer all the questions sends to them, and that they are welcoming everyone with open arms. This message is sent in communication lines 2 through 5.

During the performance of the communication process, the organization may experience some communication barriers (Veljanovska and Cibreva-Jovanovska, 2014: Richmond and McCroskey, 2005). These barriers are often called “noise” and they occur from external factors that create unplanned distortion (Fitsimmons, 2014). Laader Berg is well aware that there exist communication barriers, such as language, different time zones and culture, therefore in communication lines 2 and 5 the company stress the importance of not having any communication barriers between the sender and receiver.

Clarity and consistency are elements that will give the message the best effect, and if the agents, travel fitters and their sales department are well aware of what message that is being sent and that all are consistent in their communication this will result in successful decoding process as well. By being consistent through the channels may be a challenge, however a upside by being an intimate organization is that the communication flow is easier and more efficient. The communication flow internal is more efficient because the CEO and the different departments have offices right next to each other, and the production is running only a few meters from the administration. When a company is decentralised it makes it easier for everyone to communicate with each other. For example the sales coordinator only need to cross the hall to get answers regarding service, or if the service director have a request for a spear part he can fix this in minutes by going to the production. This communication flow can ensure that the use of language is well, to get right to the point by ensuring with others in the company before communication to customers, and that the message is as clear as possible.

Timing of the message, on the other hand, may create challenges for Laader Berg. First, the company depends on agents to communicate with their customers which can result in noise in the message originally sent. Secondly, some messages to existing customers may be delivered

to late because their prioritizing of new customers. Thirdly, because of the time zones.

Literature presented stress the importance of strategic consistency in messages when looking at the communication process. Laader Berg are consistent in their messages early on in the project, however, when the buyer-seller relationship has been established and the years go by, the message may not be as consistent as it should be. This can be that they don't have a proper system for providing information to those that have been a customer for 15 years, or that the capacity to continuous be have 400 active customer projects is limited. But to evaluate this further, an understanding of the different communication channels is in order.

4.3.3 The Channel

After identifying the messages, one need to select the most appropriate channels. Some information is most efficiently and effectively delivered directly or via mediators as well as, orally, while others should be written, and still others are best delivered electronically (Guffey and Loewy, 2010). For Laader Berg, these channels are agents, direct sale, expos, fitters, email and telephony.

Agents

Agents are an extremely important communication channel for Laader Berg. Today, Laader Berg is partnered up with 18 agents, the majority are big corporations, while there are 3 that work as a “single-man” operation. They are located in different parts of the world such as India, Middle East and America. These agents actively strive to develop a close contact and relation between existing and potential customers, and they can provide new information from other distributors and other players in the market. Agents can also overcome the language barrier that the sales department see as a barrier when getting in direct contact with the customers .This indicates that Laader Berg is depending on the professionalism of the agents as a channel of communication.

According to a non-exclusive agency agreement which was presented by one of the respondents in the company, an agent shall act in the name and for the account of Laader Berg, promote the sale of the products in the best possible manner, by establishing contact between the company and potential customers in the Area.

Agents are required to hand over at least one marked report to Laader Berg during the year. This report includes information about the customers that the agents handle for Laader Berg, if there exist new developments in the market or an assessment of how the agents view the relationship between them and Laader Berg. Also, agents attend seminars that Laader Berg arranges during the expos (3-4 times a year). The goal of having such a seminar is to educate the agents, for example about new computer systems, new equipment to the machine or it can be about the market situation. These seminars also provides Laader Berg feedback from agents about their relationship or about the buyer-seller relationship. These seminars are a channel for communication between Laader Berg and agents, however, many are communication with Laader Berg on a daily basis through email or phone.

Direct representatives from the company, such as CEO or sales manager of Laader Berg have low frequency however high quality when having direct contact with different customers. This is because of their high number of customers, and their focus is on getting new contracts and new customers, and they are depending on their agents to have the relation with their existing customers. According to Guffey and Loewy (2010) there are some factors that are important to consider when choosing the best channel. Here confidentiality and sensitivity of the message, the necessity of a permanent record and the amount and speed of interactivity are important factors included. As already mentioned, agents are frequently in contact with Laader Bergs existing customers. They are able to be in contact with these because of their location. Laader Berg has sales agents, or partners, in different parts of the world, like China, India, Australia, Middle East, Africa, America (North and South) and East Europe. This means that agents and the customers exist in the same time zones. Also if there is sensitive information to communicate, the agents are able to go directly to the customers, instead of using e-commerce and telephony.

Laader Berg chooses agents that already represents other distributors in the market. This means that they are agents for a chemical company or for a furniture company. These agents already have experience and a reputation inside the market, and have the power to influence their customers. Recommendations such as getting a new foaming machine or buying new equipment can be given to customers, as well as these agents can provide Laader Berg with useful information about the market. In addition, these agents are more frequently in contact with the customers, because of the need for other products that the agent offers. Some agents visits the customers maybe 2-3 times per month because of their involvement in other parts of

these customers production. This helps strengthen the customer relationship for not only Laader Berg, but for other distributors and customers.

Cost of the channels is also a factor that needs to be considered when choosing an agent. In an standard agreement there are a commission that needs to be considered, because this will be the “cost” of having an agent. In the agency agreement, it states that the representation is based upon a commission of 6-8 % on the Net total EXW for each sale initiates, assisted and performed by the agent, or collaborative partners. Commissions will be transferred to the agent without undue delay after the company receives full payment for the sale in question. According to the company respondents the value that the agent create for Laader Berg is far greater than the cost. In addition, Laader Berg does not have the capacity to send out own sales representatives every time the customers want contact with them, they would also lose valuable information that the agents provide.

The downside of having agents as a source of communication is the level of dependence Laader Berg has on their agents. A problem may arise if the agents decide to retire or quit after working together with Laader Berg for a decade, to then find a new agent that has the same knowledge about the market, their customers and the company may be difficult. However, the company respondents believe that the market is easy to understand, however, the credibility as an agent may be lower when operating as a new agent in the market.

All of the interview objects agree that the agent is an extremely important channel in regards to the continuous relationship with the customers, to recruit new customers and to get information about the market. In regards to follow up questions, or questions about the machines an easy mail from the service manager may be more helpful than contacting the agent in this case.

Direct Sales

A channel that still has an important and significant role in the communication process is the salesman's voice. Both businesses and consumers agree that the voice is still dominate as a channel of choice, particularly for issues that are time sensitive or complex (TeleTech, 2015). For Laader Berg this salesman’s voice is the sales department (sales director - coordinator and manager), CEO and the service director. The sale team including the CEO, have the most

communication with the receiver when they are positioned in the buying situation. Also, this topic returns to the communication process when dealing with relationship building.

Salesmen's voice is also dominating as a channel in Laader Bergs case as well, especially early on in the buyer-seller relationship. There exist organizations that have interests in regards to Laader Bergs machines, they invite them to their factory so that the potential customer has the opportunity to get to know the employees and the production of the machines. This gives signals to Laader Berg that the customers are interested. It also gives them an opportunity to get to know and establish a good relationship from the start. Laader Berg have approximately 10 to 15 visits to their headquarter per year, and the latest were two Chinese companies and one from Syria. On these visits Laader Berg guide them through their headquarter so that the visitors can see the process from producing one single piece, to see the whole machine being installed. The company also takes them to Ekornes AS, where visitors can see how the machine actually work. To bond beyond a business level, Laader Berg accompanies them to Geiranger where the visitors can see the surroundings, and be "tourist" in Aalesund.

CEO, sales director and the service manager are frequently visiting customers on site. Sometimes together with their agents. The purpose of this is to improve the communication through meeting the customer physical. This is much easier for both parties, also the CEO believes that the customers value their visits and appreciate being heard. On these "visits" there are signing new contracts, or having social events after working hours to further develop their relationship but also to ensure that there exists an effective communication flow. Ashford and Cummings (1983) also concluded that customers believe that the manufacturers' salesman is the most trusted source of information and therefore an important and valuable communication channel.

Travel Fitters

Another source for communication are Laader Bergs "fitters". These fitters travel to the customers when the machine is being installed, and stay for 8 weeks, depending on the size of the machine. Fitters work with employees from the customer-company and creates a relation with these people and have daily communication. Fitters can communicate information about the machines or Laader Berg to the customers, as well as communicate feedback to Laader Berg. They may be costly and may not respond to sensitive information, however their

amount and speed of information can be beneficial for both the seller and the buyer. In addition, they can be a source of both formal and informal information. The quality of the communication may depend on how the buyer takes “advantage” of the situations. There have been occasions where the buyer have taken the fitters under their “wings”, inviting them to social events after working-hours, and created a trustworthy relationship with them. This has further developed to an interaction between the fitters and the customer if there are questions needed to be answered. This can be a source that helps to build and to strengthen the relationship between the organization and customer. Laader Berg can not only rely on these fitters for communicating with the buyer, however it may help improve it.

Expos

The fourth communication channel that Laader Berg uses is expos. An expo is a global event that aims at educate the public, sharing innovation, promotion progress and fostering cooperation. Laader Berg participate in three to four expos a year, and use a lot of resources on this, however, regarding the cost, the company respondents believe that it is cost efficient. The reason for this is that there exist several opportunities for communication on these expos. First, the company meets new potential customers and other players in the market to share information with, secondly, to meeting existing customers. While traveling to these expos, Laader Berg does often use social event afterward to maintain their relationship with their customers. Guffey and Loewy (2010) stress the importance of looking at different factors, and in regards to the degree of formality desired. In these expos the degree may be both formal and informal. An expo creates the opportunity to be technical in regards to the machines, but also to have normal conversations regarding informal topics. For example, their sales coordinator often travels with rest of the sales team on the expos in Europe. The reason for this is that there are a lot of businesspeople on these expos that speaks French as their mother language, and Laader Bergs sales coordinator speak French. This gives them an opportunity to bond on another level, instead of just talking business. Also, according to the sales coordinator, this can trigger a bond and a good relation between the customer and the company.

In these expos, Laader Berg display a photo of Aalesund where one can see the features of beautiful natures and landscapes. The purpose of this is to show their customers where Laader Berg is located, that the customers get a better picture of where the company has their existence from and who they actually are. It also symbolizes a harmonically and safe

environment, something Laader Berg wishes to communicate to their customers.

