



Procurement and stocking, marketing and sales for the “training robot”

teaching materials for commercial and administrative professions



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The Vacide project

The project "VACIDE - vocational action competence in digital environments" is implemented by 4 partners from Slovenia, Italy and Germany, supported by various associated partners.

The starting point is the impact of the digital transformation of work and production processes. These places changed demands on the technical, methodological, social and personal competences of skilled workers: problem-solving, self-learning competence or dealing with complexity as well as process understanding are cross-sectional competences (G. Spöttl, 2016), which are needed in addition to technical knowledge and skills to cope with the challenges.

The digital transformation is also changing the service provision processes in almost all sectors in the EU to a great extent. Characteristics of this are the smart networking of work, resources, objects and information, the digital mapping of processes and the use of sensors along the entire process chain in order to be able to carry out their planning, operation and maintenance, including any necessary interventions, with IT support.

To prepare future professionals for these developments, VACIDE derives the development, testing and dissemination of workplace-oriented learning projects, digital learning sequences to explain and accompany the associated learning processes and the description of the successful use of the learning projects and digital sequences at different learning locations as central objectives. This is to ensure that the construction of the specific workplace-based learning projects establishes a reference to international supply chains, both as learning content and as learning environment. The learning object, the construction of a training robot, is divided into congruent assemblies/support processes that make sense in themselves, produced at different production sites (successful learning cooperation) and then assembled into the final product "robot".

Furthermore, to promote workplace-oriented learning, inter-company learning projects are to be developed and tested for the acquisition of vocational action competence by trainees in a digitalised working world. In addition, teachers will be supported in creating digital content and using it in a didactically appropriate way: Through the approach of workplace-oriented learning, they will be enabled to use process-oriented methods to promote the action competence of learners in the digitalised world of work. The basic idea of the learning projects enables joint learning based on a business process.

The intellectual outputs resulting from the VACIDE strategic partnership can also represent a "blueprint" at all levels that enables VET actors to develop and implement learning projects themselves.

The WBL methodology

Work-based learning is an educational strategy that provides students with the opportunity to put theory into practice with real-life work experiences. It is a powerful form of pedagogy that can be used to develop basic work habits, occupational identity and specific occupational competences. It can motivate disadvantaged, disengaged and failing students, develop generic skills such as initiative and problem-solving, and teach entrepreneurship.

Work-based learning is used in vocational education and training to develop basic work habits, occupational identity, and specific occupational competences.

Work-based learning can be used in general education to develop problem-solving skills and learning skills: for example through allowing learning to be organized around joint accomplishment of tasks, so that elements of a skill take on meaning in the context of the whole, and by allowing competence to build step by step (Ainley, 1996; Resnick, 1987).

This educational strategy effectively bridges the gap between education and the working world, giving students the opportunity to ground their theoretical knowledge in something tangible.

How to work with this booklet

This booklet has an introductory section, in which you will find information about the project, the type of training course it is suitable for, the knowledge and skills your students are expected to achieve and the prerequisites for working with it (scenario).

The booklet is divided into four modules: procurement, storage, marketing, sales. You can use all of them, or just a few: choose what suits your students' educational path. Whether you propose one or more than one, you mustn't forget to introduce their work with the presentation of the scenario: every module is based on it and works like a business simulation.

At the beginning of each module, you find the task and the assignment. After presenting the scenario to your students, explain the task to them and give the assignment. The working methodology indicated for this project is that of the flipped classroom: students should attempt to perform the assignment independently, drawing on knowledge and skills already acquired during their education and applying them to the context of this scenario.

Each module is then provided with sufficient learning material, structured in chapters and sub-chapters, which the teacher can decide to offer in whole or in part to the students in the course of their work, if he/she considers it necessary as a supplement, or to complete the whole.

The task can be carried out at school or in the company where the students do their training. Group work is often suggested as peer learning.

Learning outcomes

<p>WBL Methodology By applying the WBL methodology, learners will:</p>	<ul style="list-style-type: none"> • Develop positive work habits and attitudes. • Improve communication skills in a work environment • Acquire work-related specific languages • Enhance problem solving skills • Develop the interpersonal and leadership skills to work effectively in teams • Expand critical thinking competence • Assess own abilities and strengths out of the classroom environment
<p>Unit 1: The Procurement Department At the end of this unit/activity the learners will:</p>	<ul style="list-style-type: none"> • Gain insight into basic pricing issues • Learn about costs and profits • Understand the impact of EU legislations on free circulation of goods • Practice the calculation of custom fees on imported goods using EU ICT tools
<p>Unit 2: The Storage Department At the end of this unit/activity the learners:</p>	<ul style="list-style-type: none"> • Learn warehousing functions, facility operations, and operational productivity • Know the major operational processes used in warehouse operations • Understand relationships between warehousing, inventories and supply chain planning • Learn basic principles of safety in a warehouse • Understand the application of ICT in a warehouse facility
<p>Unit 3: The Marketing Department At the end of this unit/activity the learners:</p>	<ul style="list-style-type: none"> • Learn the principles of market analysis • Get an insight of how to conduct a market survey. • Be familiar with different Market Research Methods • Learn the basic components of an e-commerce system • Know the steps for setting an e-commerce website
<p>Unit 4: The Sales Department At the end of this unit/activity the learners:</p>	<ul style="list-style-type: none"> • Be able to handle a chat conversation with the customers properly • Know the rules for properly communicating via email with customers • Know the process for properly handling customer complaints

The Procurement Department

The scenario

EWWM (*Eucur World Wide Marketing*), is a commercial enterprise based in Vicenza, north east of Italy.

With its 30 years of experience in the major world markets and thanks to its experienced staff, the company is one of the main players at international level in the marketing of robotics and robot tools for the craft industry, especially in the manufacturing and logistic sectors.

The German company ALU KG which, in partnership with the Slovenian company LPP, intends to produce the robotic arm THOR V2.02, and has contacted EWWM to verify the possibility of marketing this product in the EU and overseas countries.

ALU KG is also interested in providing customers with an after-sales service especially with regard to the supply of components of the robotic arm, to ensure that any repairs due to wear or breakage of the mechanical parts of the THOR V2.02 can be carried out on site, without the product having to be returned to the manufacturer.

EWWM must therefore reconsider its internal organization in order to be able to start this new business, involving different departments of the company.

Tasks for the Procurement department

The first and most important task of the procurement department is to make an investigation so that the management can decide in which countries the spare parts for the THOR V2.02 will be purchased. All the costs that will affect imports from EU and non-EU countries and what their impact on the final price will therefore be identified.

Assignment for the students

Prepare a prospectus listing all the cost items that contribute to forming the price with particular attention to import costs.

Remember that management will have to decide which countries to import THOR spare parts from. They are currently interested in importing from China, the UK, Germany and the USA.

In your prospectus you must indicate how much customs duties will affect the products depending on the country of production.

The management's purchase decision will be based on this work of yours.

Suggestions for the teacher

Before giving the assignment, it could be useful to brainstorm together all the elements that implicate a cost for the company.

Let your students work in small groups: peer learning will strengthen their project. They need their learning material (book, booklets etc.) but they can also use the Internet as a source of information. Use the material that follows to complete the students' ideas.

Check whether they hypothesise a real cost for each element, and not only a list / scale of factors.

A comparison between costs in different countries can be illuminating. Remember also that different countries have different currencies.

Learning materials

for the procurement department

inter-company learning projects
learning assignments
methodology and didactics
model of the complete action
workplace orientation **VACIDE** teachers and learners
guiding texts robot arm training robot **Thor** digitization digital media
learning location cooperation real work situations
digital learning sequences motivation to learn
process-oriented training
active learning digital competencies
media-pedagogical competencies



The selling price

The selling price of a product or service is the seller's final price, that is how much the customer pays for something.

It is one of the most important factors for a company to determine, because it can define the success of its survival, since a product's price has a direct effect on sales.

It is important not to confuse the "selling price" with "cost price". Cost price is what the company pays the supplier to produce or buy a product, component, or raw material.

When determining profitability in a business, selling and cost prices matter.

If a company has a selling price lower than its cost price, it will subsequently make a loss.

When the selling and cost price are nearly the same, the company may break even. To break even means to neither make a profit nor a loss, i.e., a profit of zero.

How the selling price is calculated

Step 1: target analysis

First you have to look at those who will ultimately pay the calculated price: the potential customers. A valid tool for determining the target is market research, which allows you to analyze the recipients of your product and highlight the characteristics of this group: information such as gender, age, marital status, but also income, occupation and level of education, as well as interests and desires describe your target audience.

These features allow you to estimate how much money potential buyers are willing to pay for your product and how likely they are to actually decide to buy it.

This analysis is usually followed by a survey, in which potential buyers are subjected to a small survey on the new product: are you interested in this product? And if so, why? In addition, a possible price is indicated and respondents are asked if they consider it appropriate. In this context, the reasons given by the interviewees are particularly interesting. Based on this information, the range within which the price should fall is determined.

The extent of this investigation depends on the resources available to you. For example, many entrepreneurs and SMEs do not have the means to carry out a large-scale study. But even with 10-20 well-selected people, meaningful information can be obtained.

Step 2: Competitor Analysis

If you know how much potential customers are theoretically willing to pay for your product, then you should also collect and evaluate competitor information.

Even if no one offers exactly the same product as you, surely there are suppliers who provide similar products and services. What price do they charge for their offer? Another interesting question is: what is their quality / price ratio?

With respect to this, not only the product itself is important, but also the additional services provided such as after-sales support.

Step 3: Cost Calculation

When calculating the sale price, you must first check that the price you have decided actually covers all your costs, which are made up of several elements:

- **Costs of materials:** To manufacture your product, you have to purchase raw materials, consumables, and supplies.
- **Production costs:** these costs include both the wages of the employees who manufacture the product, and the costs of machinery and warehouses.
- **Costs of services:** the provision of services, consultancy and transportation of products generate additional costs.
- **Distribution costs:** Marketing and distribution have a cost and should also be taken into account when calculating the selling price.
- **Administrative costs:** such as accounting.

Step 4: Profit Margin

Since a company not only wants to sell its products or services to pay for costs, but also wants to make a profit, it is important to determine a profit margin.

To calculate profit margin at the product level, start with the selling price of the item -- what you charge customers for it. Now subtract the cost of the product to you -- how much it cost you to obtain it or produce it. The resulting figure is your gross profit on the item. Divide the gross profit by the selling price, and the result is the product's gross profit margin, usually called just profit margin.

Step 5: discounts

It is important to set up a price list in order to make a profit even when special discounts are offered. In order for the discounts not to affect your profit, you need to predict the discount and determine its size at the time of pricing.

Fixed costs and variable costs

Fixed costs are those that do not vary in their total value, whether I produce zero or whether I produce the maximum quantity that my production capacity allows me. Let's take a bar as an example: the cost of rent, the rental of the coffee machine and the public land occupation tax of the outdoor area are fixed costs. In other words, whether I have an empty bar or a bar full to the maximum of customers it can hold, the monthly fixed costs do not vary.

Variable costs are those which, in their total amount, vary proportionally to the variation of the quantity. They will be zero for a quantity equal to zero, a certain quantity for a quantity equal to one, and so on in a directly proportional way. Therefore, again for the bar, the consumption of coffee, sugar, water, detergent are variable costs.

Total costs are the sum, for each quantity, of the total fixed costs and the total variable costs.

Fixed costs and variable costs: examples

Let's consider a number of operating costs to determine if they are fixed or variable, bearing in mind that a cost can be fixed or variable depending on the type of business. The question to ask to classify a cost is: if this month I had only one customer or the "sold out" (maximum production capacity) does the total amount of the cost change?

Raw materials and goods: It is the variable cost par excellence. Do not think "even if I don't sell, I still have to buy the goods" because the relevant cost, for the principle of economic competence, is that of consumption and not that of purchase. So if you buy but don't sell, consumption is zero.

Electric energy: Lighting is generally a fixed cost because you turn on the lights in the shop and offices even if you don't sell. But if we talk about an industrial company, the energy to operate the machinery is a variable cost, because consumption is directly proportional to the quantities produced.

Gas: If the company uses gas for cooking, to wash customers' hair with hot water or to carry out work, it's a variable cost. If gas is used only to operate heating boilers, is a fixed cost.

Heating: This is generally a fixed cost. Unless you have the possibility, for example in a hotel, to exclude unoccupied rooms from the heating.

Water: it is a fixed cost for a shop, office, swimming pool. It is a variable cost for bars, restaurants and for factories that use it in the production process.

Phones and mobile phones: For a call center it is the variable cost par excellence, and generally it is for all companies unless "flat" contracts at a fixed rate have been stipulated.

Fuel: Petrol or diesel is the main variable cost for a trucking company or for a taxi driver, clearly not because the price per liter varies every day, but because consumption is linked to the pace of work.

Maintenance and repairs: they are all variable costs, or we can consider ordinary maintenance as a fixed cost and extraordinary maintenance as variable cost.

Depreciation: represents the annual consumption of capital goods, therefore it is the fixed cost par excellence in all types of companies. In fact, capital goods depreciate even if I do not use them, think of a vehicle, a computer, any machinery.

Rentals: are a fixed cost when the cost is related to time and not to consumption. Some types of rentals that are paid according to consumption, (e.g. by photocopy or by mileage such as for car-sharing) can be considered variable

Staff: annual salaries are fixed costs but other types of compensation, such as commissions or overtime, are variable costs.

Import of goods from a non-EU country

When we purchase a product from a company located outside the European Union, we are carrying out a commercial operation that involves the import of the good for its release into the customs area of the Union. In most cases, this operation is subject to the payment of **custom duties** and VAT in the country of destination for its release for consumption.

Customs duties are taxes that are levied when a good is imported or exported to countries that are not part of the European Union. Therefore, customs duties do not apply to all those shipments that take place within the EU.

Customs duties are a tool whose task is to protect certain economic sectors of individual countries, when they are not able to compete with other nations that are able to offer certain products at more favorable conditions.

The importation of goods into a country or fiscal territory other than the country of origin of the goods entails the obligation of customs clearance. All goods must pass border security checks (sanitary, quality control, etc.) and comply with the tax obligations of the destination country (payment of taxes and duties) as well as other customs fees arising from the management of import procedures and the custody and storage of shipments.

Customs duties normally have to be paid by the consignee in order for the goods to actually enter his possession. If the recipient refuses to pay the duties, the cost is charged directly to the sender of the shipment.

Custom duties are a significant expense that must be considered in commercial transactions.

In fact, one of the most common reasons why goods are refused by the recipient is the payment of customs duties, which is why it is important to take this into account when deciding to purchase goods from non-EU countries.

Customs duty is a form of taxation provided for by the European Union and addressed to both physical and legal persons residing within the European territory. The member states are called to collect this tax on behalf of the EU itself. Normally this tax is paid directly to customs by the importer, by means of a special customs declaration.

How to calculate customs duties

When purchasing goods from outside the European Union, the importer must pay customs duties in order to clear the goods through customs, and this tax varies depending on the value of the goods purchased.

This value is determined not only on the basis of the intrinsic value of the goods, but on the basis of the value of the transaction, which includes both the cost of the goods and the cost of shipping.

Within the European Union, duties are calculated on the basis of the Integrated Community Tariff system, also known as Taric, which indicates the duties to be applied. In addition to these costs, VAT and carrier charges must also be considered.

