

APPLYING RELATIONSHIP MARKETING TO ENHANCE
NAÇÃO CAPOEIRA'S MARKET PERFORMANCE

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- Spine -

Abstract Portuguese

O Projeto de Dissertação de Mestrado discute o marketing de relacionamento de uma pequena empresa, o clube de capoeira esloveno Nação Capoeira. O seu propósito é investigar como o marketing de relacionamento se aplica a uma pequena empresa e, subsequentemente, resolver a questão identificada do clube.

O projeto começa por afirmar o objetivo do projeto. Em seguida, em forma de revisão de literatura, a revisão dos assuntos necessários para resolver a questão do clube é feita. Uma vez estabelecido como esses assuntos podem ser aplicados a Nação Capoeira, a tese progride para a análise de empresa, baseando-se na revisão de literatura. Uma análise interna e externa da empresa é feita. Além disso, os fatores de marketing de relacionamento, tais como criação de valor, satisfação do cliente, gestão de reclamações, retenção e fidelização são examinados.

Baseando-se nas revisões de literatura e informações recolhidas, o projeto progride para as propostas de diferentes soluções para o problema identificado. Por fim, na conclusão, a análise é avaliada e as medidas de acompanhamento são propostas.

Palavras-Chave: Construção de Relacionamento de Longo Prazo, Marketing Relacional, Pequena Empresa, Indústria do Esporte

Abstract English

The Master Thesis Project discusses the relationship marketing of a small company, the Slovenian capoeira club Nação Capoeira. Its purpose is to investigate how relationship marketing applies to a small company and subsequently to solve an identified issue of the club.

The project starts by stating the purpose of the project. Next, in form of a literature review, topics necessary to tackle the club's problem are reviewed. Once it is established how these topics can be applied to Nação Capoeira, the thesis progresses to analyzing the company based on the literature review. An internal and external analysis of the company is done. Furthermore relationship marketing factors such as value creation, customer satisfaction, complaint management, retention and loyalty are examined.

Based on the literature review and the collected information the project progresses to proposing different solutions for the identified problem. Lastly, in the conclusion the analysis is evaluated and follow up steps are proposed.

Keywords: Building Long-Term Relationships, Relationship Marketing, Small Company, Sports Industry

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Sumário executivo

O relatório tem por objetivo a compreensão de como o marketing de relacionamento se aplica a pequena empresa e, simultaneamente, ajuda a organização resolver o problema pendente. O exemplo de empresa escolhido é o clube de capoeira esloveno Nação Capoeira. O problema em questão é a elevada rotatividade de clientes. Os resultados mostram que o marketing de relacionamento é aplicável a pequena empresa e sugerem que a empresa implementa melhor tratamento de reclamações e mais treinamentos centrados no cliente.

As análises circunstanciais mostram que a Nação Capoeira opera num ambiente altamente competitivo em circunstâncias desfavoráveis. Como cerca de metade da população eslovena pratica desporto ativamente, o mercado é repleto de uma variedade de concorrentes que oferecem uma ampla gama de atividades. No entanto, a gente é ainda afetada pela crise económica de 2008 e não quer gastar tanto dinheiro em desportos recreativos. Além disso, o governo esloveno não está a apoiar o campo da capoeira.

Não obstante, os membros valorizam treinamentos, devido à sua diversidade, grande disponibilidade de treinamentos oferecidos e oportunidade de desenvolver força, resistência e flexibilidade.

O clube goza de grande popularidade entre os seus membros. 80 por cento dos membros atuais e antigos declara-se muito satisfeito com o clube. A principal razão para a insatisfação dos clientes representam os treinamentos focados em somente uma área de desporto. A maioria das pessoas deixa o clube durante o primeiro ano de treinamento. Por causa da quantidade vasta de concorrentes os clientes insatisfeitos não são obrigados a manifestar o seu descontentamento, mas podem simplesmente sair do clube e ingressar em outro. Se queixam, a maioria de suas reclamações refere-se a estrutura de treinamento e outros estagiários. A principal razão para a lealdade é o bom relacionamento entre os membros. Boas relações são viabilizadas devido ao tamanho pequeno do clube o que também torna mais fácil para o clube a identificar e interagir com os seus clientes com alta qualidade. Além disso, o objetivo do clube de criar boas relações entre os membros é alcançado.

Os resultados do relatório mostram que o marketing de relacionamento é aplicável à pequena empresa. A Nação Capoeira implementa bem o marketing de relacionamento. Embora

depende menos de suporte tecnológico do que médias ou grandes empresas ao construírem relacionamentos de longo prazo.

Foram propostas três soluções para resolver o problema identificado. A primeira solução proposta é uma sessão de treinamento personalizada; uma vez por semana os clientes podem escolher o conteúdo de treinamento. Isso ajuda a diminuir a insatisfação existente, aumenta ainda mais a lealdade e fomenta relações de longo prazo.

Outra solução é melhorar o tratamento de reclamações. Os treinadores deverão incentivar queixas até mais. Por último, uma “caixa de queixas” de caráter anônimo poderia ajudar a recolher mais queixas pró-ativas.