“It is essential to show the customers that relation is not only about the technicalities of the machines, but that Laader Berg is open to has relations beyond that” - LB4.

The amount and the speed of feedback may also be factors when using expos as communication channels. The reason for this is that there are a great number of people in these expos so the amount of the feedback will be higher than only visiting one company at the time. Also the “customers” are also able have a interaction where messages and feedback are sent. Therefore, expos is a great way of communicating with customers.

Email and Telephony

Advances in technology, especially the internet has greatly enhanced the flow of dialogue and the interpretation and dissemination of information (Payne and Frow, 2004). This has also given the opportunity for Laader Berg to be frequently in contact with their customers, also in different time zones. However, when using telephone as a channel it is important to have precautions because some places this could be in the middle of the night.

Guffey and Loewy (2010) believe that some information is most efficiently and effectively delivered orally while others written. In regards to documents or agreements, this may be better to discuss over email, because then both parties have everything in writing and there will be less confusion. Email is also a cost efficient product that has made it even easier to improve the speed and the amount of communication between the parties. The mail gives Laader Berg the opportunity to have written dialogue with customers, that can improve their relations as well, both on a business level but also on a more personal level. It also, according to the interview object easier for customers to get in contact with Laader Berg as well. If they need any spare parts to the machine, it can easily ask for this in a mail, or if there is any other question that needs to be answered by Laader Berg. Mail used on a daily basis and is the most used communication channel that Laader Berg use.

The telephone is also a well-used communication channel for Laader Berg. This gives the parties a direct dialogue and they can exchange information in matters of minutes. It is also a great tool for communicating important and sensitive information. Telephone can also help Laader Berg discover if the message have been decoded in the right way, and have the

opportunity to get feedback very quickly. One can also hear if there are any misunderstanding in these phone calls. However, there is one challenge when it comes to the telephone as a channel and that is the time zones. Since Laader Berg have customers in 90 different countries there are several hours between them, which means that when it is working hours for Laader Berg, it is night time for others. Therefore, it is important to find a common ground regarding this issue. Further, it is important to have the understanding that no one can be reached at any time of the day. On the other hand, it central that both parties are aware that they are operating in a market where different time zones occur, and therefore, need to expect phone calls throughout the day.

Both email and telephone are communication channels that Laader Berg uses to have direct contact with their customers. However, there may arise challenges when Laader Berg has 90 different customers, and only 4 to 5 people in the administration that manage these phone calls and emails. It may occur that some mails don't get answered as quickly as customers wants.

Channels in the Lines of Communication

To get a better understanding of what lines the communication channels operates in, figure a is illustrated. As shown in Figure 4.3.3, agents, email and telephony are channels that are used during the whole customer project, while direct sale and expos play a role in the communication lines were getting a new customer is in focus, or when the goal is to send messages that develop and improve the existing customer relationship. The function of fitters as a communication channel is used during the communication process where the machine is getting installed, also they play a role in the communication line where the line of improving the customer relationship.

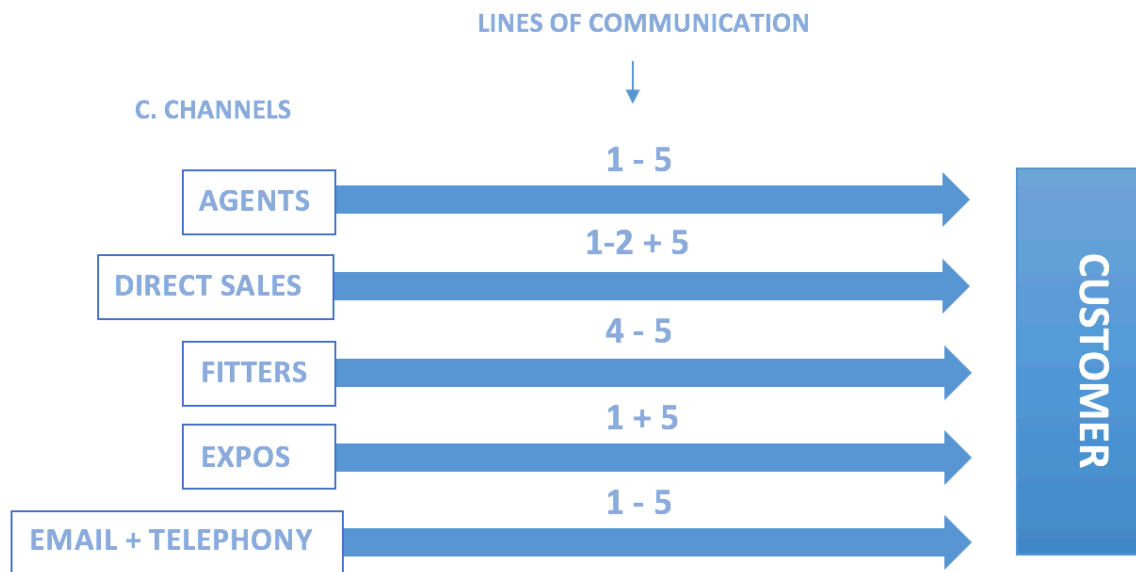


Figure 4.3.3 Line of Communication Channels

4.3.4 The Feedback

The concept of feedback includes messages sent in response to other messages. It also includes a more complex understanding of the communication process and its roles. Some define feedback as a subprocess in the communication process where one shares ideas, concerns, and suggestions between two parties (Sullivan, 2009). The communication process is a two-way circular communication, where feedback is sent back to the sender on a regular basis. This means that the company can receive multiple and diverse feedbacks from the same customer in one communication process. As any other element of Laader Bergs communication process, feedback can occur on different levels or communication lines, and change from one situation to another depending on the message that is received.

Laader Bergs feedback can be divided into four types:

1. Inquiries
2. Responses
3. Complaints
4. Suggestions

Inquiries can occur in all communication lines (1-5) of Laader Berg. They appear when a new customer is interested in the machine, when the machine is bought and shipped, and in the developing and improving customer relationship stage. Inquiries can be regarding a new

machine, contract handling, spare parts or other preliminary responses. Examples of inquiries in the different communication lines are:

- *Line 1: "Give us a ROI analysis on the machine, and send us an offer".*
- *Line 2: "Our project it put on hold, can you delay the machine 15 months?"*
- *Line 3: "The fitters need to arrive soon"*
- *Line 4: "What chemicals can improve our production of foam?"*
- *Line 5: "Do you have any suggestions to a cutting machine we can buy?"*

These inquiries shows that the customers have received and understood the message that Laader Berg have sent regarding competence, quality and communication.

Feedbacks from Laader Bergs customers can include both descriptive and evaluative feedback. For a company that has goals for further improvement of both its company and the customer relationship, a more descriptive feedback is preferred. In such a feedback, the receiver expresses that he actually understood the message sent , also in these feedbacks suggestions for improvements are included. Positive feedback is always motivating, and it gives a reminder that Laader Berg is doing something right. Yet, the response where any dissatisfaction or complaint is the most useful for the company. Complaints may not be the preferred communication in regards to the relationship marketing, however it may be a way of improving the customer relationship.

Responses to the messages can be positive or negative. It indicates that Laader Berg is doing something wrong or right. However, it may not give the indication that they have understood the message sent to the receiver. These responses usually arise between communication line 2 through 4, where the project goes from buying a machine to getting it delivered. These responses Laader Berg have received are:

- *Line 2 : " The contract handling was easy and efficient"*
- *Line 3 : " We expected the shipment to be faster"*
- *Line 4 : "We are so pleased with how the machine works"*

Complaints (3) provide a feedback mechanism that can help organizations rapidly and inexpensively shift products, service styles and/or markets focus to meet the needs of the customers (Barlow & Møller, 1996). This feedback style is not the most common for Laader Berg, however, it can arise after communication lines 4 or 5. Examples of complaints are:

- Line 4: “The machine does not function properly”
- Line 5: “We have not received any offers on upgrades of the machine”

These complaints are rare for Laader Berg, however, it is important to know that they can exist.

Another feedback style that can help Laader Berg improve are suggestions. These can occur through line 1 were the customer project starts, to communication line 5 where the goal is to improve the existing customer relationship. These suggestions prove that the customer have understood the message, as well as giving a gesture that the customer is also interested in a relationship. Examples of suggestions

from Laader Bergs customers are:

- Line 2: “Send us the machine in 10 months, and we want to pay in euros”
- Line 5: “We believe that the computer software system need an upgrade

Furthermore, to get a better overview of where the different feedback styles can occur in a communication process a figure will be presented.

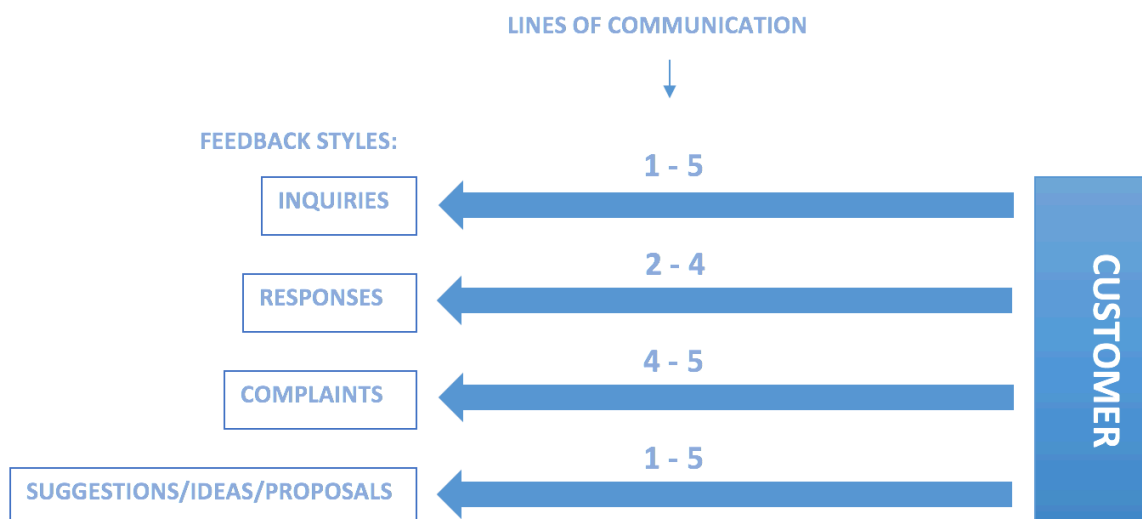


Figure 4.2.4 Communication Lines with Feedback

As already mentioned, Laader Berg uses direct visits, phone calls and mail as communication channels. In these channels there occur different types of feedback. In the direct visits Laader Berg have the opportunity to observe nonverbal responses, for example through body language in addition to the instant verbal feedback that customers may have. Instant verbal response also exists in mail and in the telephone, and it can give the opportunity for Laader Berg to have follow up questions to ensure that the message have been decoding correctly. However, in regards to email, there may be some miscommunication regarding feedback on this channel. If Laader Berg communicate through email it may happen that customers don't respond, and by being quite or nonverbal may show either that the customer is satisfied or it can be an indicator that the customer haven't received the message.