More information on the nomenclature and calculation of customs duties can be found directly on the website of the Customs Agency.

The only way to avoid paying customs duties is to buy products with a total value of 22€ at a time, including shipping, when this is of a commercial nature.

On the contrary, when the shipment is from a private individual to another, the limit is raised up to 45€, provided that the shipment is of a non-commercial nature and that the goods are for the personal and family use of the receiver, are sent on an occasional basis and that there is no payment behind the shipment, therefore it is not a purchase.

If the recipient refuses to pay the customs duties, they will be charged to the sender. If the goods cannot be cleared through customs and cannot be returned to the sender, the sender can request the destruction of the goods. The costs of this operation are charged to the sender. In case there is a public health problem, are the authorities who arrange for the destruction of the goods.

The amount of the customs duty can be calculated on the website managed by the European Commission:

https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?MeasText=&Lang=en&StarTPub=&Area=&GoodsText=&LangDescr=&MinCharFts=3&Taric=&OrderNum=&MeasType=&callbackUri=CBU-0&Expand=false&SimDate=20210521&EndPub=&Level=&Regulation=&LastSelectedCode=

Free movement of goods within the EU single market

Free movement of goods is one of the key elements of the internal market, established in Article 28-30 of the Treaty on the functioning of the EU. It gives access to the Member States' market for producers, and to a wide variety of goods for consumers. Once a product has been produced and marketed in a Member State it can be sold in the whole EU.

Free movement of goods was the first one of the four freedoms and it had to come a long way until today. As a primary initiative at the beginning of the integration, it came to fruition thanks to the European Customs Union (now EUCU), established in 1958 (however, the elimination of customs duties was accomplished only in 1968.).

As a result of EUCU, countries of the European Economic Community removed customs barriers between each other and applied common customs policy towards third countries. This means that traders did not have to pay duty for exporting their products within EEC.

Customs tariffs were eliminated from 1968 between Member States, but other kind of barriers still impeded free trade of goods. The next necessary step was the harmonisation of national legislation, as different standards were used in connection with the production and trade in each country. So 'the problem for the common market was not the existence of national regulations, but the differences between them.'

Producers who wanted to enter with their goods to other countries' markets had to examine and meet the given standards. This caused additional costs to the producers, indirectly affecting free trade among member states. In order to abolish these technical barriers, harmonisation directives were introduced, which aimed to converge national regulations.

In practice

Free movement of goods means that countries of the European Union must not impose any kind of duties on goods produced in the EU when crossing borders and neither goods produced in third country once imported to the EU. These latter also have to be considered as goods of free circulation within the EU.

That is why you can choose from a wide variety of products from different countries in the supermarket, from Spanish chorizo till Norwegian salmon. As a result of the Single Market, EU Member States negotiate collectively in the frame of the World Trade Organization (WTO), where the regulations of international trade are laid down.

Since the beginning of the implementation of this freedom, decision makers had to face the fact that not only customs duties can reduce competitiveness of imported goods but other types of measures too. For example, if a country poses restrictions on the importable amount of a given product, or on the proportion of ingredients, or on the label, they also impede free movement.

As a result, any charge that has equivalent effect on trade or quantitative restrictions on imports are equally prohibited. For instance, charges that are imposed on imported products with the same effects as customs duties to protect domestic products must be regarded as this type of charge.

Quantitative restrictions or measures having equivalent effects are also prohibited. In other words, any kinds of regulations or restrictions that directly or indirectly hamper free movement of goods are prohibited.

Practically the initial customs union resulted in a principle of totally free circulation of goods: if a product was made and marketed legally in a Member State, it must be allowed on the market of any other member state (principle of equivalence). That is why we can read more and more labels “made in EU” on different products, instead of a given country of origin.

Any discrimination must be justified by non-economic considerations, like public morality, policy or security (for example protection of health and life of humans, animals or plants), only in an equivalent proportion to restrictions.

CE marking

The letters ‘CE’ appear on many products traded on the extended Single Market in the European Economic Area (EEA). They signify that products sold in the EEA have been assessed to meet high safety, health, and environmental protection requirements. When you buy a new phone, a teddy bear, or a TV within the EEA, you can find the CE mark on them. CE marking also supports fair competition by holding all companies accountable to the same rules.

The CE marking, which means European Conformity Mark, is represented by a specific graphic symbol that guarantees to the consumer the conformity of the product to all the dispositions of the European Community that foresee its use from the design to the manufacture, to the placing on the market, to the putting into service of the product until the disposal.



This symbol was created in 1993 and is mandatory on many products to be marketed within the European Economic Area (EEA) which includes the European Union countries and the 3 EFTA countries (Norway, Iceland and Lichtenstein).

Therefore, a product that is marketed in Europe must have the CE mark whether it is manufactured in China or in an EU country such as Italy.

Not all products on the market are required to have European Conformity. Here are some examples.

Products that must have European Conformity: Toys, medical devices, electrical devices, sunglasses, eyeglasses, gas devices, machines, radios and TVs, vertical road signs, etc. In these products the mark is mandatory, because they expose the buyer to risks, even very serious ones, when using them.

Products in which CE marking is not mandatory: wooden furniture, armored doors, fixtures, gardening items, watches, non-electric musical instruments, mattresses, scissors, cutlery, dishes and glasses, footwear, luggage.

Counterfeiting of the CE marking

Like the other marks, the European Conformity mark is also exposed to the risk of counterfeiting. One of the most well-known is the CE - China Export mark. The graphic designs of these marks differ very little, leading the consumer to confuse them in 90% of cases.

Manufacturers who use the counterfeit CE mark for their products incur penalties such as:

- Payment of a fine from 1,000 to 6,000 euros
- Criminal proceedings for any damages incurred (which can be claimed up to 5 years later)
- Null sale-purchase relationship (you may not proceed with the payment or return the goods without conditions)

To be able to CE mark your product you must first have a CE Certificate as proof of passing the tests (trials, tests, etc..) required by the directive to achieve CE marking.

The profit margin

In accounting and finance, a profit margin is a measure of a company's earnings (or profits) relative to its sales revenue.

Sales revenue is the income earned by a company from its sales of goods or provision of services. In accounting, the terms "sales" and "revenue" can be, and often are, used interchangeably to mean the same thing. Revenue does not necessarily mean cash collected.

The three main profit margins are: gross profit margin (total revenue minus cost of goods sold (COGS)), operating profit margin (revenue minus COGS and operating expenses), and net profit margin (revenue minus all expenses, including interest and taxes).

Gross Profit Margin: The gross profit margin is an indicator of profits related to the cost of production. Profit margin is therefore calculated based on gross profit, which is total revenue minus the cost of goods sold. This figure therefore covers the cost of producing the goods and can include various elements, from materials to labor.

For example, suppose you spend € 8.000 to buy goods that you resell for € 10.000. Your gross profit is € 2.000. Divide this figure by your total revenue and you get your gross profit margin: 0.2. Multiply this figure by 100 and you get your gross profit margin percentage: 20%.

The formula for calculating the gross profit margin is: **Profit / Gross Revenue x 100**

Operating profit margin: Particularly high operating costs can impact the operating profit margin. In fact, operating profit is total revenue minus expenses.

Expenses include:

- Cost of goods sold
- Operating costs
- Depreciation
- Administrative expenses
- Other expenses of running a business

Let's use the operating costs from the previous scenario to calculate the operating profit margin. Let's further assume that you faced an additional expense for operating costs of € 500, to be added to the cost of goods.

Deduct € 8.500 from total revenues and you get an operating profit of € 1.500. Then divide that figure by total revenues and you get the operating profit margin: 0.15. Then multiply this figure by 100 and you get the operating profit margin percentage: 15%.

The formula for calculating the operating profit margin is: **Profit / Operating revenue x 100**

Net profit margin: is the indicator of overall profitability calculated from net profit.

Net profit considers more deductions from revenues than gross or operating profit. In short, it equals total revenues minus the cost of goods sold, operating expenses, interest, taxes, and, if any, preferred stock and debt repayment.

Suppose total revenues are € 10,000, but you paid € 8,000 for goods, € 500 for operating expenses, and another € 500 for interest payments. The net profit in this scenario is € 1,000. Divide this figure by the total revenue and you get your net profit margin: 0.10. Then multiply this figure by 100 and you get your net profit margin percentage: 10%.

The formula for calculating the net profit margin is: **Income / Net Revenue x 100**

As you can see, the ratio of profit to revenue can vary depending on the type of profit chosen to calculate the profit margin. No one type of profit margin alone can provide a complete picture of a company's financial situation.

What is a good profit margin?

A good margin varies widely by industry, but as a general rule, a 10% net profit margin is considered average, a 20% margin is considered high (or "good"), and a 5% margin is low. Again, these guidelines vary widely by industry and company size and can be influenced by a variety of other factors.

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The Storage department

The scenario

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ALU KG is also interested in providing customers with an after-sales service especially with regard to the supply of components of the robotic arm, to ensure that any repairs due to wear or breakage of the mechanical parts of the THOR V2.02 can be carried out on site, without the product having to be returned to the manufacturer.

EWWM must therefore reconsider its internal organization in order to be able to start this new business, involving different departments of the company.

Tasks for the storage department

The Storage department must prepare a program to keep constant track of warehouse stocks. These are the spare parts of THOR. Since the company does not currently have an integrated management software system, an electronic calculation program such as Excel will be used.

Assignment for students

Based on the scenario, hypothesize the best organization for the storage of your products. Keep in mind all the necessary steps. Also identify at least one 4.0 innovation tool that is easily applicable to the scenario.

After that, create an Excel sheet as a warehouse management system (WMS), inserting all the elements you deem appropriate for a correct management of purchases, sales and inventory management. Remember that this sheet is just the final product of a rational warehouse organization: first you have to have clear in mind how your warehouse is structured and what you need to control inputs, outputs, position of goods, inventory.

You will be provided with the list of THOR's spare parts (annex 1).

Suggestions for the teacher

Let your students work in small groups: peer learning will strengthen their project. They need their learning material (book, booklets etc.) but they can also use the Internet as a source of information, especially for 4.0 innovations.

Check whether they plan a storage system related to the concrete scenario, or if they waste time in revising theory. Help them motivate their choices. At some point of their project, you can give them some of this material to integrate missing parts.

The IT teacher will also have a role in the second phase.

Annex 1: List of components

List of components	Quantity
Barrel Jack Connector Control PCB	5
Female Pins Control PCB	500
3 Wire female connectors Sensor PCBs	20
Kg of filament	20
Motor Nema 17; L=40mm; Holding torque: 39.22 N.cm	5
Motor Nema 17; L=34mm; 5.18:1 mechanical reduction; Holding torque: 121.2 N.cm	20
Motor Nema 17 L=34mm; Holding torque: 21.57 N.cm	15
GT2 closed belt 208mm (104teeth)	10
GT2 open belt 1m	5
GT2x40 Pulley	5
16014zz Bearing	5
Cooper Plate 36x16mm Sensor PCBs	20
625ZZ Bearing	30
MF84ZZ Bearing	10
14mm x Ø4mm Rod	10
128mm x Ø5mm Rod	10
M2x8mm Bolt	40
M3x6mm Bolt	30
Bus Wire 2x36 Control PCB	5
M3x8mm Bolt	180
M3x12mm Bolt	50
M3x16mm Bolt	50
M3x25mm Bolt	40
M3x30mm Bolt	48
M3x40mm Bolt	100
M3x46mm Bolt	40
40mm Fan Control PCB	10
M5x18mm Bolt	10
M2 Nut	50
M3 Nut	350
Arduino Mega	5
Micro Endstop	5
A4988 Stepper Motor Driver Control PCB	40
25V 100uF Capacitor Control PCB	40
10kΩ Resistor Control PCB	40
Male angled pin Sensor PCBs	60
Male Pins Control PCB	400
10kΩ Resisto Sensor PCBs	20
220Ω Resistor Sensor PCBs	20
Optocoupler Sensor PCBs	20

Learning materials

for the storage department

inter-company learning projects
learning assignments
methodology and didactics
model of the complete action
workplace orientation
robot arm
guiding texts
training robot
learning location
digital learning sequences
process-oriented training
active learning
media-pedagogical competencies
teachers and learners
digitization
digital media
real work situations
motivation to learn
digital competencies



What is the warehouse

By warehouse we mean that logistic structure created to receive, guard, conserve goods and make them available for delivery, disposal, or other production activities.

The characteristic processes of the warehouse can be divided into 4 macro-phases:

- **Entry:** reception of the material and taking charge of the system
- **Deposit:** putting to warehouse according to logical of optimization
- **Planning:** choice of shipments and organization of the activities
- **Execution:** withdrawal and preparation of the shipments

Once the purposes of this structure, only apparently simple, have been defined, it is important to understand which the key phases are to take into account for a correct management:

- **Warehouse management documents:** paperwork is the cross that every business must bear, but documents are necessary not only for tax purposes or the like but are a very useful source of information that, if properly exploited, allow us to greatly improve our warehouse management.
- **Warehousemen and staff:** it is always the people who make the difference in every activity in life, because the success of an operation is always in how it is done more than in what is done. The choice of qualified, capable and continuously updated personnel is the basis for quality warehouse management.
- **Warehouse safety:** fundamental to guarantee the continuity of work, the quality and rapidity of management and the healthiness of the environment. If a warehouse is safe, those who work there will be more stimulated, work will be easy and less burdensome, and the risk of accidents will be drastically reduced (NB: accidents, in addition to health, have a negative impact on the company's economy).
- **Warehouse logistics:** the control of the set of organizational, managerial and strategic activities that govern the flow of materials and related information of origin and destination is a key activity that must always be verified and improved. The control and optimization of the procedures and life stages of materials and products in the warehouse can make the difference not only to the management of the warehouse but also to the economy of your business.

Warehouse management documents

Let's start with the hardest and often annoying part, all the documents necessary to the basic management of the warehouse:

- **Transport document:** the document required by law for the transport of goods (replaceable only by the accompanying invoice) is essential. Always remember that the document must report a specific series of data and, in case of transfer of goods, must be followed by the invoice.

- **Invoices of purchase and sale:** usually managed by the administration in case the warehouse produces the transport document. If, on the other hand, the invoice is attached directly, it is necessary both for tax purposes and for all counts and operations of loading and unloading of products in the warehouse.
- **Inventory:** It is important to keep an updated list of all products in the warehouse and their value, in order to keep the stock situation under control.
- **Orders:** trivial you may think, but losing a customer because you have a superficial management of orders is never nice.

Practical advice

You might find some advice useful:

- Always check the incoming goods, verify that the DDT or accompanying invoice actually matches the goods that arrived. Having already accepted the goods, it could be difficult to try to be right on the carrier or the supplier in case of error in the delivery.
- If you have a minimum stock level, place an order with the supplier to avoid running out of stock.
- Make the inventory with fixed and frequent deadlines: monitoring the variations of this document allows you to manage the commercial part at best: nothing worse than disappointing a customer after having promised him a product that you believe you have in stock.
- Coordinate arrivals and departures of goods to and from the warehouse so that each activity runs smoothly. If you have enough space, divide the two areas of arrival and departure. Couriers will be better off as well. Take into consideration the shifts or activities of the staff involved!
- Damaged or missing goods: make sure everyone knows what to do. It is imperative to be prompt in reporting a damaged carton or missing item, or suffer the damage without being able to claim any credit.
- Consider using software to manage your inventory tracking and management. The use of software can greatly simplify all warehouse activities, for example through the use of barcodes and optical readers to speed up all loading and unloading operations and also greatly limit typing and reading errors.