A entrevista revelou que muitos membros não desistem per se, mas preferem fazer uma pausa por alguns anos. Esse fato torna a suposição inicial de que o clube tem grandes problemas com a desistência, incorreta. Além disso, a entrevista revelou que o maior problema que o clube tem é que muitos eslovenos ainda não conhecem esse desporto. Para reforçar a posição de capoeira no mercado as pesquisas adicionais deverão ser destinadas à forma eficiente de aumentar a sensibilização.

Definition of the Problem

1

The purpose of this section is to identify the concerns of the written work.

Many big companies nowadays acknowledge the value of their customers and seek to build long-term relationships with them. They do everything to make the consumer experience as interactive, nice and comfortable as possible. But small organizations, such as sports clubs, still fail at this task.

To make sure the Slovenian organization, Nação Capoeira, does not fail its customers, this thesis aims at enhancing its performance through the concept of relationship marketing. But before diving into the project, forces surrounding the problem need to be described and the problem itself defined.

1.1 The importance of Relationship Marketing

Relationship marketing is about mutually beneficial exchanges and fulfillment of promises by both parties in a series of interactions over the life-time of their relationship. (Gronroos, 1994) In today's marketing and business world it is becoming more and more important.

Before the 1990s there were very few, if any, references to "relationship marketing". It was only in 1983 that the service marketer Lenard Berry first coined the term. However, since the early 1990s the number of times the term is mentioned in the title or as a keyword in articles has appeared to grow exponentially.

Relationship marketing per se is not new and it is not a passing fad. There are sound reasons to explain its emergence, including significant changes in the business environment of organizations. Many of the changes, which gave rise to relationship marketing, will still have effect over the next couple of decades, so the concept will remain important.

The challenge of relationship marketing is to recognize the subtle changes in the business environment and to adapt to them. The reduction in power imbalances between consumers and commercial organizations through the development of consumer-focused technology will call for a reinvigoration of consumer relationships. The desire for sincerity in relationships in some sectors may put pressure on companies to improve qualitative aspects of their relationships with customers. The use of customer ties is likely to be increasingly challenged by regulatory authorities as being anti-competitive.

Big and medium sized companies acknowledge these challenges and changes in the business environment and adapt to them with acceleration. It is small companies who for one reason or another did not jump on the bandwagon yet.

1.2 Slovenia: A nation hyped on sports

The country stage for my project is Slovenia. Slovenians, as a nation, love to be active in their recreational time. A 2013 survey shows that about half of the nation regularly pursues sports activities. In the capital city, the number goes up to 82%.

Slovenians are real outdoor freaks. The country's beautiful landscape and diverse geography allow for numerous sporting activities. Whether it is a casual summer mountain hike, climbing in the mountains or canoeing and canyoning on and along the Soča river in the northwest of the country, swimming or sailing on the Adriatic ocean or skiing in the alps, Slovenians will do it! More than any other sport, winter sports are the Slovenian national pride, and Slovenian athletes are usually tough to beat.

Slovenians do, too, pursue indoor sports. These are valuable recreational time fillers when the weather is awful or during the weeks, when there is not enough time for lengthy outdoor activities.

1.3 Nação Capoeira

The main actor of my master thesis, the company in question, is Nação Capoeira; a sports-club that trains capoeira. Originating in Salvador, Bahia, Brazil it spread to Italy and most recently also to Slovenia. In my thesis I will be focusing on the Slovenian branch, Nação Capoeira Slovenija.

The Slovenian Capoeirista Urška Habjan established the club in 2008. Nação Capoeira's full name is "Športno in Kulturno Društvo Nação Capoeira Slovenija". It is a non-governmental sports and cultural association.

Ever since it was established 7 years ago, it has grown exponentially. Originating in the capital city of Slovenia, Ljubljana, training now takes place in 7 cities all over Slovenia, and is hosted by 4 different trainers.

Although it was not the first Slovenian capoeira club it is by far the best known one. Its good reputation and exponential growth can, to a large extent, be traced back to the club's huge effort in raising awareness among its target audience and the general Slovenian love for recreational sports.

1.4 Defining the Problem

The crisis at hand is that Nação Capoeira is facing strong competition in a maturing market and high customer turnover.

Other recreational sports activities, especially dancing and martial arts are strong competitors for Nação Capoeira. New trend sports, like Zumba, and Judo, are the popular sports Slovenians are interested in pursuing.

According to my observations during my years of training I noticed very high customer turnover. Every year only a handful of the numerous members who started the sport were still there at the year's end, and would continue training the next year.

On another note; relationship marketing, as it is discussed in most books, is mostly used in, and mainly developed for, big and medium sized companies. Very few examples exist on how a small company applies and benefits from building long-term relationships with its customers.

These issues ultimately lead to the research question.

1.5 The Research Question

How does relationship marketing apply to a small company and how can it be best adapted to help Nação Capoeira Slovenija solve existing problems?

1.6 Purpose of the Research

The purpose of the thesis is to solve Nação Capoeira's issue of high customer turnover and to consolidate the club's position in a competitive environment and subsequently show how the concept can be applied to a small organization.