Handling feedback

Feedback needs to be handled in different ways, depending on what the response is about. Firstly, if the response includes questions regarding the technicalities of the machine or about the contracts, a simple mail or phone call can be sent back to the receiver. If there are errors in the computer systems or if the customers can't manage the machine the support team will get involved. This support system can help customers any time of the day. Also, Laader Berg has a service system provided for free if Laader Berg can help them by phone or email.

Agents are obligated, in regards to their agent agreement, to pass on any complaints or communication from customers to Laader Berg. This shows that Laader Berg is eager to know everything regarding the customers, both negative and positive. It may also prevent any misunderstanding between the buyer and the supplier. If the agents do not pass over any communication from the customers, Laader Berg may than believe that the customer has not received the intended message, or it can signal customer satisfaction. The agents do this via phone, email or when they get together for the seminars at the expos.

Feedback directly from the customers, or via agents that include suggestions for improvements are discussed at the top level every Thursday. Here they discuss ideas or suggestions that they have received from the customers, or other more complex errors that have been observed. In addition, the department directors, together with the CEO and CFO have a weekly meeting where they further discuss this topic. By having a weekly meeting the feedback can be handled in a very efficient way, and Laader Berg gets the opportunity to send

new messages in response to these feedbacks.

Another part of handling feedback is prioritizing. This includes choosing what feedback to handle first. First, Laader Berg does not always have the capacity to handle every feedback if there are several customers responding at the same time. Secondly, because of the capacity, Laader Berg may need to focus on the customers that are more verbal and demanding, in the periods that capacity may be overloaded.

To sum up, Laader Berg receive various feedback from the customers, both motivating response and more of the constructive feedback. All of these feedbacks either get handled through a support or service system, or it gets discussed at the weekly meeting that they have. Feedback is an important element to have an interactive communication process, and it can be a factor for improving products, systems and customer relationships.

4.4 Perception of Communication Process from Two Perspectives

Knowing where value resides from the standpoint of the customer has been, and still are, critical for a manager, since greater levels of customer satisfaction lead to greater levels of customer loyalty, and retention, positive word-of-mouth and stronger competitive position, and ultimately higher market share (Ulaga and Chacour, 2001). When looking at the perception of the two parties one can detect the core elements promoted in a communication process, as well as get knowledge of their perception of the customer relationship and the link between communication and relationship.

4.4.1 The Company Perspective

When Laader Berg is looking at themselves, they can see the full context of the experience, from start-up to present day. They know exactly why everything is the way it is, why certain decisions were made, and are often heavily invested in the method that they used to build what they have. Their perception of the communication process will therefore be affected by how much work and time they have invested in the company.

Laader Bergs communication process is divided into five different communication lines. These lines affect the customer relationship and then the customer satisfaction. The company believes that a satisfied customer relationship starts with Laader Berg delivering quality

technology, responding to feedback early and good, and further developing trust between the players. This trust is built through personal relations and responsiveness.

The respondents from the company believes that their reputation gives them a great foundation for the effective communication that they have with the customers and further it will be up to the company to fulfil the reputation and the expectations. In addition, the dialogue and interaction between the two parties will be essential in the customer relationship. Respondents of the company believes that they have a strong customer relationship with their existing customers because they can trust Laader Berg to deliver as promised, also they have communication beyond business relations. Also many have a personal relation to the company, because of their way of communicating messages.

The decentralization in the organizational structure also has an impact on the customer relationship. The sales, financial, production and technical directors are sitting next to each other in their office in Aalesund. Also the employees working on the production are only a few meters away. If customers then have questions to the sales director that he is not able to answer, it only takes him a few minutes before he gets an answer from another department that he can give the customer. This shorten the response time and the quality of the response to the customers. In addition, the competence of each department goes beyond what is expected because of the internal communication flow. Which again can strengthen the relationship with the customer.

As mentioned, interaction is essential in a successful customer relationship, therefore feedback from customers are important for Laader Berg to develop and improve their communication process and its relationship. If there is no feedback there are not any indication that the customers have received their messages, or any indications of improvements, therefore as the service director states :

“We expect that our customers are satisfied when they don't communicate back to us”.

In an interactive communication, it is expected that both parties communicate, when they are satisfied, or when having complaints. When customers don't communicate back, it is an indication of not being interactive. However, Laader Berg should still continue to communicate with these “silent” customers as well to strengthen their customer relationship.

Laader Berg is motivated to have an effective communication process and a successful customer relationship so that existing customers buy upgrades or decide to buy a second machine. Also, when having a good customer relationship, the customers will ask for help and can give them feedback for improvements. Finally, an effective communication process that leads to customer relationship and greater levels of customer satisfaction leads to positive word-of-mouth, that can give them even better competitive position in the market.

Strategic view on Communication Process

Developing is an important element for Laader Berg and its customer relationship, and it's a step to getting even better. From a company's perspective there are elements that both the company and its customer needs to consider to develop their communication process and the customer relationship.

First, some of the communication lines are more prioritised than others. Line 1 and 2 gets more attention than communication line 5. The reason for this is the importance of having satisfied customers from the beginning, and that small details are in place to make it easier when stepping into communication line 3. Yet, communication line 5 is essential for developing the customer relationship, and therefore a strategic view is to focus more on following up customers. However, one of the reasons for the lack of focus on this line, is because of their lack of capacity to both deal with communication line 1 and 5. Another strategic view is the role of the communicator in the communication lines. Here there are two steps that should be considered. Firstly, the CEO and the sales department have the main responsibility for the communication with the customers, therefore they should be involved in all of the communication lines, rather than the first and last phases. This makes it easier for the receiver to know who to contact, also the relations become stronger between the customer and the company. Secondly, the fitter should get a bigger role as communicators. Laader Berg's fitters are an important communication channel, and ambassador for the company. These fitters visit customer for over 10 weeks at the time and get a connection with these companies. By having a bigger role as communicators, fitters can motivate the customers to improve or upgrade their machines, but also to have dialogues with them beyond the technicalities. Which again can make the communication process even more effective.

Since this is an interactive communication, Laader Berg is depending on the customers motivation for building and improving the relationship. Improvements can be done, and the motivation from the company's sight can be high, however, it is important that the customers also are aware of the benefits of having a relationship with Laader Berg.

4.4.2 The Customer Perspective

Customers are considered to be one of the most important primary stakeholders for a company (Shamma and Hassan, 2009), they also play a vital role in relationship marketing. The customer perspective adds to an emerging understanding of customers no longer as a mere recipients of communication (Maull, Geraldi and Johnston, 2012) , but as an active and integral part of the communication process and a key in creating value for the both the customer and the company.

Taking a customer perspective on a communication process or constellation of organizations may provide both conceptual and practical opportunities. It may also provide insight as to how managers can design and manage communication to deliver better value for customers, improve relationships and create partnerships with them (Maull, Geraldi and Johnston, 2012).

The customer respondents in this study have been customers of Laader Berg between 5 to 20 years, and have one or two machines from Laader Berg. Their positions in the companies are managing, production and purchase directors. These directors believe that a good communication consists of a clear and consist message, that personal relations are being created and that the communication flow is easy. Furthermore, these are their expectations for having a good communication process with their sender.

The communication message should, according to the customers, be clear and consistent. However, do these expectations go in line with the message that they decode from Laader Berg? When asking the customer respondents about Laader Bergs communication message, the answers included quality, prompt with good intentions and that they deliver competence. One of the customers stated:

“We believe that Laader Berg and our company both have very simple messages for their respective customers, and that is the message of QUALITY, they produce a very high quality machine which in turn helps us produce a very high quality mattress”

All the respondents included quality product as an element of the communication message, which signifies that the message regarding quality is very clear and consistent for all the receivers. Delivering competence to the customers, and that the company has good intentions are coherent with what Laader Bergs states as their messages in the different communication lines, and it shows that the receivers have decoded the messages as Laader Berg want. Also, the message of quality indicates that reputation an element of the communication process. Both the company and the customers want a reputation that consist of quality.

Further in the receivers definition of a good communication the personal relation is mentioned. This is linked to the channels used in communication processes. For the four companies interviewed in this case the main communication channels are expos, mail, phone and direct visits, however, their most used are mail and expos. They further stated that these channels are directly with the Laader Berg organization, and not via an external intermediary such as an agent. By talking to the organization directly their personal relationship strengthens. Directors that are mentioned in the interviews are the CEO, sales director and the service director, but one of the customers also mentioned the financial and production directors. Again, this points out that the communication lines of the company are in line with what the customer perceives, also it shows that the customers value simplicity in the communication process.

For having an easy and simple communication flow and a good dialogue, a third element must be implemented. This element is called feedback, and it occurs as an inquiry, respond, complaint or suggestions. Regarding their responds and inquiry, they state that Laader Berg is very efficient to respond again, and if someone is not available the colleague will certainly respond. However, one of the respondents communicated that one the customer company had difficulty reaching Laader Berg regarding an inquiry. Furthermore, this customer company has only had positive experience, except this one time. Regarding complaints, one customer respondent mentioned that they have sent complaints as feedback to Laader Berg, but the case company managed to handle this feedback by improving right away. An overall perception that the customer respondent have is:

“We value each other’s input a lot, and at the end of the day it will be for our mutual benefits in the long run”.

In the communication process it is also important to mention any barriers that can occur, however according to the customer respondents there does not exist either a language, geographical, human or cultural barriers.

In accordance to the customer respondents statement of what good communication consist of, the communication between Laader Berg and their customers is excellent. However, does this mean that the customers believe that the communication process they have with Laader Berg satisfy them regarding customer relationship?