Warehouse staff

Working in a warehouse requires strong interpersonal skills, not only to collaborate with other employees: in many realities who works in a warehouse may also have to deal with customers. In any case, it is good to specify that there may be different professional figures operating in the field of warehouse management, depending on the size and complexity of the structure, and each resource has specific tasks. The most important are listed below:

Warehousemen and forklift drivers

The warehouseman is the fundamental figure in the management of the warehouse and practically intervenes in all the phases because it follows the goods from the arrival to the correct sorting. This is a job that involves both physical and mental involvement because it requires accurate and meticulous controls on each phase of work.

Among the tasks of the warehouseman is obviously also to move the goods and this part of the job very often requires the qualification of forklift driver, or be in possession of a license that qualifies staff to use a forklift diesel or electric.

Warehouse manager

In his leadership role, the warehouse manager coordinates all the most important activities and gives precise orders to the other warehouse workers. He is a real point of reference also in practical and organizational terms because he distributes the workloads and assigns the areas of competence. His tasks also include those related to the handling of goods by managing supplies, sorting orders and organizing shipments. Excellent organizational as well as leadership and interpersonal skills will make this figure a good coordinator on a professional and human level.

Supply Chain Manager

Typical of the most structured realities, it is a figure that acts as an intermediary with the management of the company and that is linked more to the business. The Supply Chain Manager supervises not only the different logistic phases, but is a real reference for the entire production process as he regulates the supply of raw materials, transport and shipments.

Shipping manager

The person in this role is responsible not only for overseeing packaging and shipping operations, but also for liaising with those who handle deliveries. One of the most sensitive issues for the shipping manager concerns the transport service, which can be managed directly by the company or outsourced to an external service.

Carriers

This figure is entrusted with the task of making deliveries respecting not only the pre-established times but, very important, the integrity of the goods. The transporters manage the final phase of the entire process and represent a fundamental point of contact with customers and suppliers.

Warehouse safety

Like any working environment, the warehouse has a number of potential hazards that need to be considered in order to protect the health of the people working in it. It is often too easy to think that productivity and speed are more important and end up neglecting risk and injury prevention. It is necessary to remember that there can never be productivity without safety.

Each warehouse has different characteristics, and it is essential to seek the advice of technical experts to make the work environment safe and to adapt it to regulatory requirements.

Practical advice

The first thing to do to have a safe warehouse is to keep it clean, tidy and organized at all times.

- Clean the floors, paying particular attention to and promptly responding to the presence of water, oil, cleaning products and anything else that could cause falls, injuries and hinder normal operations.
- Transit areas must always be kept clear of packaging, debris, handling equipment and other obstacles that could cause accidents.

It is essential and mandatory to implement a safety course that meets the needs of the particular case. All employees must be trained before they begin work. No less important are training courses dedicated to the safe use of equipment and means of transportation and handling, for those employees who will be working with warehouse equipment.

- Consult safety specialists to find out what requirements you need to perform and how.
- If new employees are hired who will be performing warehouse-related tasks, make sure they have received proper training and have the necessary certifications to use the equipment and vehicles.

Remember to have safety regulations in place.

Do everything possible to limit accidents:

- Schedule periodic overhaul and maintenance of vehicles, machinery, equipment.
- Make sure all safety measures, from lights to vehicle reverse sensors and horns are working properly.
- Report all vehicle and equipment malfunctions to employees and make necessary repairs in a timely manner. Oversee repairs and perform test runs prior to reintroducing the equipment to the warehouse.

Warehouse logistics

Logistics is a science that studies how to move goods in the most efficient way and at the lowest possible cost. It originated in the military to supply armies in war and today it has become extremely important in every production sector. Specifically, warehouse logistics is that branch of logistics that helps companies in the storage and management of goods.

Warehouse turnover rate

Warehouse turnover rate is a very important index to consider. Rotation means how long it takes to "use up" the entire warehouse and "fill" it up again. It is clear that there will be, within a warehouse, items with high rotation, that is, that are bought and sold often, and items with low rotation, which remain in stock for months.

It is important to know and even try to predict the rotation that an item has. A first tip is to try to limit the products that have low rotation (and make them available only on order). Then it's good to put products with high rotation close to the starts and leave items with less rotation in the least accessible places.

Labels and Barcodes

Equally important is the use of labels in a warehouse. First, labels can be used to divide aisles and shelves. Each item will be assigned a specific location that will have coordinates, for example: Aisle 1, location A-3.

The main tool to increase the speed of work in a warehouse is the correct use of barcodes: you must make sure that each product is labelled with a barcode. If a product already has a supplier label, that's better! Alternatively, it is a case of creating one right away: a very easy task if the warehouse management system provides for it. When a new article arrives, it will be encoded in the management system and will be baptized with an article number. From this it will be possible to generate a barcode and print it on adhesive labels to be affixed on the article box.

The barcode can be read by a simple barcode reader and allow for quick identification of the item. For example, if I'm at the counter with the three articles I'm selling, I can easily use the barcode reader, the management system will insert the articles in the invoice I'm issuing without any risk of errors: by doing so it will also automatically update the stock in the warehouse.

One last label must be pasted on the departing goods. Generally, each courier has its own system for labelling shipments.

Practical advice

1. Use only areas designated for merchandise storage. Storing accurately is helpful for order and efficiency.
2. Check packaging for damage - it is important to know how goods should be stored to ensure stability.
3. Record inspection dates and any damage found.
4. Store goods on a higher rotation in the most convenient and functional locations in order to maximize storage and shipping efficiency (this activity can be scheduled for the most "relaxed" times in the department).
5. Meets regularly with key personnel, responsible for warehouse inventory, storage and purchasing, in order to discuss related problems and/or needs.
6. Discuss new ideas, improvements in procedures, better equipment arrangements and all other aspects of work life with managers - those who work in a department every day often have a more practical point of view.
7. Always ask suppliers about damaged goods or problems with the purchase, price, quality or availability of goods. Knowledge is power!

Warehouse layouts

When we talk about warehouse layout we mean the arrangement of the different functional areas inside the space used for the storage and management of goods. The choice of the most appropriate layout must always be made on the basis of the intended use of the warehouse and tends to depend a lot on the production sector and the available space.

The most delicate phase in the design of a new warehouse is precisely that which concerns the definition of the layout. The designer is called in these cases to adopt choices that can significantly affect the productivity of an entire company.

Following is a list of some of the most common layout schemes:

- Linear Flow

This is the ideal scheme for warehouses that must manage linear flows in which the goods pass from one area to another following regular well-defined flows from storage to shipment. Usually, this warehouse layout provides for minimal overlaps between one department and another and is adopted only when you have a large structure and outside there is enough space for loading and unloading goods.

- U-shaped flow

When, on the other hand, space is not at a premium, a U-shaped layout is often used. In this type of layout, the areas for receiving and shipping goods are practically adjacent and on the same side of the warehouse space. This is a model of organization that can generate confusion and easy accidents due to the proximity of two very important and extremely congested areas.

- L-shaped flow

Again, this is a choice dictated by the scarcity of space. Unlike the U-shaped layout, L-shaped flow requires that goods receiving and shipping operations be located on adjacent sides of the warehouse space. Normally, when the structure has a rectangular plan, the short side is used for unloading operations from articulated trucks, while the long side is used for loading operations on vans, so as to be able to exploit the greater space available for loading several means of transport at the same time.

Order preparation and picking

The preparation of orders is one of the main activities of a warehouse, since the ultimate goal of logistics is to deliver as many orders as possible at minimum cost and in a very short time. Order preparation costs can exceed 60% of the total costs of running a warehouse. Therefore, reducing its impact can ensure success for a company. Or failure if the goal is not met.

What is order preparation?

Order preparation is the operational cycle dedicated to packaging to ship products ordered by customers. They can be sent to the final customer, to the production center or to other warehouses or stores of the company.

The term picking is commonly used as a synonym for order preparation, but this is not entirely correct. Picking refers to the process that takes place from extracting products from one loading unit (such as a container) containing other items of the same reference to depositing them in another (an order picking cart). In other words, it is the collection and combination of the items included in the customer's order; therefore, it can be said that picking is another of the operational cycles of order preparation.

There is also a significant difference between load unit and order unit. Products are grouped into load units (e.g., pallets, boxes, or containers) that facilitate their movement and transfer through the supply-chain stages. Order units, on the other hand, are the parts of the unit load that can be included in an order. For example, in a warehouse bin there are 100 blister packs of batteries (each blister pack contains 4 batteries). Here there is 1 load unit (the container), 100 order units (you can only buy the blisters and not the batteries individually) and 400 product units (the batteries).

Types of picking

When setting up an order preparation process, it is critical to define how products get to operators because it determines the storage systems to be installed. Currently, several order preparation criteria are used, all of which can be combined or used individually:

- **Man-to-product:** operators walk through the warehouse, either on foot or with the aid of a lifting device, to reach the locations and pick up the products included in the order.
- **Product to man:** this is the criterion par excellence of automated warehouses. The operators in the picking stations wait for the goods to arrive in automatic mode (thanks to the miniload and container conveyors).
- **Cross-docking:** the goods received are shipped directly, without being stored or doing so only for a short time.

What is the secret to efficient picking? Choosing the most suitable option for the needs of the warehouse.

Planning of a warehouse for the preparation of the orders

The layout of a warehouse is dependent on the number of daily orders that are prepared, as well as the variety of references. Depending on the number of orders required, it is necessary to consider:

- **Picking zone:** in order to delineate the picking zone, it is essential to examine the characteristics of the order itself, the size and weight of the load units, the distances that the operators must travel as well as the location and position of the goods.
- **Shelving:** when designing a warehouse, the optimal management of high turnover products is one of the priorities of every company. According to the ABC method, Type A items should be stored in storage systems that provide direct access to speed up operational cycles.
- **Packaging and wrapping:** this refers to the container that is used to temporarily store the product or products picked. It is essential to facilitate the transport and handling of the items.
- **Picking aids:** voice picking, pick-to-light and put-to-light light devices or high-performance picking stations are ideal for minimizing errors, as they always indicate where to move the goods and in what quantity.

- **WMS** (warehouse management system): the implementation of a management software is essential to implement an efficient order picking process. It optimizes operator picking routes, distributes goods as needed, digitizes information management, etc.

Typically, you will combine different warehousing systems and order preparation methods that optimize processes and operator activities.

Order preparation steps

An efficient supply chain requires a good knowledge of the main stages of order preparation:

- **Advance scheduling:** this is essential to manage and allocate available resources. In the presence of a WMS, the software itself will prioritize orders and distribute activities.
- **Routing and movement:** This is the process that requires the most time and resources, as long as the "product to man" criterion is applied. A precise warehouse layout is the best ally.
- **Picking or extracting goods:** this is the phase of picking where most errors occur. An up-to-date inventory and the use of radio frequency terminals or aids such as voice picking reduce the risk of errors.
- **Verifying and preparing the order for shipment:** The last stage of picking involves verifying the units picked, packing the order, transferring it to the shipping area, printing the order documentation, etc.

The different stages of order preparation that take place in a warehouse may vary depending on the type of product, the order preparation criteria or the characteristics of the individual order.

Logistics documentation for order preparation

Orders are accompanied by basic documentation that guarantees their preparation, control and delivery to the final recipient:

- **Picking list:** also known as a picking list, this is the document specifying the products, quantity, location, aisle, shelving and route of the operator whose task it is to prepare the order.
- **Transport document or delivery note:** is a commercial document that serves the recipient to verify that the goods received correspond to those ordered. For the seller it constitutes proof that the buyer has received the order and for the transporter it is proof of delivery. Currently, more and more companies are working with electronic proof of delivery, in order to digitally control all the information related to the delivery of an order.
- **Packing list:** relevant in the packing phase, this document lists all the products and characteristics of a package.
- **Roadmap:** indicates to the carrier the delivery destinations of orders, previously organized by delivery routes.
- **Tracking number:** or tracking number is the number used to identify and monitor shipments from the exit from the warehouse until delivery to the customer.

The automatic and digital management of all documentation is one of the great advantages offered by software that can automatically create picking lists.

Errors and incidents during order preparation

Errors during order preparation are a fact of life. Therefore, it is necessary to decrease them as much as possible to minimize the consequences, save costs and improve the company's image. For this, it is recommended to focus on automated storage systems. The most common events are as follows:

- **Wrong product handling:** usually occurs when an item is not in the corresponding location.
- **Wrong amount of product picking:** this can cause inventory clutter and wrong orders.
- **Same reference scattered around the warehouse:** the movements of the operator from one part of the warehouse to another in order to move more units of the same product cause a huge waste of time.
- **Unlabelled items:** if products are stored without labels, they will have to go through the labelling phase again, otherwise they cannot be used for picking.
- **Excessive effort:** this is one of the most common accidents. Handling heavy goods in an ergonomically unsound position can cause physical injury to operators.

KPIs to measure performance

Some warehouse management software allows you to configure KPIs (key performance indicators) to measure warehouse performance. In this way, we can find inefficiencies that get in the way of operational cycles and prevent us from having an optimized warehouse. Some KPIs in logistics help determine if the order preparation process is truly efficient or if, instead, it can be improved:

- **Productivity KPIs:** these analyze and calculate the efficiency of processes, measuring actual production against the resources used.
- **Time-related KPIs:** these relate to the reaction time during the execution of an operational cycle.
- **Quality-related KPIs:** They calculate, for example, the percentage of orders delivered on time to the customer or errors made.
- **Internal Order Cycle Duration:** determines the time it takes to complete an order from when it arrives in the warehouse until it exits through the loading bays. The duration of the internal order cycle is given by the difference between the date of the order and the date of shipment.

Picking list

Picking lists are used to organize the picking sequence (by customer or location) that allows the warehouseman to pull a particular item that will be used to prepare the customer's order. It is a document that is usually for internal use (in most cases, the customer never sees it), and is very useful for operators.

The preparation of pick lists and the information they contain depend to a large extent on the picking method applied and the equipment available within the warehouse.

What information should pick lists contain?

The lists contain all the customer's order data and are used to indicate to the operator the position of the code in the warehouse. In this way, the product can be taken from the shelves by picking efficiently, since the generated route is intelligent. Typically, lists contain the following information:

- **List identification number:** each picking list must have a unique identification number, in order to avoid duplicates and facilitate the creation of a picking list history
- **Customer information:** this information is not essential to correctly execute the picking, but it facilitates the identification of orders and their verification, especially if the picking is carried out by different operators (this is the case of the batch picking method).
- **Customer order data:** Each order has a number that identifies it, as well as other information such as the order date, barcodes for scanning or the shipping area where it is to be sorted.
- **Information about the goods to be picked:** these are the essential data of each picking list, let's see the 4 that must always be present on each list:
 - **SKU (stock keeping unit) code:** it is the 8–12-digit alphanumeric code that identifies, for your company, that specific product: it is an internal code, not universal
 - **Product description:** if a brief description and photo of the item is included in the picking list, this will facilitate picking while making it more efficient. Depending on the characteristics of the stock stored, it will be essential to specify additional data such as size, dimensions and volume. It is also good to indicate whether it is a single product or a box with X units contained inside.
 - **Number of units to be collected for each SKU:** if the warehouse is equipped with a WMS, the quantity that appears in the picking list will be updated when the picking is completed.
 - **Information on the location of products in the warehouse:** the organization of picking lists must consider the location of each item in the warehouse in order to optimize the movements of operators, shorten routes and plan the preparation of the order in time for shipment.