This is done through investigating and consolidating its relationship marketing. The objective is to investigate the operating relationship marketing of Nação Capoeira – How do they define their members and potential members? Do they deal with complaints, and if so how? And which measures do they take to retain loyal customers?

Based on the analysis solutions will be proposed for existing problems and the club's relationship marketing will be enriched with new ideas.

Literature Review

2

The following section deals with building up a theoretical framework to support the research, situate it within the field and give readers a clear picture of relationship marketing.

“The global recession and the now pervasive options available through social media and online channels have combined to usher in a new customer sovereignty, where frugal buyers can find, compare and evaluate purchases in a matter of minutes. What’s more, social media has given the customer significant power to influence the purchase behavior of others, giving a whole new meaning to the adage “the customer is king.””

- SAS

In the face of customer empowerment and technologic development organizations are, in essence, moving away from product-centric marketing toward a customer-centric approach. The answer to winning customers and beating competitors in such an industry marked by maturity, stagnation or high competition, lies largely in doing a better job of delivering extra value and building long-term relationships with customers. This can be done through relationship marketing.

To enhance Nação Capoeira's relationship marketing and resolve its problem, the literature review supplies a better understanding of topics related to the concept. It first discusses topics that are important for the development of relationship marketing, next it describes the concept itself in more detail and progresses to reviewing “tools” used in evaluating proper relationship marketing.

2.1 Defensive Marketing Strategy

A strong defensive marketing strategy is concerned with reducing customer exit and brand switching (Fornell, Wernerfelt, 1987). Under the objective to minimize customer turnover by protecting products and markets from competitive inroads, firms seek to control additional customer entry to the market, brand shifting or change of patronage, customer market exit and changes in purchase frequency, because they are the ultimate determinants of growth, stagnation or decline.

Relationship marketing is a defensive marketing strategy. One reason why the defensive marketing strategy works well is because companies can expand profits by reducing defection (Kotler, Keller, 2012).

2.2 Customer-Centric Approach

“The marketplace is customer driven”

- Mesad Zineldin

A customer-centric approach is the result of customer empowerment. Essentially it describes the business approach focused around the customer rather than the product. The power in the buyer-seller interaction is presently shifting to the buyer. There are four factors influencing the shift of buyer empowerment:

1. Globalization of the Customer
2. Preference of customer for partnership or relationship
3. Rise of e-commerce
4. Customer's desire for solutions

The basic strategic difference between a product-centric and a customer-centric company is that the former tries to find as many customers and uses for its products as possible while the latter tries to find as many products as possible for its customers.

2.3 Relationship Marketing

Three different definitions of relationship marketing argue that it is:

1. The concept, which shifts the focus of marketing exchange from transactions to relationships with individual customers. (Buttle 1996; Christopher, Payne and Ballantyne 1991; Foss and Stone 2001; Peck et al. 1999)
2. Attracting, maintaining and –in multiple service organizations– enhancing customer relationships (Berry et al. 1983)
3. Emerging as a new focal concept, integrating customer service and quality with a market orientation (Christopher et al. 1991)

In a nutshell relationship marketing is the building of mutually beneficial long-term relationships with the company's customers.

The concept emerged as a popular new paradigm in the 1980s. This happened in part as a result of a shift in focus from customer acquisition to customer retention (Sheth, 2002).

In particular three factors were responsible for the rise of the popularity of relationship marketing in the late 1980's and 1990's:

1. The energy crisis in 1970, which intensified competition
2. The rising popularity of Service Marketing as a research domain
3. The quality driven business attitude of the 1980's

Relationship marketing is not to be confused with customer relationship management. While relationship marketing is at a strategic level and seeks to increase sales by building trust and engaging customers, CRM is at the operational level and often viewed as a platform on which to enable relationship marketing.

2.4 Customer Relationship Management (CRM)

CRM is a business strategy whereby companies build strong relationships with existing and prospective customers with the goal of increasing organizational profit. But it is distinguished for its use of information technology to assemble and manipulate data on the company's customers.

CRM evolved from business concepts and processes such as relationship marketing and the increased emphasis on improved customer relationships. It is an essential tool in adapting a more customer-centric strategy.

The concept of customer relationship management has been used since the first millennium BCD. Early merchants kept accurate business record on clay tables, keeping track of what products were sold to which customers, when and in what quantities.

Only in the second half of the 20th century, because of certain radical changes in the commercial world, CRM began to take shape in its present form. At that time many companies re-discovered that CRM, as well as relationship marketing, are invaluable with constantly changing technology and increasing global competition.

Jackson argues that building and enhancing long-term customer relationships involves concentrating on a number of things that have to be executed over long periods and in a consistent manner. The most important of these tools are the following.

2.5 Value Creation

“If there are many others who can do what you do, then you don't have much added value”

- Mosad Zineldin

As Kottler and Keller suggest, customers are value maximizers; a firm therefore does well at creating as much value for their customers as possible. By differentiating the offer in a unique valuable way a company can establish a competitive advantage in a generic way.