According to Palmatier et al., (2006) relationship satisfaction entirely belongs to the customers satisfaction with the relationship and this is not the same as the customer satisfaction with the general exchanges. A satisfied customer is more credible to be loyal to a firm (Lee & Lin, 2005); therefore, fulfilment of both the company and the customers desire leads to satisfaction with the relationship (Halimi et.,al 2011; Anderson and Narus, 1990). When interviewing the customer companies it was clear that they were fully satisfied with the relationship they have developed together with Laader Berg. This have been developed through communication between the two parts from first meeting to further developing their relationship (communication lines 1-5).

“We are treated like a part of the Laader Berg family” - Customers of Laader Berg

Customers believe that Laader Berg makes an effort to communicate with them to develop a further relationship with them. They believe that different communication channels such as expos, mail and direct visits are essential to this process and that feedback makes this communication an interaction between the two parties that helps develop their customer relationship. Laader Bergs customers are satisfied with the relationship that they have developed with Laader Berg, and this has been developed through the different communication lines that exist in their projects.

Strategic view on Communication Process

The customers are satisfied with their customer relationship and its communication process, furthermore for Laader Berg to improve and develop in the future, some strategic views exist among the customers. Firstly, annual visits to their customers would be an improvement that could strengthen their message regarding competence, quality and improving the customer relationship. By having annual visits Laader Berg can inform customers even better from previous experiences, and it can open up discussions for Laader Berg on how to improve their machine, and to get a better production for their customers. However, the respondents are aware of the costs, timing and availability issues that this annual visits would demand. In the end, it depends on the capacity of the company.

Another strategic view was regarding the efficiency of their email and telephone system. The respondent believed that Laader Berg has an excellent and very efficient communication system, however there is always room for improvements. The respondent stated :

“I believe they have internal email security in place, and if this is the case they should mark or save all known customers contact information so that none of the emails can be bounced back and Laader Berg can know who calls”

This is a simple step to avoid any miscommunication, and both parties can then trust that their messages are being sent to one another. This easy step can make the communication flow better, and it can avoid any dissatisfactions in the future.

CHAPTER 5 Analysis and Conclusion

The purpose of this thesis is to describe and analyse the communication process in an industrial company in order to get a better understanding of its elements as well as the interaction between them. To get to this purpose, an analysis and discussion of the existing literature and empirical findings in relations to the research question need to be conducted. Also, the sub-questions need to be analysed in order to answer the research question.

5.1 A Communication Process at Laader Berg

In this section the sub-question: *“what marketing communication process is adopted in the company?”*, will be answered. This questions can give a better overview of what communication process is used in the case company, and a better understanding of how the

company conducts this process.

According to Jones (2013), communication is a complex process where it is difficult to determine where or with whom a communication encounter starts and ends. For Laader Bergs communication process it is not important if the encounter starts with the case company or with the customers. The most important is that there exists an interaction between the two parties. The interaction model of communication describes communication as a process in which participants alternate positions as sender and receiver and generate meaning by sending messages and receiving feedback within physical and psychological contexts (Jones, 2013). The driver for this interaction will be Laader Berg and will be the main creator of communication messages.

Van staden et al., (2007) are among many that have gone away from the traditional linear model of communication, and have further developed a two-way process whereby information (message) is sent from Laader Berg (the sender) to its customer (receiver) who in turn react by providing feedback to Laader Berg (becomes receiver). By looking at the communication process of Laader Berg in chapter 4 one can see that there exist a two-way process between the company and its customers. Laader Bergs sends messages that are according to the communication line via a channel and received feedback in a form of inquiry, response or suggestions.

However, evidence from the study shows that there exist communication processes on different lines. These communication lines exists of: finding new projects or customers (1) selling a new machine to a customer (2), when delivering this machine to a buyer (3), when providing a service to an existing customer (4) and when developing the relationship with its existing customers (5). Each of these communication lines have different messages, different channels and several feedbacks.

For Laader Berg that conduct industrial selling, exchange is typically initiated, maintained and terminated on a person to person basis. The industrial salespersons most basic activity during the exchange is communication (Williams et al., 1985). The interaction between customers and sales- and service personal and CEO and the exchange of information between buyer and seller is an indispensable part of marketing and communication building. For the case company there exist an communication on a daily basis however on different lines.

Industrial marketing had always been treated as mainstream marketing unglamorous poor relation, a disciplinary sub-field long overshadowed by consumer goods marketing (Egan 2011, p 27; Brown,1998, p173). The emphasis in this business seemed to be on raw materials, bulk shipments, pricing mechanisms and relational buying models where marketing played only a marginal role. However, this statement cannot be supported anymore, since industrial marketing are depending on the communication and relations more than ever. In line with this, Laader Berg have adopted a communication process based on interaction and two-way communication. They have also developed a system were communication lines exist, were they manage to handle communication between the customers where they manage to encode the message on the best possible way, as well as make sure that the customer decode and respond the way that creates value for both the customers and the case company. What core elements that promotes this interaction that both parties values will be discussed further in this chapter.

5.2 Main Elements of a Communication Process

The research in this study will inform how an industrial company conducts its communication process, and to help answer this research question it is essential to look at the main elements of such a communication process. Therefore, this section will answer the sub-question “what are the main elements of a communication process in a company?”

Communicating the right message, choosing suitable channels for the message and handling feedback are three elements that need to be considered when designing a communication process. As known, Laader Berg has five communication lines, where the message, channel and feedback differs. For each of this lines, Laader Berg needs to consider elements such as what is the right message, what channel is most appropriate and what feedback is most valued and how can they handle this.

Strategic consistency and clarity in the communication message are stressed both in the existing literature, with the case company and its customers. Laader Berg is consistent and clear in their messages early on in the process, and from a customer perspective, this continuous in communication line 5 where the relationship gets further improved. However, some of the communication lines are short in terms of time, while the line including improving and developing the customer relationship, don't have a defined end-line. This

means that the message in communication line 5 needs to be consistent and clear over a long period of time. This can be difficult for the company since they don't have a proper system for providing information to those 400 active customer projects. The main reason for this is the limited capacity of the service and sales department, in addition to the CEO.

When choosing communication channels there are several elements that need to be considered according to Guffey and Loewy (2010). These are the importance of the message, amount and speed of the feedback, the necessity of a permanent record, cost of the channel, degree of formality desired and confidentiality and sensitivity of the message. All these are considered when Laader Berg chooses communication channels, and some of them are more important than other in the communication lines. However, when looking at an effective communication, the sender should match the channel that the receiver prefers, and not the elements considered for choosing the best channels. Literature from Danaher and Rossiter (2011) research demonstrates that the receivers have distinct preferences for the channels. These preferences differ from the certain types of messages, how they are used, and how the receiver want to reply to these messages (Danaher and Rossiter, 2011; Westmyer et al., 1998; Rice et al., 1998). When interviewing the customers of Laader Berg there were some preferences regarding communication channels. There was a dominant opinion that direct contact with Laader Berg was preferred, via mail, telephone or with direct visits. Yet, there was one company that preferred agents for new projects with Laader Berg. The main reason was the contact that the customer organization has with the agent.

Further, customers also had strategic views regarding communication channels. Here direct visits were named as a preferred channel for communication that should happen more often. However, they all knew that the capacity for having so many direct visits could be difficult for Laader Berg. From first looking at the communication process from the company's perspective, then from a customer's perspective, it is clear that Laader Berg has chosen communication channels that are preferred by its customers. However, there are strategic views that should be considered in the future to still have channels preferred by its customers.

The last element in the communication process is feedback. Sullivan (2009) describe feedback as a process of sharing ideas, concerns and suggestions between people in an organization or organizations with the intention of improving organizational performance. In this thesis, the people include Laader Berg and its customers, where both have the intention of improving

performance for both parts. Laader Berg has a two-way circular communication where feedback is sent back on a regular basis. This means that the company can receive multiple and diverse feedback from the same customer in a communication process. These feedbacks can be divided into an inquiry, responses, complaints and suggestions.

According to Guffey and Loewy (2010) the best feedback is descriptive rather than evaluative. From a company's perspective this is also preferred. They state that any dissatisfaction, suggestions or complaints are the most valued for the company, because it helps the company improve and it shows that the customers have understood the message. The company handles this type of feedback with weekly meeting, prioritizing or on an individual level. From the customers perspective, their perception of the feedback Laader Berg received is valued of both the company and the customer, it is a suggestion, complaint or an inquiry, which signify that their handling-process works.

Schultz et al. (1995) are of the opinion that it is impossible for a marketer to establish effective communication with the target customers using only mass techniques like advertising, sponsorship and publicity. It is the report, the empathy, the dialogue, the relationship and the communication that the marketer establishes with the prospect that makes the difference that separates him/her from the rest (Poovalingam and Veerasamy, 2007). Mass techniques are not something Laader Berg value. Their focus is communicating with the customers so that they can create a professional and a personal relationship with them, which both the customers and the company know benefits them both in the long run. From a customer's perspective the dialogue between them and Laader Berg are exceptional and the customer believes they are a part of the “Laader Berg” family which indicates a very strong relationship.

Communicating the right message, choosing the suitable channels and collected feedback are three main elements of an interactive two-way communication process. For Laader Berg these three elements are depending on the five communication lines that Laader Bergs communication process consists of. The element of message involves the topic of strategic consistency and clarity which Laader Berg has managed to include in their messages between communication line 1 through 4. Moving on, the channels chosen in Laader Bergs communication process should match the preferences of the customers, also other requirements such as cost, degree of formality, amount and speed should be discussed when designing the communication process and the channel. Lastly, the most central part of the

two-way communication, the feedback. Feedback can differ through the communication lines, but the most important is that this feedback has valuable content for both of the parties, and that this feedback gets handled in a proper way. In the case of Laader Berg, perceptions of both the company and the customers indicate that feedback in all forms are valued and that this is handled through prioritizing, the weekly meeting and on individual levels.

5.3 Core Elements promoted in a Communication Process

The last sub-question is “ *What are the core elements promoted in a communication process from a company and customer perspective*”. By analysing and discussing the core elements one will get a better understanding of what the goal of the communication process is for both the company and the customers’ point of view.