Management of picking lists with a WMS

How do you organize picking lists with a warehouse management system? The software offers great flexibility: picking lists can be generated manually, semi-automatically or fully automatically (depending on the logistical parameters introduced into the system). Automatically generated lists can even be edited manually by the operator, who can decide to skip a certain step or write comments.

The creation of "automatic picking lists" takes place in parallel with the arrival of customer orders. The program extracts the information and organizes the picking phases by cross-referencing a large amount of information (warehouse layout, shipping priority, picking method, number of operators,

for example). Once the sequence has been established, the software designates a container in which the item indicated in the picking list will be temporarily deposited (until dispatch).

The software can continuously record each movement of the goods inside the warehouse in order to know the exact position of each article. Having software also makes it possible to obviate the use of paper by using integrated picking devices (for example, with voice picking, radio frequency terminals with display).

Best practice

Establish reorder points

The point of reorder is the level of supplies to warehouse beyond which it is necessary to emit a new purchase order equal to the economic lot avoiding therefore the exhaustion of the supplies available. In order to establish the points of reorder of the various products it is necessary to hold account of the times of escape of the order and to maintain always available the supplies of safety in order to cover to eventual increments of question or delays in the deliveries.

The points of reorder can vary according to various factors, and it is therefore necessary to verify and update them periodically.

Classify the products in stock

While it is normal (and right) for you to be particularly focused on the best-selling or most-used products, you cannot afford to pay less attention to the other items in your inventory.

It is advisable to apply what is known as ABC analysis, which is a statistical analysis based on Pareto's law that allows you to divide products into three categories (A, B, C) to assess their degree of importance and criticality on a quantitative and economic basis.

In summary, the three categories can be described as follows:

- a) articles are the items of **primary importance**, with the highest turnover value. The 80% of the annual consumption value of the company generally corresponds to the 20% of all the articles in stock;
- b) articles are those of **secondary importance**, with an average influence on the turnover equal to approximately 15% and corresponding to 35% of the articles in stock;
- c) articles, instead, are the articles with the **lowest annual consumption value**. Approximately 45% of the articles in warehouse generate only 5% of the value of annual consumption of the company.

Prioritize products that generate the most value

Using the usual 80-20 rule and ABC analysis you will have identified that 20% of products that generate 80% of your inventory value (A items). Make sure you have and forecast their constant presence in your warehouse, calibrating their reorder points as accurately as possible.

Once you have checked and verified the A items, you can move on to the B and C items, which are the less sensitive points in your inventory.

Remember that the 80-20 rule is not mathematical and can vary, albeit infrequently. Check and update your inventory categorization periodically to make sure you're always prioritizing your inventory correctly.

Calculate your stock maintenance costs

We could define the costs of maintenance like the loss of value of a good, held in warehouse, in the period intercurrent between the purchase and the employment or the delivery to the customer. This definition is however reductive.

This type of costs is usually represented from 3 categories of cost:

- Ordering costs;
- Maintenance costs;
- Deficit costs.

Ordering costs

Ordering costs are made up of 2 macro items, on the one hand the so-called purchase costs, i.e. the costs linked to the relationship with suppliers: evaluation, selection, negotiation and stipulation of the supply contract; and procurement costs generated by all the activities necessary to get the goods in time, such as transport costs and administrative/bureaucratic practices.

Maintenance costs

The maintenance costs represent the category of cost more meaningful because composed from all the entries of cost of daily management of the warehouse and the supplies (staff, structure etc...).

Maintenance costs are divided into:

- **Explicit:** costs for the rental of warehouses, logistics personnel costs, expenses for the movement of goods, insurance; in practice all the "overt" costs that can be identified by a precise cash outflow;

- **Implicit:** identifiable in the costs associated with the capital investment in stocks, a "hidden" cost given by the immobilization of financial resources (implicit in that it cannot be identified in a cash movement).

Deficit costs

Deficit costs are generated by stock breaks (stock out) both towards the final customer and in the internal production/supply flow, for example: costs generated by order cancellations, discount requests, image damages....

Clearly, to these costs you must then add the risk of damage, the possibility of a drop in the value of the goods, inventory costs, any taxes or customs duties.

For fear of running out of stock, some companies find themselves having to bear very high maintenance costs, resulting in a loss of profit. Not to mention that the risk of running out of stock risks diminishing the value of the goods.

In order to optimize maintenance costs and avoid deficit costs, you must try to predict how much you will sell month by month, based on your previous experience and also taking into account factors such as seasonality, the days of the month when there is more movement of goods, and holiday periods.

Evaluate the possibility of dropshipping

Dropshipping is a sales model whereby a vendor sells their products to the customer without having them physically in stock. The goods are shipped directly from the supplier to the end user. In this way, the warehouse is completely excluded from the sales process. The profit is made from the difference between the wholesale and retail cost, as is the case with many e-commerce sites.

Develops a strategy for surplus inventory

If you have excess inventory it means you did something wrong. It can happen. How can you do it? For example, by assigning two people (or even two teams) to two separate courses of action: the first course of action is to identify the reasons why certain goods have been in storage for too long to become a surplus, i.e. a problem, and to ensure that this no longer occurs. The second plan of action is to find ways of getting rid of the surplus by making as much profit as possible, for example, through promotional campaigns, discounts, etc.

Record and track your goods

Maintaining consistent tracking of your merchandise from its arrival at the warehouse to its shipment or use is vital to the efficient management of your inventory.

You have three ways to do this:

- **Physical inventory:** do an assessment of your inventory and all the goods you have in stock. This is usually done once a year, near the end of the year. It involves a lot of time and resources, but it's a practice you can hardly give up. If you find something wrong, simply put if the numbers don't add up, it can be really nerve-racking to have to go back and forth to figure out what happened, but you have to do it. Put your mind at ease and figure it out.
- **Spot checks:** If you have a lot of merchandise circulating in your warehouse throughout the year, it's a good idea to do spot checks, just to get the pulse of the situation and lighten the year-end inventory workload. Choose a particular item and check its stock status. The next time you do the same thing with another product. This is usually done with the most important goods and those that generate the most value.
- **Rotating inventory:** This is a stock management technique whereby a small quantity of the items in stock is inventoried every day or week, recording the deviations and reconciling the physical stock with the accounting stock, thus lightening the end-of-year inventory work.

For this type of operation it is essential to use barcode readers, so as to minimize execution times and error margins.

Adopt a contingency plan

It is always better to be prepared for emergencies. Sometimes the management of the warehouse can reserve some surprises, abnormal situations can occur such as the sudden request of a specific product, or a delay in delivery by a supplier.

Try to identify the various risk factors and have a solution at hand for each potential issue. This is a good way to make sure that your employees are prepared to prevent and deal with emergencies.

Use a good management software

A good warehouse management software must allow you to:

- Always have up-to-date inventory, stock and reorders under control;
- The easy use of bar codes and handheld terminals;
- Have an acceptable reorder estimate calculation and/or provide you with the information to calculate it;
- Must simplify the management of loading and unloading movements;
- Have a history of movements;
- Simplify inventory production;
- Manage traceability also through batches and serial numbers;
- Provide for size and color management if your business requires it;
- Manage even multiple warehouses (also useful in case of growth);
- Manage the bill of materials.

What is a WMS

A Warehouse Management System (WMS) is a key part of the overall supply chain management system.

Its main objective is to control the movement and storage of materials in the warehouse and to process transitions, including shipping, receiving, reordering and picking. In general, modern WMSs are able to provide fundamental support to the user in optimizing the use of resources within the warehouse (e.g. by calculating minimum routes for operators, classifying goods according to rotation (ABC Analysis) or defining different order picking strategies).

The WMS uses AIDC (Automatic Identification and Data Capture) systems, such as barcodes, mobile terminals with barcode reading modules, WLANs and in some cases RFID identifiers to effectively monitor the flow of products and their location.

The WMS find application both in "manual warehouses" (for example managed with forklifts) and in automatic warehouses (for example with stacker cranes) and in combinations of both.

The implementation of a software manager of warehouse in a manual warehouse or an automated warehouse, happens medium in 6 - 12 months.

Modules and functions of a WMS

Basic Modules

These modules are in substance present in nearly all the managerial ones of warehouse, even if the degree of the functional satisfaction from the suppliers can vary.

- Basic functions:
 - Master data (for example configuration and logical organization of the physical spaces)
 - Transformation of the orders
 - Launch of the orders
 - Management of the supplies
 - Inventory
 - System of information (states, query, etc.)
- Functions for the support of the processes of
 - Entry goods
 - Warehousing
 - Control of warehouse
 - Commissioning
 - Picking
 - Goods exit

Optional functions

These are either modules that can be activated according to the user's needs or modules that are often marketed separately:

- Batch code (referring to EC regulation no. 178/2002)
- Serial number ("serial number")
- Expiry date
- Consignment and VMI (Vendor Managed Inventory)
- Ability to manage multiple principals
- Ability to manage multiple warehouses
- Empty / Unit Load Management
- Returns management
- Transportation management and control
- Trolley control system
- Dock/Yard Management
- Resource Planning
- VAS (Value-added Services)
- Material flow control
- Double/multiple depth storage
- Hazardous Materials Management
- Customs management

Integrated Technologies

Through radiofrequency, a warehouse software can be integrated with the technologies:

- Voice (voice synthesis and recognition technology, which exploits "hands-free" and "eyes-free" operating logics). The operator, equipped with a headset and microphone, receives a voice command from the warehouse software and retransmits/confirms the information through voice. Errors are avoided thanks to a cross-checking system, which guarantees greater agility, speed, efficiency in the preparation of orders, productivity and precision with hands and eyes free.
- RFID
- Barcode scanners (can be of different types: handheld, wearable, vehicular, etc.)
- Light for pick & put. Systems can be both wired and wireless
- Mobile (allows the control and management of the warehouse from mobile devices: smartphones and tablets)

Innovation: logistics 4.0

Logistics industry trends depend on significant changes driven by the implementation of technological innovations in business processes. Next-generation logistics management solutions are moving to make global supply chains more customer-centric and sustainable. Automation in logistics processes brings out a significant increase in productivity and efficiency in workflow. In fact, improving the transparency and traceability of the supply chain is vital to maintaining a flexible and dynamic relationship between the various stakeholders.

The warehouse should no longer be seen as an unavoidable cost or as a business area in which to "recycle" unsuitable or unprepared personnel for production management: the warehouse becomes a factor of competitiveness. How to obtain efficiency and improve the quality of the processes?

Pick-to-cart

Pick-to-cart or cart picking is a method of picking and preparing orders that is based on the use of specific technologies designed to improve the work of the operators.

These methods are based on the use of picking carts and allow for batch picking (each operator is assigned a specific area of the warehouse) and wave picking (order preparation is sequenced).

Pick-to-cart is a methodology that requires a limited initial investment, since it is part of the man-to-goods methodologies and does not require automated solutions.

Picking with picking carts is advisable in the following cases:

- When there is a high concentration of stocked references that limit the number of movements by operators.
- If the items in stock are small and easily transportable.
- In the presence of numerous orders that share the same reference. This makes it possible to reach the shelves and collect the products all together.
- When the number of SKUs is limited, since the higher the number of codes to be managed, the more complex the classification (and the greater the chance of errors).

When to avoid pick-to-cart:

- When we are in the presence of a high number of orders, already that would congest the traffic within the aisles of the warehouse. In these cases it is better to opt for automatic horizontal conveyor systems capable of connecting the different areas of the warehouse, such as industrial conveyors.
- When there are large distances to be covered. In these cases, in order to gain speed, it is more appropriate to use electric handling systems such as order pickers or pallet trucks.
- When storing bulky or heavy goods that are difficult to handle with trolleys or manually.

Carts for picking

Choosing the right solution for pick-to-cart picking has a direct impact on the productivity of these operations. For example, the size of the picking cart and the material from which it is made can limit its handling. In this regard, there are the following types of picking carts:

- Roll containers: these are basic carts equipped with a metal cage and wheels that allow the goods to be transported in total safety. When pick-to-cart is used, these trolleys are often equipped with horizontal shelves that multiply their load capacity.
- Roll container equipped with containers or trays: each container corresponds to a barcode. This code is read each time an item is placed inside: in this way, the warehouse management system receives the location of each reference. Once the picking activities have been completed, the references are packed for shipping.
- Picking trolleys equipped with pick-to-box devices: pick-to-box is a method that allows to pre-select the packaging that will be used for shipping. In this way, references will be left directly inside the package that will then be shipped.
- Trolleys for picking special products: just like picking racks, trolleys can also be designed or customized taking into account the special characteristics of products. An example: in the fashion industry, they can be equipped with bars that allow the transport of hanging garments.

Technologies to dynamize the pick-to-cart

It is not possible to achieve maximum efficiency from the pick-to-cart method without a reliable WMS capable of designing picking routes effectively. Likewise, it would be impossible to coordinate the information collected by radio frequency identification devices such as scanners or voice picking systems.

The new generations of picking carts have two objectives: to increase pick-to-cart productivity and to improve work ergonomics. These trucks are intelligent and are connected directly to the warehouse management system. Many of them have integrated systems for weighing items, printing labels on site and pick-to-light, the device that tells operators where to place references in the cart.

Smart carts are practically mobile picking stations that make it possible to carry out a pick without printed pick lists: all the information is present inside the computer on the cart itself or arrives directly on the tablet that operators receive.

Although it may appear simple, cart picking offers very interesting advantages and can coexist perfectly with other picking and order fulfilment strategies. The important thing is to analyse in depth the characteristics of each order so that a formula can be found that suits the warehouse.

Drones for picking

A total implementation of drone in the warehouse is expected in the coming years. This technology serves companies for intralogistics, as it facilitates product identification procedures.

A concrete example of drone application is the manual warehouse equipped with racks. Inside the warehouse, drones travel between aisles and read the barcodes of the arranged products stored on the top levels of the racks. This technology saves time and also means savings in terms of handling equipment, as there is no need for trolleys or order pickers to reach the items.

Augmented reality (AR) and wearable devices

Augmented reality (AR) and wearable devices are no longer exclusive to the manufacturing sector, but they are also becoming widely used in logistics. In warehouse logistics for e-commerce, these technologies are being applied to increase productivity in processes, primarily omnichannel order preparation. Such solutions enhance the work of operators, while increasing their performance and creating the basis for managing complex logistics flows: the use of wearable technologies can increase warehouse productivity by 15% and reduce errors by 39% globally.

Augmented reality has all the makings of a supply chain innovation driver. Using 3D images or sending visual instructions in real time streamlines operations and improves worker training. More complex or skill-intensive tasks are easy to tackle with augmented reality displays.