A customer's perceived value is the difference between all the economic, functional and psychological benefits he or she expects to receive from a product or service and the monetary, time, energy and psychological costs he or she expects to incur when evaluating, obtaining, using and disposing the chosen product.

Added value through customer relationships involves adding tangible and intangible elements to the core product thus creating and enhancing the “product surround”. The elements include personalizing the shopping experience, customizing products or handling complaints.

Different companies find different ways to create extra value for their customers. JetBlue Airlines creates extra value through its swift complaint handling. Levi's Strauss, on the other hand, creates extra value by creating the perfect fitting jeans. And Vodafone UK creates value through long-term benefits, which a contract offers.

To uncover a company's strengths and weaknesses when it comes to delivering value relative to the company's competitors, a 5-step value analysis can be done (Kottler, Keller, 2012). The company must first identify the main attributes customers value about the company's market offering. Next, the quantitative importance of these different attributes and benefits are assessed. This is followed by an assessment of the company's and competitors' performance on the different customer values against their rated importance. Then it is examined how customers in a special segment rate the company's performance against a specific major competitor on an individual attribute or benefit basis. Lastly the customers' values should be monitored over time because they are subject to change.

2.6 Satisfaction

A satisfied customer is one, whose expectations have been reached or exceeded. If a customer's expectations are not met, he or she is dissatisfied.

2.6.1 Satisfaction

Satisfaction refers to the feeling of pleasure or disappointment that result from comparing the product's perceived performance to expectations (Kotler, Keller, 2012). Successful firms will measure their customers' satisfaction regularly because company can greatly benefit from a satisfied customer. A dissatisfied customer, on the other hand, cannot just cease the company's opportunity to benefit from him; he or she can also hurt the company.

Already in 1980 Oliver identified customer satisfaction as "a fundamental determinant of long-term consumer behavior." A highly satisfied customer is generally retained for longer, buys more as the company introduces new and upgraded products and cross-buys. He or she spreads favorable word of mouth about the company and its products, pays less attention to competing brands and is less sensitive to prices, provides new product or service ideas and serving him or her costs less than serving a new customers. As a result a satisfied customer hangs around for longer and increases the firm's share of his or her wallet.

Levi's Strauss satisfies its customers through perfectly fitting jeans. In a world filled with ill-fitting trousers and jeans, they created a program in which they customize jeans to their customers for the perfect fit.

As previously mentioned, satisfaction is strongly affected by customers' expectations. A customer's expectations can depend on the customers' demographic but also situational characteristics like age, gender, income, length of relationship and many more. Looking at the long run, customers with positive experience are found to be less likely to defect and more forgiving.

2.6.2 Dissatisfaction

Customers whose expectations of the shopping experience are not met are dissatisfied customers. About 25% of the time customers are not satisfied with the purchase they make. On average dissatisfied customers tell 11 people about their negative experience. 13% even fill in around 20 people on their dissatisfaction. The negative word-of-mouth (WOM) grows exponentially and spreads faster than positive WOM. If the firm does not take actions to appease the dissatisfied customer, they may suffer from customer defection and a worsening reputation.

The number of dissatisfied customers who complain is microscopic. Out of the dissatisfied quartile only 5% complain. The 95% of customers who do not voice their dissatisfaction

cannot be appeased. If the situations, which lead to the dissatisfaction, do not change the customer is very likely to leave the company.

A company can retain customers and create extra value for them by managing a dissatisfied customer's complaint well.

2.7 Complaint Management

"It is essential for companies to welcome complaints, and view them as a second chance to satisfy a customer."

- Mosad Zineldin

Complaint management is the process of analyzing and dealing with complaints from customers (Financial Times, 2014). Most companies see complaint management as a threat and not as the opportunity it is. It is value for companies because, if done right, it cannot just retain customers but also improve internal processes.

2.7.1 Hirschman's Exit-Voice Theory

For a first glance at how complaint management works, let's look at Hirschman's Exit-Voice Theory.

A company can discover its failure to provide satisfaction via two feedback mechanisms; either the customer stops buying from the firm (exit) or the customer expresses his or her dissatisfaction directly through a complaint (voice).

Exit, an economic action, causes shifts in revenue among competitors and sets market forces in motion such that faltering company's must either improve or face eventual elimination from the market. For this reason, a successful business firm is highly sensitive to customer exit.

Voice, on the other hand, is more of a political phenomenon. It is the customer's attempt to change the practice, policies or offerings of a company and to seek some form of remedy for the company's blunder.

Both feedback mechanisms are affected by a market's structure. Markets with more monopoly power experience higher levels of voice because of missing opportunities to exit and advance to a competing firm. The more competitive an industry, the more switching possibilities are available to the customer and he or she is more likely to exit. In this case it

becomes increasingly difficult for companies to increase the fraction of dissatisfied customers who voice.

2.7.2 Retaining Customers

Managing complaints increases customer retention. A dissatisfied customer who complains and is reimbursed, is not just less likely to defect, but also more likely, than other customers, to become a loyal customer and spread positive WOM. The customer feels heard, understood and taken serious, because the enterprise will have patiently and carefully listened to the customer's complaint.