As mentioned, Laader Berg has adopted a communication process based on interaction and two-way communication. They have developed a system with communication lines in order to manage and create value for both potential and existing customers. This system delivers messages through channels and creates interaction when receiving feedbacks and handling them. Furthermore, one main objective with having such a communication process is to have an effective communication that can build strong relationships with its customers and therefore it needs to have elements that are promoted in this process in order to create this customer relationship.

The company believes that a good customer relationship starts with Laader Berg delivering quality technology, responding to feedback early and further develop trust between them. From the company's perspective this trust is built through personal relations and responsiveness, and it indicates that trust is one of the core elements of the communication process according to the company. Trust is considered to be the basis of relationships and the glue that holds it together (Poovalingam and Veerasamy, 2007 ; Evans, O’Malley and Patterson, 2004), and the communication is the prerequisite for building this trust among the exchange partners (Houman Andersen, 2001). In order for customers to have trust in their supply provider, they must have confidence in their provider ability and willingness to keep promises (Poovalingam and Veerasamy, 2007). According to Laader Berg, their existing customer relationships are built on trust because they deliver as promised, which they communicate through their messages in the process, and to achieve a higher level of trust with their customers it can be created through the quality and frequency of the communication

(Poovalingam and Veerasamy, 2007). The quality and frequency of the communication are well justified in the first communication lines, while line 5 could have a higher frequency of communication to build even a higher trust in the relationship for the existing customers. According to the company and its customers, the personal relations provide a higher quality of communication which results in trust between the exchanged partners. Through focusing on the quality of the communication in their message, through their communication channels and how they handle their feedback, and the frequency of the communication gives it an indication that trust is a core element promoted in their communication process from a company's perspective. This element of trust is also an important key to communicating effectively and having a strong relationship with the receivers that will aid in knowing intentions and overlooking minor lapses in good communication practices, which are bound to happen (Fitsimmions, 2014)

The reputation of the company is the second core element that Laader Berg promotes in their communication process. The reputation gives Laader Berg a great foundation for the effective communication that they have with the customers. Reputation is a perceptual phenomenon emerging from stakeholders collective perceptions of an object over time. It can be formed by the exchange of personal and conveyed experiences between the company, stakeholders and third parties (Liehr-Gobbers, Storck and Helm, 2011). In the interaction with the customers, Laader Berg believes that their reputation includes that they are trustworthy when communicating with customers, and that they keep their promise. This is something they consider when developing and choosing messages and channels to their customers, and it is also an element they use to develop and improve their customer relationship.

Davies et al (2003) see reputation in personality-like attributes, such as whether businesses are sincere, exciting or competent and beneficial reputational outcomes will be in terms of customer loyalty and employee retention, also stakeholder relationship and value (Liehr-Gobbers, Storck and Helm, 2011). Beneficial reputational outcomes for Laader Berg is giving the customer relationship and the communication process a good foundation, which can lead to customer satisfaction and customer loyalty. By fulfilling the expectations and the reputation, the more likely it is that the stakeholders will trust the organization and positive emotions towards the organization in the future (Liehr-Gobbers, Storck and Helm, 2011). This also shows that the two core elements from the customers perspective are directly linked together regarding an effective communication that results in a successful customer

relationship.

A customer perspective of the core elements which is promoted in the communication process is also essential in answering this sub-questions. Customers are considered to be one of the most important primary stakeholders for a company (Shamma and Hassan, 2009), and taking a customer perspective adds to an emerging understanding of customers as an active and integral part of the communication process and a key in creating value for both the customer and the company. It also can provide insight as to how a manager can design and manage communication and improve relationships (Maull, Geraldi and Johnston, 2012). The customers respondents in this study have been customers of Laader Berg between 5 to 20 years, and have been communicating with Laader Berg for several years and have, therefore, perception regarding this communication process.

A core element that is promoted in the communication process according to the customers is simplicity, which is the quality or condition of being easy to understand. The customers believe that they have a good communication with Laader Berg that includes clear and consistent messages, and that the communication overall flows very easy. Simplicity can help the target customers receive an important message when viewed as the essence of what needs to be understood (Fulcrum Connection, 2018). There are several communication channels which give the company and the customers the opportunity for direct contact with the company, that can provide personal relations. All of the respondents highlighted that email was the most used communication channel, and they all expressed satisfaction regarding this. Customers usually view email in a positive light, because it is quick and efficient (Danaher and Rossiter, 2011), which was also expressed from Laader Bergs customers. The customer's perspective focuses on the simplicity because they perceive the communication with Laader Berg as “easy”. The explanation for this statement is that Laader Berg is prompt in their responses, clear in their messages, have several communication channels and communicators which means that they always are available to answer any questions, and that they know Laader Berg value their input and feedback. Also, this simplicity result in reduced complexity for the customers operations.

Another key element that has been highlighted by the customers is reputation, similar to the company perspective. Customers of Laader Berg believe that their message, same as Laader Berg, have very simple communication messages to their customers, the message of quality.

Laader Berg delivers a high-quality machine which in turn helps the customers with producing high-quality products, such as mattresses. These messages are directly linked to the perception and expectations of Laader Berg, and to the reputation Laader Bergs customers have in the market with other players. Furthermore, customers expect that Laader Berg delivers a high-quality machine, that they respond and value their input and lastly that they communicate through informal and formal lines. These expectations are handled through the communication messages, channels and the feedback, and therefore it makes a core element promoted in the communication process. As mentioned, Davies et al (2003) see reputation in personality-like attributes, and that outcomes can be stakeholder value. For customers of Laader Berg, these beneficial outcomes can be that their machine helps customers produce high-quality products, help develop stronger relationship with Laader Berg who can give them valuable information, and their own reputation can be improved in the market.

To sum up, there exist three core elements promoted in the communication process. Trust and reputation are core elements according to the company's perspective, and simplicity, alongside reputation is promoted in the communication process from a customer's point of view. Theory predicts that a strong reputation would exhibit a strong impact on customer loyalty and positive word-of-mouth (Walsh et al., 2009) and by fulfilling this reputation, the more likely it is that the customers will trust the organization and have positive emotions towards the organization in the future (Liehr-Gobbers, Storck and Helm, 2011). By reducing the complexity of a communication process it helps the customer with their own operation, to be an interactive part of the communication process and where the receiver sends back feedback that is valuable for both the company and its customers. It also contributes to an easier and clearer communication between the sender and receiver. When the communication flows easy, it is more likely to be effective and successful which again result in fulfilment of the reputation, trust and a strong customer relationship.

CHAPTER 6 Conclusions and Implications

6.1 Conclusion

The purpose of this thesis is to describe and analyse the communication process in an industrial company in order to get a better understanding of its elements as well as interactions between them. The overall research question stated in this thesis is: “ How does

an industrial company conduct a communication process”. To answer this question, three sub-questions were answered in order to get to the purpose of the study.

Laader Berg has operated in the polyurethane foam market for 58 years and have managed to establish a leading position in the international market where outsourcing of production and copying are popular subjects. The industrial company has managed to survive a national and global financial crisis, has been a frontrunner of innovation in the market and have managed to create a good and solid reputation within the industrial market, which is unique for a Norwegian industrial company. Laader Berg and the other players operate in a specific niche where players are few and where circumstances initiate that communication is essential in finding new customers, identifying threats and a common result is the word-of-mouth that comes from this communication. Word-of-mouth and reputation have a powerful effect on customers in the polyurethane market, and the process of getting to this positive effect is through relationship marketing, focusing on the communication process.

Laader Berg started their success in the market with creating a revolutionary product for the foaming industry and continued to grow because of the quality of the product. However, in today's industries quality of the product may no longer provide a clear source of competitive advantage. For the case company there have been additional elements that have given them their strong position that they have today, and this is their communication with their existing customers. On the basis of this, Laader Berg became an interesting case company to study in regards to communication in relationship marketing.

From analysing existing literature and by studying the case company it was clear that Laader Berg has an interactive two-way communication process where the participants alternate positions as sender and receivers, where it exists feedback and where the communication becomes the cornerstone for customer relationship. In this process there exist different lines of communication, which this thesis have divided into five, from finding new potential customers to further improving and developing customer relationships. These lines have made the communication more systematically. To have such a two-way communication process there are main elements that need to exist. Elements such as message, channel and feedback are vital for the communication to function. These elements need some characteristics to create an effective communication process. The literature stressed the importance of strategic consistency and clarity when it came to the communication message, which also were

characteristics that customers of Laader Berg valued. When analysing Laader Bergs messages it was clear that the company sends messages which are consistent and clear. However, in communication line 5 there was a lack of consistency because of the limited capacity of communicators.

Moving on, the channel element should, according to literature, match the preferences of the customers. When looking at the communication process from both perspectives it was clear that the communication channels Laader Berg have chosen is in line with the channels that the customers value. Requirements such as cost, the degree of formality, amount and speed is also considered when choosing and using these communication channels. The salesman's voice is still highly valued by customers, and this voice is communicated through direct visits, expos, email and telephone. For the respondent that used agents as a channel, valued this when communicating with Laader Berg regarding new projects. This element has a central role in achieving the personal relations that Laader Berg and its customer strive to achieve, and from looking at the customer perception an indication of increasing the frequency of direct visits could be a strategic view to consider for the case company.

The third element is feedback. Laader Berg has a two-way circular communication where feedback is sent back on a regular basis from its customers. It means that the case company receives multiple and diverse feedback like inquiry, responses, complaints and suggestions. This element is essential for Laader Berg to improve and develop as a company and with its customers, it also fits best when being descriptive rather than evaluative. Knowing what communication process Laader Berg has adopted and illustration of the main elements of its process can help understand how the case company conducts its communication process. Moreover, the core elements that are promoted in the communication process will lastly give the understanding of how and why the case company uses this particular communication process.

In Laader Bergs communication process there exist three core elements promoted in a communication process. From a company perspective it is trust and reputation that occur as elements promoted in the process, while for the customer perspective it is simplicity and reputation. Literature consider trust to be the basis of relationships and the glue that holds it together and the case company states that this trust is built through personal relations and responsiveness, and by focusing of the quality of the communication in their message,

through their channels, in how they handle their feedback and its frequency this trust gets promoted. Furthermore, this element of trust is also an important key to communicating effectively and creating a strong relationship with its receivers that will aid in knowing intentions and overlapping minor lapses in the communication. The reputation of the company is the second core element that Laader Berg promotes in their communication process. The reputation gives Laader Berg a great foundation for the effective communication that they have with the customers. Literature predicts that a strong reputation would exhibit a strong impact on customer loyalty and positive word-of-mouth and by fulfilling this reputation, the more likely it is that the customers will trust the case company.