These technologies are still under development, and unfortunately they are still expensive, with maintenance and repair costs on top. In any case, the growing popularity of this technology should improve access for SMEs as well.

After all, the advantages outweigh the disadvantages: equipping operators with these devices opens the door to connectivity. The fact that every operator is connected and guided by an intelligent system improves the quality of work and makes the warehouse an optimally functioning machine.

What is a "wearable" device?

Wearable devices are wearable devices that usually come in the form of everyday items (watches, bracelets, rings, or clothing). These devices are equipped with sensors that monitor various variables or are used to laser scan items in the warehouse.

In logistics, in fact, wearable devices are also used to collect data on warehouse and worker performance, creating a positive impact on decision-making processes and the ability to implement continuous improvement strategies.

"Wearable" and augmented reality in the warehouse

Wearable devices enable hands-free operation, which is essential for making the handling of bulky items, for example, more agile. Warehousemen will be able to pick the reference from the loading unit without hindrance, in less time and more efficiently.

Augmented reality applied to picking, on the other hand, improves the time it takes to locate goods as operators instantly pinpoint the location where the item to be picked is stored.

In addition, most wearable devices can be connected to warehouse management software. This system sends instructions to operators and manages the mobile devices in the logistics facility, intelligently assigning tasks to operators.

Voice Picking

It is one of the most popular solutions on the market. Voice picking is a device consisting of a pair of headphones, a microphone and a monitoring device (about the size of a cell phone), which is usually clipped to the operator's belt or carried in a pocket.

Operators receive the instructions sent by the system via headphones (which product to pick, where to locate it, quantities to be picked, where to deposit the goods, etc.) and confirm the execution of the task by voice.

Augmented Reality Visors and Smart Glasses

Smart Glasses are glasses with a built-in camera that allow for the application of AR technology. The lenses of the glasses act as screens on which different types of information are displayed. In the warehouse, they speed up the identification of products by scanning the barcode.

The potential of augmented reality undoubtedly emerges in picking. This technology, in fact, projects the picking list directly into the operator's field of vision, together with all the main information needed to complete an order (aisle number, quantity of items to be picked, position where they should be deposited once removed). As a result, picking is more efficient and faster, reducing unnecessary trips and any downtime spent searching for products on the shelves.

Last but not least, the ergonomic aspect: smart glasses are light, comfortable to wear and the images that appear on the lenses are sharp and in high quality.

Ring scanner

This is a small device that is slipped on the finger like a ring and is used for fast and accurate barcode reading, being connected to the WMS to record all the information captured. This lightweight wearable device comes with a great battery life.

Wearable computers for hands-free operation

These small computers are usually placed on the operator's arm (between the wrist and the elbow) and are used to read the different indications sent by the WMS. Thanks to the touch interface, the operator can consult the information and send confirmation notifications to the system.

The wearable computer is a wearable device capable of connecting with other devices. It is usually paired with the ring scanner, so the operator follows WMS instructions on the computer screen while identifying items with the ring scanner. The greater operational convenience of being hands-free

translates into greater productivity (just think that warehouse workers will no longer have to waste time putting down an item or checking a paper order).

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The Marketing department

The scenario

EWWM (*Eucur World Wide Marketing*), is a commercial enterprise based in Vicenza, north east of Italy.

With its 30 years of experience in the major world markets and thanks to its experienced staff, the company is one of the main players at international level in the marketing of robotics and robot tools for the craft industry, especially in the manufacturing and logistic sectors.

The German company ALU KG which, in partnership with the Slovenian company LPP, intends to produce the robotic arm THOR V2.02, and has contacted EWWM to verify the possibility of marketing this product in the EU and overseas countries.

ALU KG is also interested in providing customers with an after-sales service especially with regard to the supply of components of the robotic arm, to ensure that any repairs due to wear or breakage of the mechanical parts of the THOR V2.02 can be carried out on site, without the product having to be returned to the manufacturer.

EWWM must therefore reconsider its internal organization in order to be able to start this new business, involving different departments of the company.

Tasks for the marketing department

The Marketing department must analyze the market to define the target to which EWWM will turn for the sale of the THOR V2.02 robotic arm and spare parts. Once the target has been identified, the department will have to define a targeted promotional campaign, using all the tools most suited to the target, considering that the management has given indications so that e-commerce is the preferred sales channel.

Assignment for the students

The assignment is split into two parts: you just need to fulfil one.

A – Plan a market analysis to understand who the customers of your products are and which characteristics and needs they have: which details do you investigate? Which method(s) and tool(s) do you conduct your analysis with? After, realise the tool you are going to use (i.e. for a questionnaire, draw it up; for interviews, do a role play; etc.).

B – Plan an advertising campaign to promote your product and to reach your customers. Base your campaign on an already realised market analysis (annex 1). Which function does it have? Which objective? Which contents? And through which channel(s) do you conduct it? You can present your project with some slides.

Annex 1: Results of the market analysis

Market size

All the vocational and technical schools in the EU taking part into this project or using this material. For them, one or two training robots are enough and rarely need spare parts.

SMEs that want to robotize some of their processes and that produce or sell small dimension products. The number of robots they buy can vary a lot.

Demographics

Profession: Teachers, technicians (technical and vocational schools); company owners, logistic specialists, process innovation specialists (labour market).

Education level: A-level, Bachelor's or Master's degree. Rarely compulsory schooling or PhD.

Gender: mostly men.

Location

European Union, mostly Germany, Italy, Slovenia.

Suggestions for the teacher

Split the class into two groups (you or the students decide, but in this case check that the two groups are equally mixed). Each group will work on only one assignment. Computers, tablets and/or smartphones are necessary.

Group A: they can use their own learning material or also the one in this booklet. You decide if they can also use the Internet. A brainstorming can help to start.

At the moment of putting the tool into practice, suggest them to use the multimedia that best suits (i.e. google forms for the questionnaire, video shooting for the role play).

Group B: give them Annex 1 and invite to read it carefully and to understand “hidden” meanings. Group discussion is crucial.

Only after this phase, they can start with the planning of the advertising campaign. In the assignment, guiding questions are provided. A multimedia presentation can complete the assignment.

Learning materials

for the Marketing department

inter-company learning projects
learning assignments
methodology and didactics
model of the complete action
workplace orientation **VACIDE** teachers and learners
guiding texts robot arm training robot **Thor** digitization digital media
learning location cooperation real work situations
digital learning sequences motivation to learn
process-oriented training
active learning digital competencies
media-pedagogical competencies



Understanding your customers is the key to success for any business. If you do not have a deep understanding of who your customers are, you will have trouble developing products that truly fit their needs, and you will struggle to develop a successful marketing strategy.

What is a market analysis?

Market research is the action or activity of gathering information about market needs and preferences. This affects every aspect of the business – including brand, product, customer service, marketing and sales. By understanding how your audience feels and behaves, you can then take steps to meet those needs and mitigate the risk of an experience gap – which is what your audience expects you deliver versus what you actually deliver.

Market research often focuses on understanding:

- **The customer** (purchasers, consumers, influencers)
 - Who are my consumers, and how should I segment and prioritize them?
 - What are they looking for within my category?
 - How much are they buying, and what are their purchase triggers, barriers, and buying habits?
- **The company** (product design, promotion, pricing, placement, service, sales)
 - Will my marketing and communications efforts resonate?
 - Is my brand healthy?
 - What product features matter most?
 - Is my product ready for launch?
 - Are my pricing and packaging plans optimized?
- **The competitors** (and how their market offerings interact in the market environment)

Why you should conduct a market analysis

Whether you are writing a Lean Plan or putting together a detailed business plan for a bank or other investor, a solid market analysis is expected. But do not just do a market analysis because you are developing a plan. Do it because it will help you build a smarter strategy for growing your business.

Without research, business decisions are based at best on past consumer behaviour and at worst on gut feel. The aim of market research is to remove subjective opinions when making business decisions. As a brand you are there to serve the audience.

Take product development for example – just because a feature was a hit in your last product, how can you be sure it will be in the next one? And how are you supposed to take the product to the next level, if you are not asking the people that use the product? A lack of data and context can create an echo chamber, and this is where mistakes happen and opportunities are missed.

Once you have in-depth knowledge of your market, you will be better positioned to develop products and services that your customers are going to love. And while diving into market research may seem like a daunting task it can be broken up into four simple elements:

1. **Industry overview:** You will describe the current state of your industry and where it is headed.
2. **Target market:** Who are your actual customers? You will detail how many of them are there, what their needs are, and describe their demographics.
3. **Competition:** Describe your competitors' positioning, strengths, and weaknesses.
4. **Pricing and forecast:** Your pricing will help determine how you position your company in the market, and your forecast will show what portion of the market you hope to get.

How to conduct a market analysis

Now, let's go into each step in more detail so you know exactly what you need for your market analysis.

1. Industry overview

In this step, you will describe your industry and discuss the direction that it is headed. You will want to include key industry metrics such as size, trends, and projected growth.

Industry research and analysis is different than market research. When you are researching your industry, you are looking at all of the businesses like yours. This is different than market research, where you are learning about your customers.

Your industry overview shows investors that you understand the larger landscape that you are competing in. More importantly, it helps you understand if there is going to be more demand for your products in the future and how competitive the industry is likely to be.

For example, if you are selling mobile phones, you will want to know if the demand for mobile phones is growing or shrinking. If you are opening a restaurant, you will want to understand the larger trends of dining out. Are people eating at restaurants more and more over time? Or is the market potentially shrinking as consumers take advantage of grocery delivery services?

2. Define your target market

Your target market is the most important section of your analysis. This is where you explain who your ideal customer is.

You may find that through the course of your analysis, that you identify different types of customers. When you have more than one type of customer, you do what's called market segmentation. This is where you group similar types of customers into segments and describe the attributes of each segment.

You will need to start broadly and refine your research by defining the following elements.

Target Audience and Target Market

A **target market** is the set of consumers that a company plans to sell to or reach with marketing activities. A **target audience** is the group or segment within that target market that is being served advertisements. This makes the target audience a more specific subset of a target market.

Target audience can often be used interchangeably with target market, as it is a specific subset of the largest market group. However, target market does not always mean target audience.

The buying process is in the hands of the customer, and marketers must create targeted, personalized experiences for people if they want to be the one to grab their attention among a sea of brands and advertisers. When marketers have a comprehensive understanding of their ideal buyer, they can make more informed decisions about media, messaging, and timing.

Your target audience refers to the specific group of consumers most likely to want your product or service, and therefore, the group of people who should see your ad campaigns. Target audience may be dictated by age, gender, income, location, interests or a myriad of other factors.

Depending upon what you sell, your target audience might be niche or broader. For example, if you were a shoe vendor your target audience would be broad, since men, women and children all wear shoes. On the other hand, perhaps you specifically sell high-performance running shoes. Then, your target audience would be more niche – elite athletes between the ages of 20-40 who have expressed an interest in running.

Market size

Your market size is how many potential customers there are for your product or service.

Demographics

If you could paint a picture of your perfect customer, this is where you will describe what they look like.

When building these out, consider using the following demographics and identifiers:

- Age
- Gender
- Location
- Hobbies
- Income
- Education level
- Profession
- Marital status
- Who they trust
- What they read/watch

Additionally, look into the following:

- Your current customer base
- Who your competitors are targeting

Location

Where are your customers located? A specific country, region, state, city, county, you will want to describe that here.

Psychographics

It is here that you need to get inside the mindset of your customers, know their needs, and how they'll react. What are your customers' likes and dislikes? How do they live? What's their personality?

Behaviours

This is essentially an extension of some of your psychographic information. Explain how your customers shop for and purchase products like yours.

Interest

Separate groups out based on their various interests, including hobbies and entertainment preferences.

Subcultures

Subcultures refer to groups of people who share a common experience, such as music genres or entertainment fandoms.

Trends

Customer behaviour is always changing. If there are trends that you have noticed with your target market, detail them here.

Types of market research

Although there are many kinds of market research, all methods can be sorted into one of two categories: primary and secondary. There is a distinct difference in what these are, and how they are used.

Primary research

Primary research is research that you collect yourself. This is raw data collected through a range of different means – surveys, focus groups, data analysis, observation and interviews etc.

This type of research has another advantage in that it is fresh, unused data, giving you a perspective that is current or perhaps extra confidence when confirming hypotheses you already had. It can also be very targeted to your exact needs. Primary information can be extremely valuable.

Secondary research

Secondary research is the use of data that has already been collected, analyzed and published (and therefore you do not own this data). It can also be used to support the use of primary research.

This type of research can be beneficial to small businesses because it is sometimes easier to obtain, often through research companies (although the rise of primary research tools are challenging this) and a cheaper alternative for businesses with lower budgets.

Market Research Methods

Focus groups

A simple concept but one that can be hard to put into practice. You get a bunch of people into a room, record them, and ask them about whatever you want.

From these discussions, the organizer will try to pull out some insights, or use it judge the wider society's view on something. Generally the participants will be chosen based on certain criteria, such as demographics, interests, or occupation.

A focus group's strength is in the natural conversation and discussion that can take place between participants (if they are done right). In comparison to a questionnaire or survey that have a rigid set of questions, a focus group can go off on tangents the organizer could not have predicted (and therefore not planned questions for). This can be good in that unexpected topics can arise, or bad if the aims of the research are to answer a very particular set of questions.

Surveys

In survey research, survey questions are given to respondents (in person, over the phone, emailed, or an online form). Questions can be close-ended or open-ended. As far as close-ended questions go, there are many different types:

- Dichotomous (two choices, such as 'yes' or 'no')
- Multiple choice
- Checkbox
- Rating scale

- Likert scale (common version is five options between 'strongly agree' and 'strongly disagree')
- Matrix (options presented on a grid)
- Demographic (asking after info such as gender, age, or occupation)

Surveys are massively versatile because of the range of question formats. Knowing how to mix and match them to get what you need takes consideration and thought. Different questions need the right set up.

It is also about how you ask. Good questions lead to good analysis. Writing clear, concise questions that abstain from vague expressions and do not lead respondents down a certain path can help your results reflect the true colors of respondents.

Social media listening

Social media has reached a point where it is seamlessly integrated into our lives. And because it is a digital extension of ourselves, people freely express their opinions, thoughts, and hot takes on social media.

By using a social listening tool, researchers are able to identify topics of their interest, then analyze relevant social posts. For example, they can track brand mentions and what consumers are saying about the products owned by that brand. Because it is unprompted, you can be fairly sure that what's shared is an accurate account of what the person really cares about and thinks (as opposed to them being given a subject to dwell on in the presence of a researcher).

Interviews

In interviews, the interviewer speaks directly with their respondent. This type of market research method is more personal, allowing for communication and clarification, making it good for open-ended questions. Furthermore, interviews enable the interviewer to go beyond surface-level responses and investigate deeper.

However, the drawback is that interviews can be time-intensive and costly.

Experiments and field trials

Field experiments are conducted in the participants' environment. They rely on the independent variable and the dependent variable – the researcher controls the independent variable in order to test its impact on the dependent variable. The key here is to try and establish whether there is causality going on.

There are also massive ethical implications for these kinds of experiments, and experiments in general (especially if people are unaware of their involvement). Do not take this lightly and be sure to read up on all the guidelines that apply to the region where you are based.

Observation

Observational market research is a qualitative research method where the researcher observes their subjects in a natural or controlled environment. In observational market research, subjects are likely to behave naturally, which reveals their true selves.