According to Kottler and Keller 54% to 70% of customers will do business with the company again if their complaint is resolved. The number rounds up to 95% of customers if the complaint is resolved quickly. Further more customers will speak positively about the company. Solving a complaint successfully also strengthens the customer's loyalty towards the company.

2.7.3 Process Improvement

Resolving complaints is beneficial as it guides the company through its process of improvement. Because of this operational value to firms, maximizing the number of complaints from dissatisfied customers is in the best interest of firms.

The 3M company, an American multinational conglomerate corporation, for example, claims that over 2/3 of its product improvement ideas come from listening to customer complaints. Research shows that by attracting and resolving complaints, the corporation can defend against competitive advertising and lower the cost of offensive marketing without losing market share. It is suggested that financial improvements may be better leveraged by bringing about organizational improvements and by ensuring complain processes are "staff-friendly", rather than simply trying to satisfy customers.

2.7.4 Complaint Compensation

Complaint management involves compensating customer. A customer who complains is often compensated for his inconvenience. The amount of compensation he or she receives depends on his or her worth to the firm, and on the likelihood that the person filling the complaint will be satisfied with the remedy and thus remain a customer. Compensation rates should be

especially high for cases in which few customers are dissatisfied and the product is highly profitable.

Companies must be aware of customers who abuse the complaint compensation system. A generous compensation may bring about false complaints. To avoid customer abuse a company can set up controls, this in turn will add costs for customer and company.

JetBlue Airways, an American low-cost airline, has a separate account on twitter dedicated to handling complaints. Under the headline "Welcome to JetBlue's online info booth! If you have concerns or complaints that require response, please contact jetblue.com/speakup" the airline is very active and responsive to comments on the online platform.

A former customer posted that the TV on his flight was broken. Within 12 minutes the airline responded "Welcome Home! As per our Customer Bill of Rights, you're entitled to \$15 credit!"

This attitude helps them to retain customers and through the vast amount of information, improve their services further.

2.8 Loyalty

"The most important way to build customer loyalty is to recruit loyal customers to begin with"

- Reichheld

Oliver defines loyalty as "a deeply held commitment to rebuy or re-patronize a preferred product or service in the future."

According to Uncles et al (2003), loyalty can be exhibited to brands, services, stores, product categories (e.g. cigarettes) and activities (e.g. swimming).

The idea behind loyalty is to increase customer retention and share of wallet in the long run. In a pool of (prospective) customers who are fully allocated to a handful of firms, loyalty becomes a competitive advantage. If a firm must attract the dissatisfied customers of another firm to get new customers, the task becomes harder if customers are loyal and thus less prone to switching.

The market research firm, Brand Keys has devised a sports loyalty index. According to the index 4 categories determine loyalty:

1. Pure entertainment value

2. Authenticity
3. Fan bonding
4. History and tradition

Furthermore, three types of marketing activities, which in particular are geared at improving customer loyalty and retention, include interaction with customers, developing loyalty programs and creating institutional ties.

2.8.1 Interacting with Customers

“Listening is only one part of the stay, it is also important to be a customer advocate and, as much as possible, take the customers’ side and understand their point of view.”

- Kottler and Keller

In the context of relationship marketing interaction is a two way street. Firms do not just inform the client about the latest product releases and promotions, but they receive information from the customer and react on them. Interaction becomes important at every customer touch point with the customers. Peppers and Roger’s IDIC model dedicates a whole section to it and CRM tools spend lots of their capacity to simplify customer interaction.

Nowadays, to excel at all interaction points, companies implement a so-called CIM. CIM is the Customer Interaction Management (CIM), a type of Enterprise Software Application, responsible for managing the interaction between an organization and its customers. The norm is to deploy a CIM application in a contact center to be used by the agents while communicating with customers of the organization. CIM systems handle communication across multiple different channels, such as e-mail, SMS, telephone, Instant Messaging and social media.

Direct, personal interaction with the firm’s customer still requires much personal contact. Employees must act in the right way toward customers. Often trainings are conducted to assure employees act in line with the company’s philosophy.

2.8.2 Loyalty Programs

Loyalty programs can be divided into frequency programs and club membership programs. Frequency programs reward customers who purchase goods frequently and preferably in

substantial amounts. These programs can increase value by making the customer feel that he or she is special. For customers with high life-time value, frequency programs can help building long-term loyalty and create opportunities for cross selling. An example of frequency programs are the frequent flyer programs many airlines offer.

With a club membership program, customers get the exclusive opportunity to become part of a club. The club can be an open or a closed one. Everybody can join open clubs. They are a great way of building database or acquiring customers from competitors. Closed, or limited-membership clubs on the other hand, are exclusive and more powerful at building long-term loyalty among customers.

Many loyalty programs are designed to create consumer lock-ins (Donaldson and O'Toole, 2007). Lock-in is created through social bonds like frequency programs and club memberships or structural bonds, including institutional ties, all of which make it difficult for customers to change their supplier.