Moving on to the customers perspective, it is the simplicity and the reputation that is promoted in the communication process. The customers perspective focuses on the simplicity because they perceive the communication between the two parties as easy. This communication is easy because Laader Berg manages to be prompt in their responses, clear in their message, and have designed a process where there exist several communication channels which matches the customers preferences, in addition, Laader Berg value their input and feedback. When the communication flows easy, it is more likely to be effective and successful which again result in fulfilment of the reputation, trust and a strong customer relationship. Which again can reduce the complexity of operation for both parties. The communication messages that exist in the communication process between Laader Berg and its customers are directly linked to the reputation that is formed by customers and others players in the market. This reputation is expectations that customers have when starting a communication process with the case company, and from a customer's point of view, these expectations are promoted in the communication process directly through their messages, how they choose channels and how they handle the feedback.

To conduct a communication process indicates a manner in which an organization is managing its communication process with its customers. For the industrial case company this communication in through an interactive two-way communication where the company and its customers are mutually dependent on each other to function. To manage this process, elements such as consistency and clarity in a message, preferred channels and valuable feedback need to exists. Furthermore, in order to understand why these main elements are chosen one need to identify its core elements promoted in this process, which according to the customer and the company is trust, reputation and simplicity.

6.2 Managerial Implications

The strategic role of communication is becoming a managerial priority for firms in all industries. Since quality may no longer provide an independent and clear source of a competitive advantage anymore, it is important for companies to find new methods to compete. Competition in industries is increasing, both in the number of competitors, but also the standards of their products. On the basis of this, players get more dependent on their customer relationship to further have a strong position in a market. However, the process of getting such a solid and strong relationship with its customers is demanding and it requires an understanding of the communication process, that has a direct link to the relationship marketing. In addition to getting a better understanding of the elements of a communication process, the findings of this study highlight core elements that are being promoted in a communication process, which can be useful to know in the future for developing and improve the communication in relation to the customer relationship. The result of this study has several managerial implications.

First, the identification of different communication lines makes it easier for a company to develop the correct message, the right channels and it makes the feedback more valuable. Which again makes the communication process more efficient. By not acknowledging the different lines of communication, the messages can be decoded wrong, the feedback can be confusing and the channels can create noise. It makes the communication process more systematically for both the customer and the company.

Secondly, by getting a perspective on the communication process from both the customer and the company can contribute to the creation of value for both parties. With the perception of both parties, there were identified three core elements promoted, trust, reputation and simplicity. These elements are valuable for the company because they now know the perception of the customers and how they can promote their communication process in the future.

Third, personal relations have been detected as important to create trust, reputation and simplicity in the communication process. This personal relation has been created through the case company's decentralization and their choice of channels. Knowing that personal relation has an important impact on the core elements point out that communication on an individual

level in industrial companies are central. Also, it can guide the company to design their communication process where personal relation is central to promote their core elements.

6.3 Theoretical Implications and Suggestions for Future Research

The aim of the study is to contribute to the Relationship Marketing literature and to get a better understanding of a communication process. Previous research has focused on the direct link between the communication process and relationship marketing, the elements from only a company's perspective and the importance of a two-way communication. Few have looked into one specific industrial company, from different perspectives to study the perception of the communication process. The following implications and suggestions for future research can be drawn from this thesis.

Firstly, the communication process contribution to the relationship marketing is well defined in previous research. However, findings from this study shows that there exist different communication lines in building this relationship. A suggestion for future research would be to further study how the different lines of communication contribute to the customer relationship. How the customer relationship has changed from communication line 1 through communication line 5.

Secondly, an analyse of the main elements of the communication process from two different perspectives has been conducted, and a description of how a well-designed message, the right choice of channels and the right type of feedback and the handling behind it have been presented. As shown in this thesis, a successful choice of these main elements has managed to get an effective communication process for Laader Berg and its customers. A suggestion for future research would be to have an qualitative research of the agents perspective of this communication process. The reason behind this is that agents have a big role as a communication channel for Laader Berg, and by having this perspective could broaden the understanding of the communication process, its elements and the interaction between them.

Thirdly, trust is considered as one of the core elements promoted in the communication process. There is a considerable overlap between trust and satisfaction , since both represent an overall evaluation, feeling or attitude about the other party in the relationship. Satisfaction may be developed directly through personal experience or less directly through opinion and the delivery and depends on the duration of the relationship. Thus high levels of service need

to be present throughout the delivery process. Satisfaction over time reinforces the perceived reliability of the organization and contributes to trust (Poovalingam and Veerasamy, 2007). This signifies that customer satisfaction can be an underlying goal for the communication process. A suggestion for future research could be to conduct a quantitative research on the customer satisfaction and its effect on the communication process.

Lastly, in this thesis there are core elements identified that are promoted in a specific communication process. Previous research has not studied such elements in this particular company, and this is what makes this thesis unique regarding communication process and relationship marketing. Suggestions for future research would be to analyse and describe communication process in other industrial companies and compare the process and its core elements with the findings from this thesis. This can contribute to the existing literature regarding communication process.

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Appendix 1 Summary of Theory

Sub-Question	Main Findings
Communication Process	<ul style="list-style-type: none"> • Traditional marketing communication models based on one-way communication models in which marketers delivered to customers communications about the company that created messages. • Many researchers have gone away from the traditional linear model and defined communication as a two way process whereby information (the message) is sent from one person (the sender) through a channel to another person (the receiver) who in turn react by providing feedback. • The interaction model of communication describes communication as a process in which participants alternate positions as sender and receiver and generate meaning by sending messages and receiving feedback within physical and psychological contexts (Jones, 2013; Schramm, 1997). • Duncan developed the Interactive Communication Model (Sutherland, 2012; Duncan 2005). Duncan presents a customer-initiated communication model where the customer initiates to the communication between the buyer and the seller.
Main Elements	<ul style="list-style-type: none"> • As Mohr and Nevin (1990) states; “ important facets of the communication process include the message (content), the channel (mode) and the feedback (bidirectional communication), and therefore important to have knowledge about, especially, when looking at this process from two different perspectives. <p><u>Message</u></p> <ul style="list-style-type: none"> • The message is the verbal or nonverbal content being conveyed from sender to receiver. • The key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency. That does not mean all messages say the same thing. Strategic consistency means that messages are appropriate for their audiences; however, there is a consistency in the way corporate values are presented. • Williams and Spiro (1985) mention an important argument in regards to the message, they state that companies need to focus less on delivering a particular message, and more on interaction communication skills such as careful listening and speaking clarity.

	<p><u>Channel</u></p> <ul style="list-style-type: none"> • The medium over which the message is physically transmitted is the channel (Guffey and Loewy ,2010). • These main channel categories can be represented as a continuum of forms of customer contact ranging from physical (face to face encounter) to the virtual, including e-commerce or G3 phone transaction (Payne and Frow, 2004). • For effective communication, the sender should match the channel that the receiver prefer. <p><u>Feedback</u></p> <ul style="list-style-type: none"> • Sullivan (2009) describe feedback as a process of sharing ideas, concerns, and suggestions between people in an organization or organizations with the intention of improving organizational performance. • Feedback helps the sender know that the message was received and understood (Guffey and Loewy, 2010) and it allows the sender to evaluate the effectiveness of the message and adapt accordingly (Foulger, 2004) • The best feedback is descriptive rather than evaluative
<p>Core Elements</p>	<ul style="list-style-type: none"> • In a customer relationship that goes beyond a single transaction of a product, the outcomes or industrial equipment becomes just one element in the holistic, continuously developing service offering. • Communication is a prerequisite for building trust among exchange partners. • A organization need to fulfil the role of communicator and promoter- • Communication must be employed as an effective means in order to enhance partners trust in each other.

Appendix 2 Interview Guide #Company

This is a general interview guide which was developed beforehand of the interview with the employees of Laader Berg. All these topics were included in all of the interview, however the questions where further developed as more information was gained. As the employees was eager to share information some of the questions was not needed to be asked. Also follow-up questions was essential to gain all the needed information.

INTERVIEW GUIDE
General Questions
<ol style="list-style-type: none"> 1. Can you brief explain your position and the daily work in the company? 2. Can you present the company's history, vision and goal?
Relationship Marketing
<ol style="list-style-type: none"> 1. Can you describe the relationship the company have with the customers? 2. Do Laader Berg have a good relationship with customers? <ul style="list-style-type: none"> * What do you describe as a good customer relationship? 3. How do you establish this customer relationship
Communication Process
<ol style="list-style-type: none"> 1. Can you describe the process from finding new potential customers to having existing customer for several years? 2. Where in this process do you communicate with customers? 3. What is good communication according to you?
Main Elements of the Communication Process
<ol style="list-style-type: none"> 1. What do you believe is the reputation of Laader Berg and customers' expectations of the company? 2. What are the messages you send to the customers when communication with them? 3. Can you describe and explain the communication channels used by the company and your customers? 4. How does the feedback from customers contribute to the communication between you and the customers?
Core Elements
<ol style="list-style-type: none"> 1. What are the goals of having such a communication process? 2. What elements are important in a good communication with the customer? 3. How do Laader Berg promoted these elements?
Additional Questions
<ol style="list-style-type: none"> 1. Do you have any additional comments to the relationship and communication Laader Berg have with the customers?

Appendix 3 Interview Guide #Customers

INTERVIEW GUIDE
General Questions
<ol style="list-style-type: none"> 1. Can you brief explain your position and the daily work in the company? 2. How long have your company been a customer of Laader Berg?
Communication Process
<ol style="list-style-type: none"> 1. What do you define as good communication? 2. How is the communication with Laader Berg today? 3. Do there exist any challenges when communicating with Laader Berg?
Main Elements of the Communication Process
<ol style="list-style-type: none"> 1. What do you believe Laader Berg communicates to you as a customer? 2. What are the channels used by you and Laader Berg? <ul style="list-style-type: none"> *What is preferred? 3. What feedback are you as customer sending back to Laader Berg? <ul style="list-style-type: none"> * Do they value your feedback?
Core Elements
<ol style="list-style-type: none"> 1. How is the dialogue between your company and Laader Berg? 2. Do are the attribution of Laader Bergs communication process`
Additional Questions
<ol style="list-style-type: none"> 1. Do you have any suggestions to what Laader Berg can improve regarding communication with you as customers? 2. Is there anything more you want to contribute with?

