



CASE STUDY: GUABER

www.guaber.it

FACT FILE				
Company name	Guaber s.p.a.			
Business Activity	Production and Distribution of mass market goods			
Region	Bologna, Italy			
Number of employees	350			
Business Range	Local	Regional	National	International
				Yes
Approximate turnover 2000	€ 120 million			
Description of market / client /target group	Clientele: both national and international. Profile: Men and women aged 20 to 65.			
Description activities / products / services	Home cleaning items, personal hygiene products, insecticides, diet products, items for car cleaning and plant nutrition.			

CASE DESCRIPTION:

The business

Guaber, was founded in 1961 and is based in Bologna. It produces and distributes commonly used products including: home cleaning items (such as Grey and Drago); personal hygiene products (like Bionsen and Istituto Erboristico L'Angelica); insecticides (such as Vape); diet products; items for car cleaning; plant nutrition and health; and a great deal more, with total sales invoicing around 120 million Euro in 2000.

Introduction of e-business

Out of all the company's trademarks, the Coloreria Italiana was noteworthy as having created a mass market for cloth dyes. This product was not ideal for online sales, costing around 5 Euro and so having low margins per unit. Generally it is sold through existing mass market channels. Guaber's e-business strategy for this product aimed to contribute to the added value of the product. Guaber's idea was to create a specific site for Coloreria Italiana, not with the aim of creating a new sales channel parallel to the existing mass market channels, but to increase the traditional business value through customer service, direct marketing and market research.

The Coloreria site offers customers, whose main need is for information, reassurance and ideas, which encourage the use of the product. Specific sections provide, for example, a practical guide to dyeing (describing how to use the product, different

fabric behaviours, etc.); a list of answers to frequently asked questions and frequent doubts; and a section called Coloreria Glamour, with tips and hints (such as how to obtain particular colour effects and fashion shades).

The online sales channel also brings the company closer to the customer, adding to the usual services of mass market retail. For example, the online sales channel resolves the problem of being unable to obtain the whole range of colours at a particular sales point. Information and consumer data, essential for improving traditional sales services, is also collected. On the site, customers can always find the full colour range available, and they can also get to know and appreciate the benefits of the decolourant, which had been overlooked by the traditional sales channels and so was rarely available. Thanks to the information contained on the site and endorsed by trade experts, the decolourant is now nearly always included in supply orders from the retail outlets.

Delivery of products purchased online is outsourced to a logistics firm which receives and processes individual orders, keeping their own supply of the Coloreria Italiana products. Delivery is by post and orders of over 15 Euros are delivered free. Payment can be made by credit card or on delivery (so far online sales are limited to Italy).

Guaber's administration, used to dealing with invoices and payments through traditional trade channels, has had to face new problems, such as managing lists sent by the delivery company and by the bank regarding credit card payments. Due to the relatively low number of online sales, these are currently dealt with manually without particular integration between the Guaber information system and the partners' systems.

Since the site opened in March 2000, Coloreria Italiana's e-business strategy has been getting great results: around 3,000 hits per month (with a high of 6,000 during the promotional campaign linked to the Italian version of TV's Big Brother). About 60% of online purchases are made by first time buyers. These customers try out the product before subsequently buying it through traditional retail outlets. Over 70% of visitors to the site already know Coloreria Italiana and order new colours.

The site is advertised on the product packages and promoted via traditional press and TV advertising campaigns, as well as by word of mouth between Internet users and by e-mail marketing among clients and registered visitors. The website is helping to increase the customer target.

The e-business strategy used by Guaber with Coloreria Italiana, with the aim of supporting and supplementing traditional channels, caused no particular conflicts with these distribution channels. The number of online sales is negligible compared to total sales and so doesn't represent a threat, but instead helps by collecting feedback that can be useful in modifying trade strategies (as was the case for the decolourant) and mainly dealing with colours rarely stocked by outlets. Moreover, as the aim of the site is to provide a service and not to increase sales particularly, the price policy does not compete with traditional sales outlets. The products are sold at the usual recommended price.

The Coloreria Italiana project is a pilot for Guaber, set up within just two months of the decision being taken by the Directors in a typical top-down procedure. The next aim is to support the internationalisation of the trademark, extending online services and sales abroad.

The e-business structure is incorporated in the Sales Department coherently with the aim of broadening the concept of traditional business value and the customer target, avoiding conflict with existing sales channels.

Since 1998, all Guaber staff can use the Internet and have their own email address to communicate with the outside world. In the same year, Innovatech was formed with the aim of developing and managing the new Internet technologies and creating e-business projects for Guaber and for the market in general.

On these foundations Guaber is preparing to create a connected business which adds value to the whole chain and really becomes global.