2.8.3 Institutional Ties

Creating institutional ties, the company binds customers to itself in one way or another. A company creates institutional ties for example when they supply customers with special equipment of computer links that help them manage internal processes. Once institutional ties are created customers are less likely to switch to a competitor, as this would mean high capital and research costs, or even losing loyalty customer discounts.

Vodafone UK is improving loyalty through the strengthening of institutional ties. In the process of refocusing its business on customer retention, the cell phone operator pushes its customers towards contracts by increasing prices for "pay as you talk" and pre-paid customers. This ultimately invigorates institutional ties.

2.9 Retention

"Since the cost of acquiring a new customer is estimated at 5 to 10 times what it costs to maintain a current one, the nurturing of loyal customers is not only becoming a high priority, it is quickly becoming a strategic imperative."

- SAS

“The act of adding customers to a company suffering from high customer churn is like adding water to a leaking bucket; not the most efficient way to fill the bucket with water.”

- *Anonymous*

Frederick F. Reichheld in “The Loyalty Effect” (1996) stated some interesting facts about customer retention:

1. Acquiring new customers can cost five times more than the costs involved in satisfying and retaining current customers;
2. The average company loses 10 percent of its customers each year;
3. A 5% reduction in the customer defection rate can increase profits by 25% to 85%, depending on the industry;
4. The customer profit rate tends to increase over the life of the retained customer.

A retention orientation approach attempts to transform a customer into a loyal long-term multiple-product client. The approach involves effective programs for receiving and responding to complaints, solicitation and analysis of customer satisfaction data and the development of long-term strategic relationship with customers by evolving to meet their changing needs. It requires companies to be responsive to customer concerns by keeping open dialogues with them.

The fundamental issues of the approach is that when dealing with a customer, a company must consider the life-time value of a satisfied customer, rather than the profit to be gained from any individual transaction.

Those companies with the deepest and strongest customer relationships will stand the best opportunity of retaining the customer's transaction.

Zineldin (2006) proposed four different strategies for companies who want to improve their customer retention:

1. Measuring customer retention rates over time and by line of business and in each of the business areas. These measurement results must then be communicated to the employees
2. Analyzing the root causes of defections. Understanding why customers are leaving the company provides that company with the essential information needed to implement a customer retention program. An effective retention program is likely

to increase customer satisfaction and thereby improve customer retention and profitability

3. Focusing attention on the most profitable customers and setting clear targets and measuring results as well as identifying switching barriers
4. Focusing attention on internal marketing and particularly front-line employees to ensure that they are offering product and service quality that consistently meets the requirements of the target markets (segment or segments)

2.9.1 Benefits of retention

Retaining customers is the first step in creating long-term relationships with them and provides a series of non-financial and financial benefits to a company.

Non-financial benefits

Non-financial benefits of retained customers include the creation of increased industry barriers by creating loyal customers that won't switch even if the benefits that each competitor offers would be the same. As Pepper and Rogers assert, a customer who could gain the same value from his current company or a competitor is unlikely to switch simply because of the learning relationship he or she has established with his or her current firm and would have to first establish the same relationship with the competitor before reaching the same level of convenience. Through the creation of institutional ties, companies will also have increased switching costs for customers, thus making them less likely to defect.

The average company loses 1 out of 10 customers each year. Reducing the customer defection rate by only 5% can increase profits by 25% - 85%. Satisfied, loyal customers increase a company's profit rate over their life-time because they make additional, and increased, purchases, spread positive WOM, enjoy price premiums and reduced transaction. Positive word of mouth represents an effective advertising lever, which is of no costs to the company.

Financial benefits

Financial benefits of long-term relationships include the decreasing transactional costs for both the company and the customer.

In addition to non-financial benefits, companies of course also enjoy financial benefits of long-term customers. Reichheld & Sasser found that a 55% increase in customer retention yields an improvement in profitability, in net present value terms, of up to 125%, depending on the sector.

The increase in profitability mainly comes from increase in share of wallet. Zeithalm proposed a model in which customer retention leads to firm profit by lowering costs to service customers, through the ability to charge premium prices, by positive WOM and increased volume of purchase. Reinartz and Kumar refute the first 3 variables, implying that the primary reason retention boosts a company's profitability is "increased volume of purchase", in other words; share of wallet. A benefit of long-term relationships is the decreasing transactional costs for both, the company and the customer. Reduced transactional costs cut total costs, which when held against revenues, increase profit.

Cell phone operator Vodafone UK, whose market is maturing, decided to focus its attention on the most profitable customers, customers with contracts. Vodafone refocused its business on customer retention by encouraging long term customers rather than users who are attracted only by introductory offers and associated freebies. The cell phone operator reduced bonuses for "pay as you talk" and pre-paid. With this Vodafone UK is essentially pushing customers towards contracts.

2.10 Personalization

A company can create extra value for a customer by personalizing the shopping experience and or customizing the product or service experience.

To adapt to customers' increased desire for personalization, marketers have embraced concepts such as permission marketing and 1-2-1 marketing (Kotler, Keller, 2012).