Appendix 4 Summary of Respondents

ID	Company	Position	Length and Interview Form	Topic	Date
LB1	Laader Berg	CEO	1 hour	Master Thesis and Observation of the Headquarter.	14.11.2018
LB1	Laader Berg	CEO	45 minutes - semi-structured	The Company in General Different steps in the Communication Process Their Relationship with the customers	27.02.2018
LB2	Laader Berg	Service Manager	30 minutes semi structured	The Communication with the Customers before and after a transaction Challenges with Customers	27.02.2018
LB3	Laader Berg	Sales Director	45 minutes semi-structured 50 minutes Semi-structured	The Steps in their Communication process Existing and future challenges Customer Relationships	27.02.2018 20.04.2018
LB4	Laader Berg	Sales Coordinator	40 minutes semi structured	The Communication with the Customers. Challenges in regards to Customers Importance of Customer Relationships	27.02.2018
	CUSTOMERS				
C6	Company Vita Foam : Hungary	Production and Purchase Manager	25 minute semi-structured	The perception of Laader Berg and their communication with the company	25.04.2018
C7	Euroflex Limited :Uganda	Chariman and Managing Director	Via Mail	The perception of Laader Berg and their communication with the company	08.05.2018
C8	Torres Expic: Spain	Managing Director	15 minute semi-structured	The perception of Laader Berg and their communication with the company	08.05.2018

C9	Chaide Y Chaide	Managing Director	Via Mail	The perception of Laader Berg and their communication with the company	10.05.2018
C10	Euroflex Limited :Uganda	General Director	Via Mail	The perception of Laader Berg and their communication with the company	08.05.2018

Appendix 5 Laader Berg’s History 1959 to 2018

From 1952 to 1959 Mr. Laader Berg worked at A/S Industry in Aalesund where they produced foam plastic and developed foam machines. It started with a simple machine that mixed the chemicals, filled up a box, which developed into foam plastic. To increase the capacity, the boxes were further developed so that they could be linked together, instead of stopping the mixing of the chemicals between each box. In 1959, these boxes were replaced with paper. From the front of the machine, a paper roll was attached, the paper was sent in the machine where it got folded on both sides, where the mixed chemicals could go direct into the paper and grow into plastic foam. This was the start of the innovation that Mr. Berg developed and is used today all over the world (Berg, 2009)

In 1960 Mr. Berg established his own company called Laader Berg AS, and his first customers was J.E Ekornes in Ikornes and Sylvan in Göteborg. At the same time as these machines was built, constructing an headquarter at Flisnes, Aalesund started. When the factory at Flisnes was complete, Laader Berg delivered machines to Gomma Gomma, Italy, Libanon, to the Middle East, and Nigeria. Since Mr. Berg was an engineer and inventor, he always strived in finding new and improved way of producing plastic foam. This gave Laader Berg several new machines that cut the foam in different ways, decrease the volume to improve the delivery cost, improve the quality of foam and simplifying the production process.

The headquarter of Laader Berg was built as an velodrome, wind tunnel. The idea for this building was to install circulation fans which could give the opportunity to test flights with delta wings. This was based on the “Delta Flight Project” which was Mr. Laader Bergs big dream. The idea behind this project was that the Delta flight should be small, have a low speed and be able to land on a short airstrip. He also had planned an airstrip next to the factory, however, this ideas was ruined when the new highway got in the way of the airstrip.

The project was therefore laid on ice, and never got as much attention after. Instead of further developing the flight project, a new and improved workshop was installed, this gave the company a needed increase in capacity for producing new machines, in addition to getting to produce several different machines at the same place (Berg, 2009).

A world-wide Maxfoam patent was introduced and tested at Laader Berg in 1970. On a Maxfoam machine the freshly mixed liquid chemicals are piped from the mixer into the bottom fed Multi-trough. Here the initial reaction takes place before the expanding foam flows on to the bottom paper, which is sliding on an inclined fall-plate. The foaming Multi-trough evenly distributes the foam-cream between the sidewalls. The Multi-trough outlet is set at 70 % of the final block-height, and the volume of the trough is adapted to the formulation and output. The fall-plate is adapted to the necessary length and configuration in such a way as to allow the foam to reach the horizontal conveyor as a fully expanded block. Number of fall-plate sections, length and angles are designed and adjustable to the formulation and output. Foam expansion takes place over the inclined fall-plates, using the gravity forces which expand downwards, eliminating friction between foam and side-paper. The full expansion of the foam is reached at the end of the fall-plate. The Maxfoam system gives 8-12 per cent more exploitation of foam blocks.

The first six months of 1970 went to developing what they then called the Foamax system. Later, the system was renamed Maxfoam because the name Foamax was already used in the United States. Simple test machines were made, first only with the paper, than one with the foam in in the end the machine included a conveyor belt. The test machine was then modified into industrial standards and was sold to D.P Sunde which produced foams for many years. Delegations from all over of the world travelled to D.P Sunde to watch the new way of producing foam.

In 1971 representatives from the Phillips Group in Holland came to get a look on the Maxfoam system, and was on the process of maybe buying patent on it. Only a short time after a patent was sold to Unifoam AG, where all right to produce was reserved to Laader Berg, however Unifoam would take income from the license of the use of this system. Later, it was given a license to Viking in England to produce Maxfoam machines. Further, a development in the Maxfoam patent was done in collaboration with Unifoam AG, and in the

timeline of the patent 1972 to 1992 Unifoam and Laader Berg grew a strong and solid relationship.

A 1000m² assembly hall in the factory was taken to use in 1971. The production of work barracks of hard foam and light walls took place here. The hard foam was cut in a fine panel before placed together with chipboards, that together made the barracks. However, the company decided to have a more focused strategy on continuous foaming machines, so the production of barracks was replaced with production of foaming machines.

The interest for new foaming systems spread and representatives from all over the world visited AVEK and Ekornes to look at these machines where the Maxfoam system was used. This gave Laader Berg an opportunity to develop a part (Maxfoam Unit) that could be used on existing machines so that more companies could start using the Maxfoam system. With this Maxfoam unit, several companies took contact with Laader Berg to “redesign” their existing machine to the Maxfoam principal and was then delivered to Holland, Finland, Denmark and Spain. However, this system was not cheap and especially not with the licence fee. Therefore several small business could not afford this type of machine. This resulted in an new development from Laader Berg, called EC machines. These machines had many similarities to the Maxfoam, however the blocks did not have the same height, and structure which was unique for the Maxfoam, but was a good alternative for many.

In 1983 the first Maxfoam machine was delivered to a Chinese customer, which was the first of twenty machined delivered to China. The same year, Mr. Berg was awarded the Urethanes Group Medal for his contribution to the plastic and foaming industry. Mr. Laader Berg was the first engineer awarded this medal, before there were only chemistry professors. This gave Laader Berg AS further success and in 1986 they delivered machine number 200 to the world-based market.

Development of computer based machines was a central part of 1989 and the first was already delivered the same year in France. Later, several generation of computer based Maxfoam machine have been delivered to Contitech (Germany), Ekornes (Norway) and Kayseri (Turkey).

As more improvements were discovered and developed for the Maxfoam machines, a new machine with conveyerized sidewalls was delivered in 1993. Earlier the machines were equipped with a transporter on the bottom and stationary plates on the sides, however with the new improvement the process got more synchronist. In addition to this, two different top-paper systems were developed in 1994 and 1995, called Pintomax and FlatMax. These two systems laid a plastic wrap over the top of the foam blocks while the wrap was pressed down in the blocks, which gave these foam blocks a very flat top, which was an important attribution for the foam. Already in 1996, Laader Berg managed to deliver 300 machines to different customers all over the world.

In 1999 NovaFlex system was introduced, where Freon-11 or Methylene Chloride were replaced with CO₂, which gave the production a lighter plastic foam, with under 10 kgs/m³. And even more development was introduced in 2001 when the first high-pressure machine was delivered. With all of the new development, Laader Berg reached a new hundred sold machines and in 2004 they delivered machine number 300. 1999 was also the year where Laader Berg had 100 per cent export, because this was the last year they sold a machine to a Norwegian company (Ekornes).

Malvin Morritz Berg, son of Laader Berg, retired as managing director of Laader Berg in 2008, and Per Henning Vaagen was employed and took over this position. The year later 60 percent of all plastic foam in the world was produced with the MaxFoam system and Laader Berg became a leading actor in the international market. In 1964 the company shifted from being a privately owned to being corporate owned. However, it's still a family owned company where all except Per Henning Vågen is a second or third generation Berg family. In January 1971 Harry Berg started in the company and became the co-owner and technical director. Only a year later the other son of Mr. Laader Berg entered the company and got co-owner and the managerial director of the company. Malvin Berg was the managerial director from 1972 until he retired in 2008. He is still a co-owner together with his other family members. In 1979 Johnny Berg entered and became the financial director, which he still is today. Johnny is also a co-owner. Today, a third generation of Berg family have entered the company and is working with construction in the technical department.

In the last eight years the sales of Laader Berg's machine have tripled, and their revenue growth between 2014 to 2015 was 35 percent. In December 2016 they delivered machine

number 500 and the turnover the same year was 90 million Norwegian Kroner. The unique growth was driven by several different factor. Firstly, the most important raw material for production of foam is based on petroleum products, and with a decrease in oil price these foam products gets cheaper and the margin for the production companies get bigger. Secondly, the purchase power for customer in non-oil producing economies have grown, which have resulted in higher demand. At the same time, Laader Berg have taken advantage of the low exchange rate which have increased the Norwegian competitiveness. The development of technology have also been a factor for success for Laader Berg. It have given them the opportunity to communicate with customers on the other side of the world, in an easy and efficient way. It have also provided them with the opportunity to create a network that have given them new customers, partnership and new developments in the market. Furthermore, the company itself believes that their quality, their exceptional reputation and position in the market have been the most important success factor.