This type of research applies well to retail, where the researcher can observe shoppers' behaviour by day of week, by season, when there are discounts offered, and more. However, observational research can be time-consuming and researchers have no control over the environments they research.

Public domain data

The internet is a wondrous place. For those strapped for resources, or those simply seeking to support their research with some more data, public data exists.

There are plenty of different types of open data that are useful for market research: government databases, polling data, "fact tanks", and more.

3. Competition

Your market analysis is not complete without thinking about your competition. Beyond knowing what other businesses you are competing with, a good competitive analysis will point out competitors' weaknesses that you can take advantage of. With this knowledge, you can differentiate yourself by offering products and services that fill gaps that competitors have not addressed.

When you are analyzing the competition, you should take a look at the following areas.

Direct competition

These are companies that are offering very similar products and services. Your potential customers are probably currently buying from these companies.

Indirect competitors

Think of indirect competition as alternative solutions to the problem you are solving. This is particularly useful and important for companies that are inventing brand new products or services. For example, the first online task management software wasn't competing with other online task managers—it was competing with paper planners, sticky notes, and other analog to-do lists.

How you are different

You do not want to be the same as the competition. Make sure to discuss how your company, product, or service is different than what the competition is offering. For a common business type, such as hair salons, your differentiation might be location, hours, types of services, ambiance, or price.

Barriers to entry

Describe what protections you have in place to prevent new companies from competing with you. Maybe you have a great location, or perhaps you have patents that help protect your business.

The best way to research your competition is to talk to your prospective customers and ask them who they are currently buying from and what alternate solutions they are using to solve the problem you are solving. Of course, spending some time on Google to figure out what else is out there is a great idea as well.

4. Pricing and forecast

The final step in a market analysis is to figure out your pricing and create a sales forecast to better understand what portion of the market you think you can get.

The basic components of an e-commerce system

Whether you are buying in a store or buying online everything you do is geared around a transaction: the basic exchange of money for goods or services. In a real-world store, you simply take your new jeans to the checkout, hand over some cash, and leave the store with your purchase in a bag—that's a transaction.

It works in a similar way if you are buying online, but there is one important difference: you never actually get to handle (or even see) the goods until they arrive at your home sometime later.

If this makes buying online slightly problematic for the purchaser, it also introduces two extra problems for the retailer (or e-tailer, as online retailers are sometimes known). Apart from having some means of processing transactions online, it means they also need a way of checking that the goods you have ordered are actually in stock, and a means of dispatching and delivering the goods to your address.

In short, then, e-commerce is about combining three different systems: a Web server that can manage an online storefront and process transactions (making appropriate links to bank computers to check out people's credit card details), a database system that can keep a check of the items the store has in stock (constantly updating as people make orders and ideally making new orders with suppliers when stocks run low), and a dispatch system linked to a warehouse where the goods can be instantly located and sent to the buyer as quickly as possible.

Only the first of these three systems is strictly necessary for e-commerce. Many people successfully run small-scale online stores without either complicated databases or dispatch systems: they simply have a website to publicize their business and take orders and then they manage the stock control and dispatch in more traditional ways. Small traders who sell items on the auction website eBay often work in this way, for example. Their "databases" are in their head; their "dispatch system" is simply a walk to the local post office.

The design of virtual stores is often the most important factor in the success or failure of online businesses. That does not simply mean that e-commerce web sites have to look attractive (though they do): they have to be usable (quick and easy to navigate around without irritating or confusing people), reliable (customers expect sites to be online 24 hours a day, seven days a week, and for

pages to load without delay), and secure (because no one is prepared to type their credit card details into a website that is not safe).

These days, anyone can set up an online store in minutes. Websites like PayPal make it possible to build a store very quickly and, since they have built-in credit card processing features, handling transactions couldn't be simpler. Many people set up virtual storefronts on the auction site eBay and then use PayPal to process their transactions. Some websites (notably Amazon) allow you to incorporate mini versions of their store inside your own website—so you make a small commission selling their products within your own site.

Managing how you get your products to your customers is crucially important too: customers love rapid delivery. That does not mean you need your own warehouse and a fleet of delivery trucks, however. Companies like Amazon have built complex and highly efficient warehouse and dispatch systems for their own purposes, which they now allow other people to use as well. Getting someone else to store your products, pick them, and ship them off to your customers, worldwide, is called fulfilment—and it means even tiny companies (or one person running a business from their spare bedroom) can manage deliveries as efficiently and professionally as a much bigger outfit.

E-commerce has threatened many traditional ways of doing business. When people flock to online shopping sites for the Christmas rush, they naturally spend less in real-world stores. Savvy existing businesses have tried to offset the threat by seizing the opportunity: "bricks and clicks" (having real world stores and a seamlessly integrated website) is now generally seen as the way to go.

Shoppers have become equally savvy and are adept at inspecting products in real-world stores before buying online or using websites to locate local branches of stores where they can inspect and purchase exactly the goods they want. It is important to bear in mind that e-commerce still represents only a fraction of all the trade that we do but that fraction has been growing very steadily and will keep doing so.

10 steps for setting up your e-commerce website

1. Create a plan

Regardless of your timeline to launch, you still need to have an organized, detailed plan. You need to take the time to plan now, so you do not waste your efforts later.

This plan should include the resources you will need, including both tech resources and human personnel, and your overall investment. You need to know who will be managing both building your site and running the day-to-day systems. You also need to know what those systems will be.

While your immediate goal is to get up a site quickly, when you are choosing a platform, it is best to think more long term. Replatforming (switching to a new platform once you have already built a site) can be a bigger headache, and a larger hit to your bank account, than starting from scratch because you now have data you have to migrate and integrations to manage.

2. Choose your e-commerce platform

If you are new to e-commerce, you might not have thought too much about which store builder you will use to provide shopping cart functionality for your store. Before you jump into the creation process, you have to pick the platform.

If you are trying to get up and running quickly, you likely need a SaaS (Software-as-a-Service) platform like BigCommerce or Shopify. These can provide many of the necessary features you will need as outlined below with speed and efficiency.

Having a platform with strong, multi-layered security is essential to keeping your business and your customers data safe. SaaS platforms handle updating security patches for you.

Make sure the platform you choose is optimized for mobile and desktop responsiveness, and that the site speed is not affected by increased traffic.

When choosing your platform, there are few integrations to consider:

- Your e-commerce platform needs to communicate with your POS.
- Make sure you have customer support. Ideally, the platform you choose should also have 24/7 support available to you.
- Make sure the platform makes it easy to expand to other channels like Amazon, Facebook and Instagram.
- Integrating analytics apps into your e-commerce store can help you track and better understand customer behaviour and see what pages they are landing on, what they are buying and where they are dropping off.
- Synching your inventory online and offline ensures that orders will always be fulfilled, because when an item runs out of stock, the system auto-updates before the next prospect tries to purchase it.
- You will need an accounting solution for bookkeeping.
- Adding email and marketing integrations to your tech stack can help you reach customers and let them know about new products that might align with their interests.
- You may also want to consider a CRM or customer relationship management integration.

3. Create an ongoing budget

Make sure you understand any ongoing fees and expenses associated with your online business. Create a budget specifically for your e-commerce. Here are some costs you will want to track:

- Platform, security and hosting costs.
- Design and development costs.
- Payment provider fees.
- Integrations and third-party apps.

4. Choose a Domain Name

Think of your domain name as the online equivalent of your physical store's signage. It should both give customers an idea of what you sell and tell them something about your brand. If it is available, you can make your domain name the same as your physical store. However, you might also want to choose a name that is different. Here are some quick tips for choosing a domain name:

- Be unique, but also make it clear what you are selling.

- Add a keyword to improve your search engine rankings.
- Avoid using brand names or registered trademarks.
- Choose the country code where your business is located and where your primary customer case will be.
- You can purchase a domain name through your e-commerce platform or purchase it separately from a domain selling service and link it to your platform.

5. Choose and customize a template

After you have chosen your platform, you can choose the theme or template you would like to use. This should enable you to get your site up quickly with minimal design work.

When designing your home page and product pages, there are few questions to consider.

- **How do you want your store to look?** You may want to have the look and feel of your online store echo that of your physical store, or you may choose to have them both have their own unique identities while still tying into your overall brand.
- **How do you think your customers will shop?** For an online store, the design is not just important for appearance but also impacts how customers find what they need. Think about what categories your customers would likely expect.
- **What features do you need?** Not all templates or themes will have the same features. Does your store need to display photos in a gallery? Will you need videos to showcase your products?

6. Determine your product selection

In the interest of time, you likely will not want to start with the complete inventory of your physical store right away. Instead pick the products that are your highest sellers or that may have the potential to do better in an online environment. Here are some suggestions, which will obviously vary based on your industry:

- **Hobbyist products.** People who enjoy collecting these items or using them for their hobbies, will be willing to buy them again and again and will pay more for items they are particularly excited about.
- **High margins.** Start with your big-ticket items with higher margins when you are first launching your site. Do not forget, you will now be paying for shipping and fulfillment costs, so you want to make sure the cost of the items you sell warrants these additional expenses.
- **Light weight.** Again, since shipping and handling is now a factor, choosing your lighter and easier-to-ship products to start your shop makes economic sense.
- **Hard-to-find locally.** If you sell products that are specific to your area and might be difficult for non-locals to find in their area, these are great products to feature on your new e-commerce website. You can expand your audience to include customers that did not have access to your products before.
- **Consumable products.** Consumable products require people to buy them again and again, so they also make good products to start with. If you predominantly sell consumable products

on your site, you may even want to consider starting a subscription service, so customers can sign up and receive your products just when they are about to run out.

7. Select shipping and fulfillment partners

There are two ways to go about the fulfillment process depending on what works best for you:

- **Take on the packaging and shipping yourself.** Depending on the volume of shipments you anticipate, you can do the packaging and shipping in-house. If you go this route, you will need to purchase the necessary packaging materials. You can also see if you can negotiate rates with carriers to get cheaper rates, again depending on your expected volume.
- **Leverage a third-party service.** If you do not have the resources to manage shipping and fulfillment in-house, another option is to use a third-party service to handle it. The third party would manage the warehouse, pack, and ship online orders directly to your customers on your behalf. You would need to work this into your budget to see if this makes sense for your business.

8. Set up payment gateways

Most e-commerce website builders will make it easy to sync with a number of payment gateways such as PayPal, Visa, Apple Pay and Mastercard. Each of which can handle credit card payments.

Choose the payment providers you think your customers will be most likely to use and connect those to your store. If you have specific business concerns like selling high-risk products or wanting to sell cross-border, you will want to make sure your payment gateways support those needs.

9. Add products to your store

When adding products, you want to make sure your product descriptions are clear and optimized for SEO (search engine optimization). This will make it easier for people to find them when searching online.

Here is some key information to include in your product descriptions:

- ✓ Name of item
- ✓ Price
- ✓ Weight and dimensions
- ✓ Variants, such as colour and sizes available
- ✓ A clear description of the item.

You will likely also want to include high-resolution photos and videos of your products, so customers are clear on what they are getting. By providing detailed product descriptions, you will help to limit the number of returns you have to process.

10. Test and launch your online store

You are almost ready to go live, but there is one more crucial step to take. You will need to preview and test all essential functions to make sure everything works as it should.

This should include confirming all of the following on multiple web browsers:

- **Does your site work correctly?** Preview your site. Do your products, photos and descriptions appear as you want them to? Do all the buttons you click take you to where you want them to go? Does navigating the site seem intuitive?
- **Does checkout work?** Test all of your payment gateways with test orders. Do they go through? Is the pricing correct? Do any discounts and promotions apply as intended? Do taxes show up correctly when the user enters their location?
- **Does the site work on mobile?** Make sure your site works on mobile devices and that all features are accessible.

Go mobile!

Check out how your existing site works on a mobile device (preferably one connected to a cellphone network, and not via Wi-Fi, so you can get a sense of speed as well as usability). If you have never seen it working on a tiny screen, you might be amazed by how it looks. If your site has been designed to work for a typical widescreen laptop, you will probably find it looks terrible: columns probably wrap and overlap, the text may be too small to read, links may be too small to click, and so on.

What is multichannel e-commerce?

While online marketplaces like Amazon sell and ship their own products, they also allow third party sellers to list products for sale on their websites. Savvy sellers understand that having products for sale on multiple marketplaces is the best way to get their listings in front of the largest possible audience, so they choose the best channels for their product verticals and set up shop. But these marketplace giants are not the only major channels businesses sell on.

Every place your business sells products—marketplaces, hosted online stores, brick-and-mortar locations, even social media platforms that allow purchase integrations—is a channel. To engage in multichannel e-commerce, all you have to do is sell products on multiple channels at the same time. For instance, if you own an antique store in Rome, and also list your items on eBay, you are running a multichannel retail business. If you are an illustrator selling your artwork on Etsy, on a store on your website, and at conventions, you are doing multichannel e-commerce.

But here is where these e-commerce merchants make two fatal mistakes: first, they limit themselves to Amazon, instead of considering other channels. And second, they immediately sign up for Amazon FBA (Fulfillment By Amazon) to handle their inventory and shipping. After all, what could be easier than simply shipping your stock to Amazon and allowing them to do your fulfillment while you sit back and rake in the sales? FBA charges hidden fees that eat into your profits from every sale. Most sellers are not really aware of this until they get their proceeds from Amazon and see how high the charges are.

Handing the fulfillment process over to Amazon also means you have little to no control over the customer experience. If a delivery goes astray, your customer blames you, not Amazon, even though there is nothing you can do about it. As the seller, you do not even have a way to track the package.

You have no say in how your product gets packed and forget about custom branding or any other unboxing extras that create a powerful post-purchase experience.

Also great to get customers coming back: add your own timely promotions, coupons, and surprises right in your package. You cannot do this if you use Amazon FBA, unless you somehow build them into your product, which severely curtails your flexibility and ability to make seasonal offers.

Lastly, and probably most serious — using Amazon FBA limits the information you can get about your own customers, and prohibits post-sales marketing. In other words — they are Amazon’s customers — not yours!

The advantages of multichannel e-commerce

First, and most obviously, it gets your product in front of more potential customers. It is also worth noting that multichannel e-commerce gets you in front of the *same* people, multiple *times*. It is common knowledge that people can require seeing an offer 7–10 times before they take action. Another factor is that customers will be at different places in their own buying cycle at any given time, from lukewarm “just browsing”, to white-hot (two days before Christmas or Mom’s birthday). Being in multiple marketplaces gives you the opportunity of catching them at the moment they are ready to hit the buy button.

Another advantage of multichannel retailing is that it makes you appear similar to larger competitors. With more virtual shelf space, your product and company will get taken more seriously by consumers. It acts as a form of social proof.

Managing your own fulfilment does not always mean you should be packing and shipping your items yourself. What you want is a third-party logistics partner (3PL) that works with companies your size, integrates with as many channels as possible — including Amazon — and allows you to maintain maximum control over the customer experience, before, during, and after the sale and delivery of your product, no matter what the platform.

E-commerce technology is improving every day. Today's sellers have a wide range of digital solutions and tools to choose from. With SellerActive, for instance, you can set up dynamic, algorithmic repricing, so your listings automatically adapt to market conditions in real time. This software can also provide you with detailed reports about your products and inventory, so you can make strategic decisions informed by trends and gaps in your sales.