Value for the customer, is created by individualizing and personalizing relationships. According to Neeraj Arora et. al (2008) "Personalization occurs when the firm decides what marketing mix is suitable for the individual". Personalized marketing is about making sure the brand and its marketing are as relevant as possible to as many customers as possible. E-commerce companies looking to attract and retain customers discovered that personalization goes beyond creating customized information, but making interaction points with the company more personal. In today's world, consumers feel an increased desire for personalization.

Customization involves the consumer himself or herself in the creation of the desired good. It occurs when the customer proactively specifies one or more elements of the product's marketing mix (Neeraj et. all, 2008). By adapting to some of the costumers' individually expressed needs, and empowering consumers by providing them with resources and opportunities to demonstrate their passion (Kottler, Keller, 2012), companies can lock-in customers.

Customization can take place through mass-customization, such as Nike does with its shoes, or Dell with its computers, or through tailoring individual service aspects to customer needs.

In the process of implementing relationship marketing, Levi Strauss & Co. is making use of mass customization to satisfy its customers. Jeans can be custom-manufactured to the customer's exact size and fit. To produce these perfectly fitting jeans, the customer and Levi Strauss must collaborate and share information. The company benefits by getting a large amount of information on the customer and the customer benefits by getting perfectly fitting jeans.

2.11 Customer Value to the Company

When creating long-term relationships with customers it is important for the company to know not the profit of each single transactional but the value of all transactions a satisfied customer makes over his or her life-time with the company.

2.11.1 Life-time Value

Studies argue that the most profitable and therefore valuable customer to a company is the existing loyal one (Reicheld, 1996; Seybold, 1998). The American developer of analytical software, SAS, accentuates this point in one of their studies; Results showed that an average of 68% of new business comes from current customers. The customer's value to the company can be determined. One way to do so is through the concept of life-time value (LTV).

The life-time value of a customer is not a new concept. It is widely used in consumer goods brand management, where the key calculation is how much to spend to prevent consumers from brand switching, and in corporate finance.

LTV arises from future purchase, referrals, and avoiding negative WOM. Calculating the value of a customer is logically simple – the key is information.

According to Galbraith, Jay R. the required process for calculating the LTV is as follows:

- Determine the target customers (e.g. 1000 customers)
- Identify the annual marketing and sales costs of gaining, managing and maintaining those customers
- Identify the costs of selling additional products or services to them
- Identify the revenues that have been generated by those 1000 customers each year (for a period of two or five years)
- Subtract costs from the profit to produce a stream of net contribution per year (or over the time period)
- Use discounted cash flow techniques (NPV) to calculate the LTV for those customers
- Divide the total by the number of customers to find out per customer value

2.11.2

One goal companies have when establishing long-term relationships is to get a bigger piece of their current customer's share of wallet. As Cooil, Keiningham, Aksoy and Hsu found in their analysis, especially the initial level of satisfaction and the percentile of change in satisfaction, significantly correspond to share of wallet. Satisfied customers have a positive increase on share of wallet. (Satisfaction-Profit Chain; Bowman, Narayandas, Keiningham, Aksoy and others).

Vodafone in the UK, for example, refocused its business on customer retention with the goal to improve share of wallet and cash flow of existing customers rather than growth and market share, from new customers.

Now that the curtains of the first act of familiarizing topics important to the project closes, the second act can commence, starting with putting the reviewed literature into context with Nação Capoeira Slovenija.

Conceptual Framework

3

The following section deals with putting the theoretical framework into the Nação Capoeira context.

Knowing the problem and the respective literature, a conceptual framework will help identify further research directions.