Chinese companies was in an early stage a customer of Laader Berg. However, the Chinese government wanted to protect their nation and developed a high toll barrier. This reduced the demand of Laader Berg product in China. Furthermore, with help from the WTO, these barriers are now lowered and Laader Berg have now sold machines for over 90 million Norwegian Kroners to China the last two years. This have given an ideal position for Laader Berg into a new market that can provide further growth.

Today, Laader Berg delivers machines to 90 different countries where the majority comes from Europe, Africa , Middle East and Asia. These machines deliver polyurethane foam in the furniture and bedding industry, in the car industry and in the shoe industry, which means that they have a broad function. 2017 was not an exception regarding the growth and they sold for over 14 Maxfoam machines, which is the limit regarding the capacity for Laader Berg. Contracts for 2018 have already been signed and there are nothing that shows that this exceptional growth will stagnate any time in the future.

Appendix 6 Key Financial Numbers of Laader Berg

Nøkkeltall Regnskap Laader Berg AS											
Snitt for 2013 tom 2017 (siste 5 år) NOK og i % av oms			2017	2016	2015	2014	2013				
79.581.784	100 %	Salgsinntekt	102.304.439	93.728.570	78.776.986	57.725.841	65.373.082	100 %			
26.463.431	33 %	Direkte Materialkost (vare forbruk)	38.612.301	35.054.924	25.368.634	15.620.401	17.660.897	37 %			
17.316.733	22 %	Direkte Lønnskost	21.344.754	19.587.000	15.897.300	14.578.000	15.176.612	21 %			
43.780.165	55 %	Sum direkte Driftskost	59.957.055	54.641.924	41.265.934	30.198.401	32.837.509	58 %			
35.801.619	45 %	Deknings-bidrag / DG	42.347.384	39.086.646	37.511.052	27.527.440	32.535.573	48 %			
8.567.129	10,8 %	Driftsresultat	9.700.000	9.791.742	9.728.910	4.342.520	9.272.472	9,5 %	10,4 %	12,3 %	7,5 %
		Salgsøkning fra forrige år	8.575.869	14.951.584	21.051.145	-7.647.241	7.894.408	9 %	19 %	36 %	-12 %
11.073.760	14 %	Resultat før skatt	12.200.000	14.303.964	12.301.835	6.163.000	10.400.000	12 %	15 %	16 %	11 %

Appendix 7 Description of the Machine and its Equipment

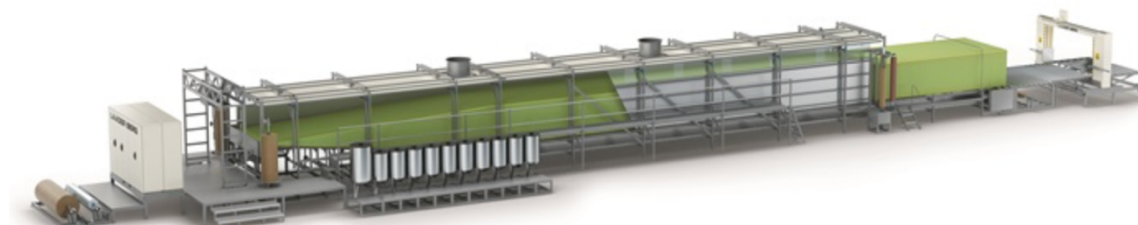


Figure 4.1.6.1 A Maxfoam Machine by Laader Berg

On a Maxfoam machine the freshly mixed liquid chemicals are piped from the mixer into the bottom fed Multi-through. Here the initial reaction take place before the expanding foam flows on the bottom paper, which is sliding on an inclined fall-plate.

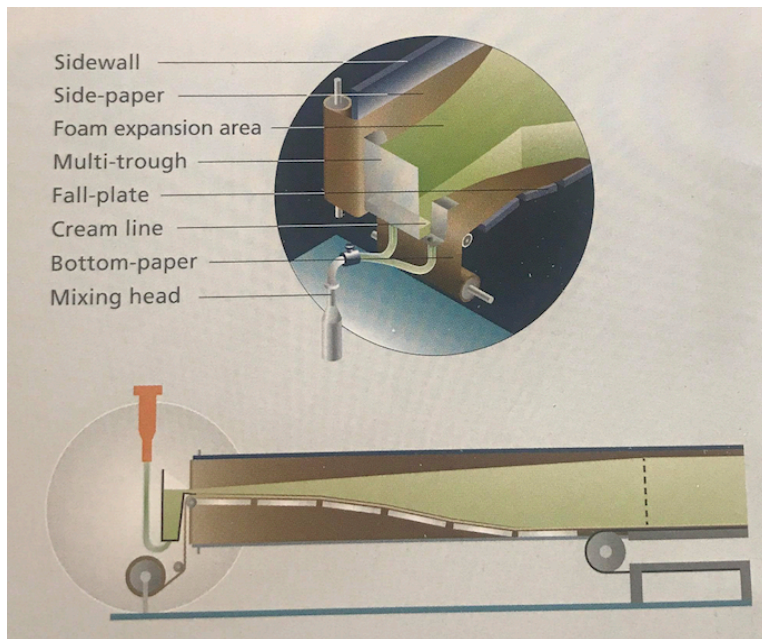


Figure 4.1.6.2 Image of what the Multi-through and Fall-plate

The Multi-through evenly distributes the foam-cream between the sidewalls. Multi-through outlet is set at 70 % of the final block-height, and the volume of the through is adapted to the formulation and output. The fall-plate is adapted to the necessary length and configuration in such a way that the foam will reach the horizontal conveyor as a fully expanded block. Number of fall-plate sections, length and angles are designed and adjustable to the formulation and output. Foam expansion take place over the inclined fall-plate, using the gravity forces to expand downwards, eliminating friction between foam and side-paper. The full expansion of the foam is reached at the end of the fall-plate.



Figure 4.1.6.3 The Multimax Multi-Through

Maxfoam machines from Laader Berg can be additionally equipped with Liquid Lay-down foaming system, either the Traversing or the Multimax-system. With the traversing system, the lay-down nozzle is connected to the Liquid Lay-down traverse and positioned above the pour-plate. The chemical mix is poured into the bottom paper in a repeated sideways movement across the foaming section. The speed of the lay-down traverse can be adjusted and optimized in accordance with all unique formulations and outputs.

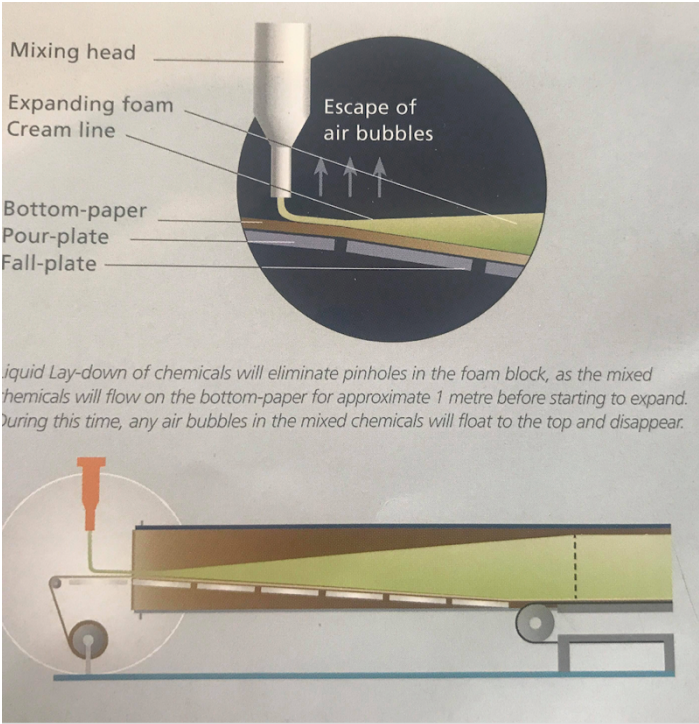


Figure 4.1.6.4 Description of the process of Liquid Lay-down

With the Multimax-system, the mixer is positioned in centreline of the machine and adjustable in height from the pour-plate. With the Dip-roll the liquid is evenly distributed across the width of tunnel.

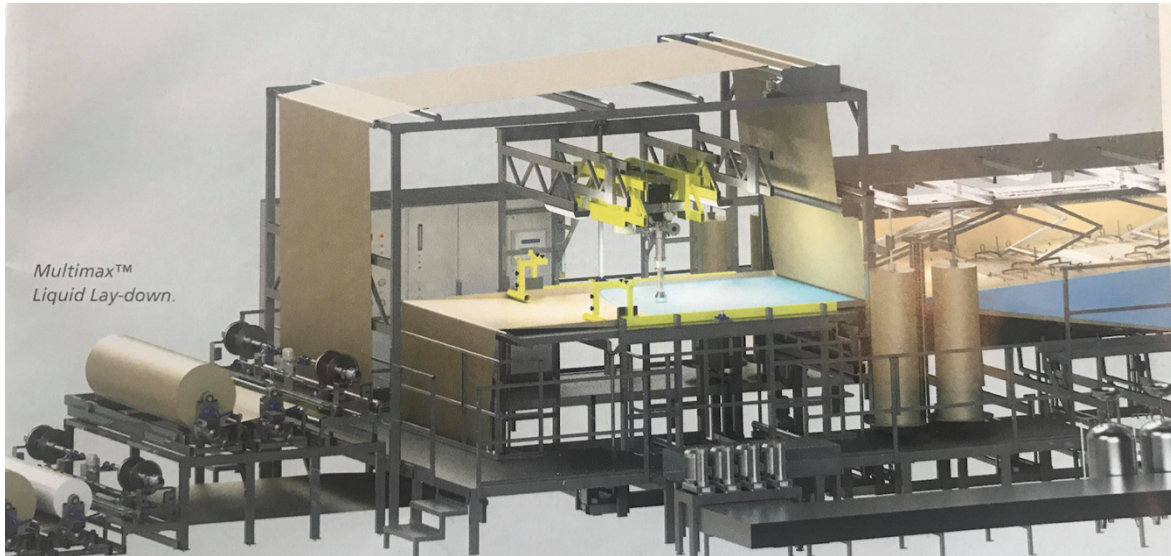


Figure 4.1.6.5 The Multimax Liquid Lay-down

By combining Liquid-Lay down with Maxfoam and low or high pressure TDI, the most cost efficient foam production is obtained, with the highest standard of foam quality.



Figure 4.1.6.6 Machine: Multimax