Advertising campaigns

Advertising campaigns are all advertising actions directed at consumers and planned according to precise marketing plans.

Advertising campaigns can be planned for different purposes: developing brand awareness, strengthening the brand image, increasing the sales of a product, launching a new line on the market, positioning your product against the competition. Depending on the objective to be achieved and the type of message conveyed, we talk about institutional, pilot/launch, image or positioning advertising campaigns.

Advertising campaigns are more effective than the dissemination of individual advertisements because the messages are disseminated through different media point for a single objective. Provided, however, that they are coherent and coordinated.

There are various strategies for standardising a message. The most common are to exploit the presence of a testimonial or to use a slogan, a sound jingle or to standardise the style of messages from a graphic and linguistic point of view.

Consumers usually have a low attention threshold for advertising messages, but if they are well packaged and 'hit' the target audience at the right moment, they still achieve the desired effects.

Functions of advertising

Advertising messages may fulfil one or more of the following functions:

- **Information function.** In some sectors, such as technology, the characteristics of a product can be a determining factor in the final choice. In any case, it is important that the potential of the product and the need it is able to satisfy are clearly expressed.
- **Persuasive function.** This is undoubtedly the most important function of advertising language as the ultimate goal of any campaign is to induce the consumer to take an action. That is the reason for the imperative (es. "Get some nuts", "Drink Coca-Cola", etc.). The confidential tone serves to reduce the distance between the brand and the consumer and to win their trust.
- **Identity function.** Sometimes companies use advertising to build a solid and immediately recognisable brand identity. In this case, the aim is to promote the memory of the advertising communication and consolidate brand awareness. The identity function may be more or less evident in the advertising message, but it is always present.

How to plan an advertising campaign

Let's proceed in steps:

1. Analysis and definition of objectives. In order to create an advertising campaign, you first need to know in depth the product, the target, the market, what your production needs are and your commercial objectives: do you want to increase brand awareness? Achieve immediate sales volumes? Retain your customers? Attract new ones?

2. Designing the content of the advertising campaign. This is the creative phase, in which the advertising arguments are defined. To be effective, a campaign must focus on a single message. This message will have to be packaged in different ways in order to be interpreted in the various forms of communication. A lot depends on the ability to capture the consumer's attention, maintain a high level of interest, build up a latent desire in the consumer and then drive him to action.

Today, this is done in the field of advertising through storytelling, which we can define as the telling of the product in a broad sense, i.e. referring to all those aspects linked to the product that define its value universe. There are various strategies in advertising that use storytelling to appeal to emotions, which, as we know, are an important strategic component in purchasing decisions.

3. Choice of channels and dissemination methods. The next step is to choose the channels to be used to convey the advertising message. In order to manage how the message will be disseminated (media planning) it is necessary to take into account the objectives, the target audience and the budget available.

- **Television.** It allows to reach a very large audience, it has a high evocative and emotional power, the communication is unidirectional, it does not allow to differentiate/personalize the communication;
- **Radio.** It makes it possible to reach a specific target group located in particular geographical areas, it acts as a reminder of the advertising message, it has a low cost compared to other forms of communication;
- **Cinema.** It allows you to differentiate your target audience by geographical location, it allows you to make creative and engaging commercials using technologies such as 3D, it appeals to a 'more attentive' audience;
- **Newspapers.** They reach a wide and heterogeneous audience, they allow to address a specific target group (trade magazines), they offer great immediacy in terms of communication, they have low involvement;
- **Brochures, leaflets, flyers, posters.** They make it possible to reach a targeted audience, they make it easy to measure the impact of the advertising message and the return on investment, they require low cost;
- **The web.** It is immediate, it allows you to speak to a targeted audience, it has a high power of involvement, the communication is two-way, it offers in-depth analysis tools to measure the effects and the results of the advertising campaign.

4. Monitoring of results. The last step is to collect data on whether the strategy has been effective or not. This is also an important step in assessing the resources spent and return on investment in the campaign.

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The Sales department

The scenario

EWWM (*Eucur World Wide Marketing*), is a commercial enterprise based in Vicenza, north east of Italy.

With its 30 years of experience in the major world markets and thanks to its experienced staff, the company is one of the main players at international level in the marketing of robotics and robot tools for the craft industry, especially in the manufacturing and logistic sectors.

The German company ALU KG which, in partnership with the Slovenian company LPP, intends to produce the robotic arm THOR V2.02, and has contacted EWWM to verify the possibility of marketing this product in the EU and overseas countries.

ALU KG is also interested in providing customers with an after-sales service especially with regard to the supply of components of the robotic arm, to ensure that any repairs due to wear or breakage of the mechanical parts of the THOR V2.02 can be carried out on site, without the product having to be returned to the manufacturer.

EWWM must therefore reconsider its internal organization in order to be able to start this new business, involving different departments of the company.

Tasks for the sales department

As management expects most of the robotic arm and spare parts sales will take place through the e-commerce site, the sales staff will need to be able to communicate with customers through the tools typical of this sales method: chat and e-mail.

Assignment for the students

- Develop a hypothetical dialogue with a customer in a live chat based on the scenario provided
- E-mails for sales: write an e-mail to a potential customer to propose the purchase of the THOR V2.02.
- Complaint management: develop a hypothetical dialogue with a customer in a live chat based on the scenario provided
- Complaint management: develop a hypothetical dialogue with a customer via e-mails based on the scenario provided

Suggestions for the teacher

Before giving the assignment, it could be useful to brainstorm together which characteristics a live chat and e-mails have. Invite then the students to make a list of do's and don'ts for each tool.

More: do they know what netiquette is? Can they draw up a "decatalogue"?

A comparison between style/register of communication on social media and on e-mails could be illuminating.

Use the material that follows to complete the students' ideas.

To present your work, please choose the medium suits you best (video, PPT presentation, audio recording, etc.).

Learning materials

for the Sales department

inter-company learning projects
learning assignments
methodology and didactics
model of the complete action
workplace orientation **VACIDE** teachers and learners
guiding texts robot arm training robot **Thor** digitization digital media
learning location cooperation real work situations
digital learning sequences motivation to learn
process-oriented training
active learning digital competencies
media-pedagogical competencies



Live chats

Live chats represent one of the cheapest and most powerful instruments to make direct contact with customers, and for this reason companies whose main focus is on customer service have introduced them among their **channels**. You should introduce a live chat within your business only if you think it could bring extra quality and better service to your customers.

Here are three questions you should ask yourself to make sure you actually need a chat:

- Is your **target customer** an expert webnaut who is used to this kind of medium?
- With reference to what you sell, do you think it will be possible to **deliver clear and effective messages**, offering an appropriate **service level**?
- Will you be able to **dedicate time and resources** to this new tool, and guarantee a **communication style which is consistent with the values of your business and its positioning** in the market?

If the answer is “YES” then go ahead with your “**online chats**”, but make sure you follow some basic instructions.

First of all bear in mind that chat users have two main requirements: obtaining **answers** to their questions within a **limited timespan**. Ideally, you need to be responding to customers in under a minute – the average wait time is around 48 seconds.

As mentioned, **response times** should be fast, although not so fast as to give the impression that you are managing your customer too quickly or – even worse – convey the idea of a **humanoid algorithm** (such as Siri). But, since online readers have very little time and even less patience, the answer to their question must be directly **at the beginning of the text**. Any further comment or detail is then provided in descending **order of importance**, leaving the least essential material for the very end.

Do's...

- ✓ Behave in a **correct and polite** way: say hello, introduce yourself and address other people by their names. Pay attention to how you start and end a conversation: you can begin for example by saying “Good morning, this is Alice, how can I help you?” and finish with “Thank you for using our chatroom, please contact us for any further request”. Always remember that what people on the other side of the screen really expect is an **original** and **empathic** real human being. Posting a photo of yourself on your personal profile is a good habit which allows your customers to see who they are talking to.
- ✓ At minimum, offering the service for **10 to 12 hours daily** for your target demographic is reasonable. Remember that time differences and unique schedules are to be considered as you select the time frame for the live chat function.
- ✓ Human interaction through live chat is great but automated responses are also valuable. Unlike people, they can operate 24/7 – meaning customers can get in touch outside of business hours: **chatbots** can automatically schedule a call-back as soon as your team are available. Chatbots should be used to support your live chat team, rather than being used instead of them.

- ✓ If a business is spending money to create a live chat tool and is paying staff to respond to questions, make sure the function is **easily visible**. This could be through a pop-up window, next to the search function or close to the top of the page.
- ✓ While live chat should not feel like a robotic process, using **set replies** is standard when creating a live chat with customers. Opening lines and answers to common questions can be offered faster thanks to a few choice set replies.
- ✓ If you are experiencing **delays**, make sure you keep customers informed. Having an automated message that says ‘you are third in the queue’ increases the chances that they will stay in the chat. A **typing indicator** is a must for a pleasant live chat experience. If a customer can see that a representative is typing, they are far more likely to stick around to see the response.
- ✓ It is important to the customer that the person dealing with their query speaks and writes in their **native language**. Language and cultural context are both crucial to delivering excellent customer service via live chat. Having agents who speak the language for every country you operate in is vital.
- ✓ You can address your customer in a **more formal or informal** way, according to your business style and your kind of target. If you are being consistent with your business style you can also use **emoticons** and **colours** to clarify your concepts, although remember you are not chatting with a friend so do not overdo it as it could be annoying for someone.
- ✓ **Punctuation** marks convey the precise tone and give sense to our texts. You should therefore use them in a correct and careful way, always observing the grammar rules. Very often punctuation is omitted in live chats, causing users to have to think twice about the meaning of what is being said.
- ✓ If you have not been able to satisfy your recipient’s requests online, you might **ask your customer to use a different medium**, and for example speak on the **phone**. In this case formulate a **friendly and explicit request** which conveys the idea of an advantage for the customer: “In order to better understand your needs I suggest that we talk on the phone. Could you send me your phone number and tell me a suitable time between 8.30am and 5.30pm?”. If you have to set up another appointment, make **clear and precise arrangements** and avoid general indications which could cause misunderstandings.

...and don'ts

- ✓ Avoid sending messages using one line for each word, as in the example below:
 - I...
 - checked..
 - what..
 - I have told you..

Broken conversations are difficult to read, causing a sort of “**performance anxiety**” due to the fact that the other person can’t keep up with your pace.

- ✓ **Avoid overusing exclamation or question marks**, as they might convey an aggressive tone or sound too confidential.
- ✓ Writing in a chatroom is very similar to speaking, therefore avoid using terms which are too technical or complex to be **easily understood** and abbreviations.
- ✓ Use **capital letters** only when necessary, therefore at the beginning of sentences or for proper names. When you write everything in capital letters, most recipients will assume you are raising your voice.

E-mails

We all receive and write a growing number of **e-mails**. This method of communication is really dominant at this point; our in-boxes overflow with messages of all sorts, some important, others eliminated without even being opened.

The superficial and casual way we use them is often inappropriate, without considering if we have selected the most effective technology for the goal we have set ourselves.

Our **mailbox** is besieged daily by dozens of **messages** and most of these were written by people who forgot that another person had to read and understand them. We now analyse the basic elements of this tool.

The recipient

Let us start from the 'To' box where we specify the primary recipient. Here you should address the **person who is required to act directly** on the content of your message. Generally, this will be a single individual, but where there are two or more recipients the text should clearly indicate who you expect to respond in order to avoid generating misunderstandings of the sort 'I thought you'd do it'.

The **Cc (Carbon copy)** option should only be used to add people who **need to be informed**. Do not abuse this function to avoid your own responsibility by hiding behind the easy excuse of 'But I told him/her!'

If you are replying to an e-mail with recipients in Cc, consider whether to reply only to the sender or to all, and use the corresponding button.

Bcc (Blind carbon copy) is similar to Cc except that the e-mail address of the recipients specified in this field **do not appear** in the received message header, and the recipients in the To or Cc fields will not know that a copy was sent to this address: any e-mail addresses in the Bcc field will be invisible to everyone else in the To and Cc fields.

Use Bcc **only if you really need** it: if the person you Bcc'd presses the 'reply all' button, everyone else will know that you secretly added them to the e-mail chain. It can be clever to agree before with the Bcc recipient that you will send him/her this message in Bcc.

On the other hand, Bcc is a way of sending e-mails to multiple people without them knowing who else is receiving the e-mail. This is the perfect way **not to share private addresses with people that do not know each other**, and to limit spam increase.

Subject

Subject is the first thing that the recipient will see of your e-mail. Based on this they will decide if and when to read the message.

It should, therefore, be **short (maximum 6/8 words) and anticipate the content** in a precise, clear and concise manner. Remember that the 'subject' field also serves to correctly archive the correspondence. Punctuation and the use of capital letters or boldface serve to simulate rhythm, volume and tone of the message. Bear in mind that caps are difficult to read if used extensively and that netiquette dictates that ALL CAPS is the equivalent of yelling at someone.

Resist the temptation to mark all your e-mails as **urgent** by adding the symbol or writing 'urgent' in the subject line. By allocating the correct priority to your messages, you will appear more credible.

Content

Just as we greet people when entering the office and say goodbye as we leave, so all your e-mails should **start with a greeting**: 'Dear Anna', 'Dear Mr. Smith' as suitable to the formality of your relationship, and **end politely** 'best, thanks, see you soon, kind regards' and so on.

More and more often nowadays e-mails do not comply with the rules of the old 'business letter', so **avoid using pompous forms** such as 'I am hereby writing to you to...'.

Respect basic grammar rules and aim for plain English! Avoid using jargon, lingo or cryptic acronyms (e.g., IMO – in my opinion). You must **be sure that all content will be correctly understood** by your interlocutor. The two keywords for writing any mail are brevity and clarity. Organize the mail in 3 paragraphs:

- **Introduction** – get straight to the point by introducing the subject of the e-mail, reporting any numbers and specific data (codes, dates, places, ...). For example, 'I am writing to you regarding order N° 123 of 2/12/2017'
- **Body** – clearly develop the theme by specifying why you are writing and why you are addressing the person specified; indicate why they will be interested or how they are involved. For instance, 'I request that you complete and return the attached documents to enable us to process your order within the agreed time frame'
- **Conclusions** – clearly specify what actions must be taken, replacing the obsolete and inefficient 'I look forward to hearing from you' with a specific request, for example 'I await confirmation by e-mail or further instructions'.

Re-read your mail before sending it, maybe saving it as a draft and returning to it later if you might wish to remove something.

After closing the mail, remember to **sign the message (better in the format used by your company)**. The recipient must be able to contact you easily and immediately thanks to the information you provide.

Practical advice

Here we are going to concentrate on some tips so as not to end up directly in the trash.

Lesson 1. Copy only to those who have to be informed or who have asked you to do so

We are often tempted to put “all” the people involved in Cc, not so much to inform them, as much as to cover all the bases. The result is that some of us receive so many e-mails it is hard to discern which ones to read and which to give correct priority to, thereby becoming victims of possible **misunderstandings or lack of information**.

Lesson 2. Make sure the subject is coherent with the content

Every e-mail you send should have a clear, brief subject line that tells the recipient what you are going to discuss in detail in the message. Depending on the subject, the recipient can then decide whether and when to read it, and can archive and retrieve it later. It follows that **every e-mail should refer to one specific topic only**. Instead, sometimes we receive messages that are regular patchworks of topics with generic subjects that do not facilitate classification.

Worse still are those who write to a correspondent using the last e-mail received and clicking “reply” to start a new conversation that has nothing to do with the subject.

Lesson 3. Write the way you speak (assuming you are well-spoken)

Electronic mail has basically replaced written correspondence, making the interaction more direct, rapid and modern. Certain expressions typical of the classical business letter such as “*With reference to yours of the 3rd inst. we take this opportunity to hereby convey our best offer*” should be replaced, for example, with “*Following our meeting last week I’m enclosing the project we have drawn up as discussed*”.

Courtesy, graciousness and formality (when necessary) can also be achieved using **simple words**.

Lesson 4. Greet and engage with the person as if you were having a face-to-face conversation

Using a direct form of language does not mean you should forget you are speaking to another human being, even though he or she is on the other side of the screen. Always remember to **greet the person directly and adequately**, in line with the tone of the conversation. However, it is best to avoid prosaic questions like “how are you?” because an e-mail is not a chat line.

At the end of the message, **opt for a personal greeting**, adequate to the time of day and type of relationship: *thanks for your help, see you soon, have a nice day, best regards, etc.*

Always remember to **sign with your name** (or first and last name if more formality is required); the automatic signature that many companies use serves as a “virtual calling card” and does not replace the name at the end.

Lesson 5. State explicitly what the recipient should do

How many times have you finished reading an e-mail only to ask yourself: “OK, so what am I supposed to do now?”. To avoid this effect, make sure to **clarify the subsequent steps** or what it is we are asking the recipient to do. We suggest avoiding trite expressions like “*I await your kind reply*” because it rarely prompts any action. Make it more personal by writing something like “*I need your confirmation by the end of the week so we can schedule the delivery*”.

Additionally, more than actually requiring confirmation, many people use the ‘**read receipt**’ function to cover their backs. It is often quicker than to explicitly request an answer, but are you sure the recipient has read and understood the message and not only clicked on the read receipt button to make you feel quiet?

Lesson 6. Check your grammar and punctuation carefully

Writing in **capitals** on the web is like shouting and makes your message difficult to read, but a single word can be written in capitals to make it stand out. You can also use bold.

Since misunderstandings are always lurking in the background, make sure to convey our message clearly and completely.

If you want to give emphasis to a concept you can use an **exclamation** point. Better to avoid a long line of !?!? that could appear excessively aggressive, however. Grammar and punctuation are not formalities: they communicate **care in writing** and enable the recipient to grasp the tone of the message.

Lesson 7. Less is more

An e-mail is not a poem: it is a way to send a **quick, brief message** that is **clear** and goes **directly to the point**. Brief does not mean incomprehensible!

If you need to have an in-depth and detailed discussion, we suggest that you draw up a separate text to send as an **attachment**. E-mails are often read via smartphone and this makes brevity even more essential.

Lesson 8. Know when to write and when to phone

Electronic mail is not our only **means of communication**, though sometimes we seem to forget that. In some situations, indeed, it really seems that we are not able to get our message across by e-mail and that despite the exchange of a sequence of messages no solution is found. After the third e-mail it is time to **stop and pick up the phone** – or walk over to your colleague’s desk: it will be easier for you to understand each other.

You can then write a recap e-mail of what you have decided or agreed orally.

Lesson 9. Be sparing in your use of links and enclosures

It is better to **limit the number of outside references** via links: there can be a maximum of 2 or 3 (for example, the company website, the online card of an event or other) to prevent fragmenting the thread of the conversation with too much information.

Also as regards enclosures, it is important not to clog up the recipient's in-box too much. **Decide which documents are strictly necessary** and if you enclose more than one, indicate clearly what they are. Besides, the anti-spam filters are rather hostile to links and enclosures.

Lesson 10. Send professional messages only during business hours

If you are writing professionally to someone, you should **respect the hours and the days in which they are effectively at work**. Do not send e-mails during the weekend or in the middle of the night. The hyper-connectivity that characterizes our lives means that we can receive messages practically anywhere, but that does not mean we want to. Choose carefully when to send your e-mails and you will see that the person on the other end will be more likely to read them, grateful for your respect.

Here follow some tips for a successful organisation of your inbox.

Lesson 11. Choose a professional e-mail address

If you work as a freelancer, create a professional e-mail with your first **name and surname** or the name of your business, and not with fancy names or unclear abbreviations.

If you work in a company, creating an **account with the reference of the office** (e.g., quality@abc.it) and not of the individual employee is often an advantage for business management: employees can change jobs, offices or companies, and their contacts will have difficulty reaching those who have replaced them in the meantime.

Lesson 12. Use a good e-mail management software

For professional use, it is better to use a **software** (e.g., Thunderbird or Outlook) and not read e-mails in a browser. It has many more functions and is structured in an intuitive and organised way.

Classify e-mails according to **urgency** when they are in the inbox (you can mark them as unread, or give them a colour).

Store e-mails in folders after they have been processed. You can classify them by subject, or by contact, or according to other criteria that suit your way of working.

When replying, set the option for the oldest text to scroll to the bottom and **your reply to remain at the top** of the composition, so it will be immediate for your recipient to read. Also make sure that your signature remains below your text and not at the bottom of the entire conversation.

Certified e-mail

Certified e-mail is a tool that gives an e-mail message the same **legal value** as a traditional registered letter with acknowledgement of receipt. Thanks to the **security protocols** used, in fact, it is able to guarantee the certainty of the content, making it impossible to modify the message, both in terms of content and any attachments.

There are many differences in Europe. Firstly, several continental countries have developed similar but different systems, which do not have the same characteristics; this gives rise to interoperability problems between countries. To put a stop to this, the **European Union issued the eIDAS** (electronic IDentification Authentication and Signature) Regulation in July 2014: its aim is to establish a regulatory basis for the Community, in the area of electronic mail and electronic identification means in general. The Regulation introduced the concept of certified electronic delivery systems, which must meet several characteristics; unfortunately, not all national systems are aligned with them.

In Italy, Legislative Decree 185 of 29 November 2008 (art. 16, paragraph 6) requires companies to have a PEC box and to communicate it to the Companies Register. Private individuals can also apply for a PEC address free of charge.

Certified e-mail has **saved a lot of money and tons of CO2** for many years.

E-mails for sales

We suggest e-mails for sales addressed to potential customers (businesses or consumers) should follow a simple and straightforward layout:

1. about us;
2. what we can do for you;
3. what the next step will be in our relationship

About us

First, **introduce yourself**, and do it clearly, accurately and concisely. Resist the temptation to say everything and in a pompous, formal or high-sounding way; **in one, or a maximum of two sentences**, explain what you do, for whom, and how. Avoid expressions that are evidently exaggerated such as “*market leader*”, or generic terms such as “*quality products*” or “*highly qualified staff*”. Instead, focus on **your history, your values** and the way you work to identify something unique and special that makes you different from others.

What we can do for you

This is the heart of the e-mail and you must explain two aspects precisely: why you are writing to this person and what you can do for them. Make it clear to the potential customer that you have

pondered before writing the mail and explain **why you decided to send your e-mails** to this particular person or this particular company. The only tool we have to capture this interest is to focus on our recipients by stating explicitly what we can do for them.

Before you start writing, I suggest you **define clearly the goal** you set when deciding to send the e-mail: setting up an appointment, an invitation to an event, increasing sales with a promotion, etc. This clarity of purpose will be made explicit by stating expressly what benefits the recipients will have if they accept your offer.

If you **already know the potential customer** or you have managed to gather accurate information about them, you can write a personalized message leveraging direct benefits that are specific to your recipient. If you are preparing a **communication for a group of potential customers**, such as a DEM campaign (*Direct E-mail Marketing*) it will be appropriate to use more generalized benefits and motivations.

What the next step will be in our relationship

Avoid signing off with general endings such as “I look forward to hearing from you”. Take control of the relationship by stating **what you will do after sending the e-mail** (e.g., “I will be in touch in the next few days to confirm your participation”). Only ask your recipient to confirm specific things that can be scheduled: a phone call, an event invitation, an appointment.

Last but not least, we must consider the **subject line**, which is of paramount importance in e-mails for sales. Indeed, the words in this line often make the difference between an e-mail being read, or trashed on receipt. The subject has to be both **interesting and intriguing** for the potential customer.

Draft it so that it contains a **positive message** (avoid negative images or phrases that include the word “no”), one with which the readers will identify, or that will **capture their interest**, by focusing on things that concern them; sincerity, friendliness and originality will certainly not go amiss. Sometimes **an open question** in the subject line can be effective if you then provide the answer in the text that follows.

Complaint management

There are times when something simply goes wrong during manufacturing, provisioning, or delivery. The product that the customer receives is not quite like it is advertised, or the service is not provided as you had planned. Mistakes can happen. This is why it is so important to establish a functioning complaint management process, that keeps customers from **turning away from your company in anger**. Managing customer complaints and resolving them quickly will result in improved business processes and repeat business.

What is complaint management?

The term **complaint management** describes the handling of customer complaints within a company. Criticism is supposed to be evaluated in a way that is systematic and orderly, and used to create a

positive impact. It is also supposed to resolve the issue that prompted the customer's criticism. The goal of complaint management is to strengthen customer loyalty as well as quality assurance.

An unsatisfied customer who does not have their **feedback** taken into consideration will probably no longer trust your offering and will also tell others about how frustrated they are; in the internet era, complaints often reach countless readers.

The International Organization for Standardization (**ISO**) set up the 10002:2014 standard for "Quality management – Customer satisfaction – Guidelines for complaints handling in organizations".

Customer management complaint process: what are the procedures?

The complete complaint management process is conducive to achieving two goals:

- **Customer satisfaction:** Complaint management is supposed to reduce customer dissatisfaction and ideally even strengthen customer loyalty.
- **Quality assurance:** Through complaint management, customer feedback reaches the right departments and contributes to the improvement of the product or service.

There are several tasks that contribute to a positive customer rapport.

- **Simplify complaints:** So that unsatisfied customers turn to you first instead of venting their dissatisfaction on social networks, you should offer the opportunity for feedback in the simplest way possible. Only when the customer's justified criticism is first reported to you can you make use of the complaint in a positive way.
- **Ensure that the initial contact is positive:** The customer is supposed to feel that they are in good hands when they submit their complaint. To achieve this, specially trained personnel must accept the criticism and make the unsatisfied customer feel that their opinion is important.
- **Clearly design the process:** It must be clear which feedback will be forwarded to which departments. This is why the task of complaint management is to create structures and clarify responsibilities.
- **Carry out direct actions:** one should initiate some actions immediately and directly after contact with the customer. Whether a price discount or product exchange is appropriate depends on the individual case. However, what the different options are (if any) should already be determined beforehand.

On the other hand, a submitted complaint should also have a long-term effect on the company's processes, as it is only in this way that performance quality can be improved sustainably.

- **Analyse feedback:** Customer complaints don't follow any standardized form. For this reason, all input must be evaluated with respect to content and the customer's intention. This is in order to be able to recognize patterns, set priorities and implement measures.

- **Audit management:** Even complaint management itself must be audited regularly so that no negative procedures creep in. Furthermore, audits can unveil potential ways for you to optimize processes.
- **Issue reports:** Reports based on audits provide decision-makers with important indicators. These can form the basis for initiating changes.

Framework conditions

Complaint management must be a fixed component within the company and also recognized as an important factor by company executives. In addition, it is worth clarifying to what extent there are points of intersection with other business divisions.

Then it is worth finding **the right personnel** and to train them as is appropriate. This relates especially to direct contact with the customer. Employees must be skilled in **diplomacy and de-escalation**, and also must be able to deal with stressful situations, as not all customers are constructive in their criticism.

In the complaint management process, a complaint passes through various stations. So that the customer can **submit a complaint** in the first place, your company should set up simple options for providing feedback. This can be a hotline, a chat or an email address, but feedback could also be submitted via web forms or postcards. Companies should always explicitly indicate such options. In this way, customers are **encouraged to give feedback**.

After this, the complaint is processed. Here, **friendliness and understanding** on the part of the trained employee play a major role. The next step is to handle the customer's complaint. This also includes forwarding it to the appropriate department. Knowing that their feedback was accepted with appreciation and will lead to a change is already enough for many customers. Others, however, require further action to be satisfied. For this, your support employees must have the appropriate resources available. In this step the employee thus responds directly to the customer and offers a **discount, product exchange, repairs or some other perk**.

At the same time, the execution of **internal tasks** begins. The inbound complaint is analysed and categorized, and in this way delivers information on what must be changed within the company. Both the **auditing** and **reporting tasks** then follow, i.e. the complaint management process itself is reviewed. The information from the audit is prepared and presented to company executives or other decision-makers. The collected and prepared data must be made use of **in order to improve quality management**.

Depending on the size of your business and product offerings, you may have to handle hundreds or thousands of customer complaints on a daily basis. With the right complaint management solution in place, your **software** can help you track each complaint from the time it is submitted through the time it is completely resolved, including any follow-ups with the customer.

Practical advice

Here we are going to concentrate on some tips to have a successful complaint management.

Lesson 1. Invite them to complain

A complaining customer is **not a nuisance, but an opportunity**. You learn important information about your products or services from their feedback. Furthermore, you provide the person with an outlet: when their anger subsides and they then receive satisfactory support from you, they'll most likely perceive your company as customer-focused.

To be sure, everyone likes to receive positive feedback, but continued **development works better when flaws are pointed out**. This is why you should make it as easy as possible for your customers to address a concern with you. Make them feel that their opinion really is important.

More, a satisfied customer may share their experience with a handful of friends, while a dissatisfied customer may get on social media and share their experience with thousands of followers instantly.

Lesson 2. Really listen

If a customer voices their dissatisfaction, you should first of all let them express their concern (or calmly read their message). Do not make the mistake of placating the customer before you can even comprehend their problem. Go through the complaint in detail. **Follow-up questions** are also considered an essential part of listening. By doing this, you show the customer that you are interested and can also gather important information for improving your product.

Lesson 3. Respond quickly

Few things annoy an already unsatisfied customer as much as being stuck forever in a telephone queue. Companies should respond **as quickly as possible** to customers contacting them, otherwise the customer's anger continues to grow and eventually reaches the point at which damage control is no longer possible.

Lesson 4. Take the blame

Once in a while it appears that the problem did not originate with your company or product but with the customer themselves. However, you should never tell them this. There are two reasons for this: obviously, it is not a good idea to blame customers who are already upset and angry, especially since they are contributing to your company's success with their payment. Secondly, their complaint can also contribute to improving your offering. Perhaps the operating instructions can be made simpler or communication across the board must be improved. Either way, you should **assume full responsibility for the problem**.

Lesson 5. Think in terms of solutions

On the one hand, an unsatisfied customer would like to vent their frustration on you. On the other hand, however, they need a solution to their problem. **Offer sensible solutions – preferably before**

the customer makes their own demands. This way you maintain control and can also better determine the accruing costs of compensation.

Lesson 6. Follow up

Contact the customer to **find out if they were satisfied with how their complaint was handled.** Let them know what you are doing to avoid the problem in the future.

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