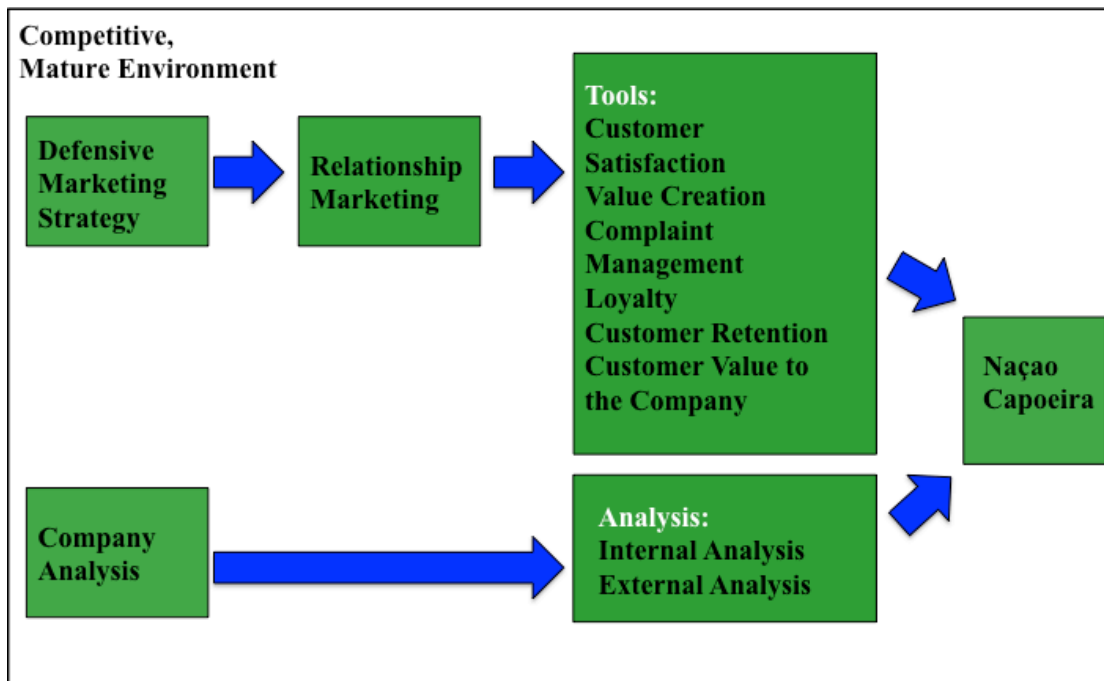


Exhibit 1: conceptual framework
Source: own adaption

Nação Capoeira operates in a very competitive and mature market. Additionally the club has problems with defection.

The marketing strategy, which best matches these issues is a defensive marketing strategy such as a relationship marketing strategy. At the core of the relationship-marketing concept is the goal of building long-term relationships with customers. The strategy's goal is operationalized through tools like customer satisfaction, value creation, complaint management, loyalty, customer retention and customer value to the company.

Analyzing these factors for Nação Capoeira supplies an understanding of the club's current relationship marketing. Coupled with an analysis of the company and its environment, the knowledge needed to find solutions to the outstanding issue is gathered.

Having established the variables important to identifying Nação Capoeira's efficiency in relationship marketing, and their relationship among one another, we can move on to analyzing them in the club's context.

Methods and Techniques

4

This section is concerned with identifying ways of gathering and processing information.

The techniques applied to collect data for the analysis were an interview with the owner, observations of the club, a questionnaire on satisfaction and value creation and browsing through documents. Most of the collected data are of qualitative nature.

4.1 Methodology Interview

The interview conducted was qualitative, exploratory research. Through it further insight was gained, which helped not only to develop an approach to the problem but also identify alternative courses of action. It also helped to identify and establish priorities for further research.

Because the interview was private and semi-formal, the respondent could be probed in-depth, sensitive topics could be discussed as well as uncovering hidden motives.

The interview was conducted with Urška Habjan, the owner and first trainer of Nação Capoeira Slovenija.

Prior to the interview a set of questions that were going to be asked was prepared (see Appendix A: Interview Questions). The questions were worked out through a little pre-project. Based on the author's prior knowledge all available information was put on paper. Where there was a lack of information, questions for the survey were created to fill these gaps. Questions were focused on the different topics addressed in the analysis of my thesis. The questions were arranged so that they would first regard the company, than the customer and at last the interaction between the two.

The interview was in person and, because of close relationships, informal. The interview successfully encouraged open-ended response. In general the questionnaire's structure was followed. But at times, when Urška went so deep into an answer, another question was already answered; the structure was abandoned and the other question's answer written down. The following return to the structure made sure all questions were covered.

Mostly clear, one or two questions were not directly understood. These were clarified through further explanation.

4.2 Methodology Questionnaire

The objective of the questionnaire conducted was to find out if customers are satisfied and what it is about Nação Capoeira that creates value for members. The questions, which were asked in the survey, can be found in Appendix B: Questionnaire Format.

In anticipation of the answers to the questions about satisfaction and value creation the following hypothesis were made.

H5: For question number 5 my hypothesis is that members are, not always, but most of the time satisfied with trainings.

H6: Except for “too focused trainings” all attributes will be considered vital to trainings. Especially building strength, stamina and flexibility.

H7: Non-aggressive playing is fairly implemented. People perceive “too focused trainings” to be the norm. Proper treatment really depends on everybody's subjective view of the matter. Nevertheless there is a certain norm according to which trainers at Nação Capoeira treat their members properly. Doable exercises depend on one's strength but are mostly considered implemented. Building strength, stamina and flexibility is strongly implemented into trainings.

H8: The variety of skills offered is not the number one reason people come, but it is a reason. The possibility to improve one's strength is a major benefit people see in capoeira. The big selection of trainings is not valued a lot, neither is the diversity of trainings. Good relationships on the other hand are strongly valued. Equality is valued, too.

The research design used for the survey is conclusive, descriptive research. Because there is only one sample of respondents whose information is obtained once, single cross-sectional data are collected.

The survey method used was electronic; people were contacted over the Internet. The survey itself was online, too. This lowered data collection costs and allowed for fast data collection.

Respondents were granted complete anonymity and were informed about that. In order to increase the social desirability for respondents to participate, the sample audience was notified about how they would benefit from the survey.

The full set of results with their evaluation is found in Appendix C: Evaluation of the Questionnaire.

4.3 Methodology Observation

Observations followed a conclusive, descriptive research design, collecting quantitative data. Training and seminar sessions at Nação Capoeira were observed.

The observations were unstructured and disguised. All aspects of interaction that seemed relevant to the problem at hand were observed.

For the months of February and March capoeira trainings were participated. Simultaneously members and trainers were observed. Because participants were unaware of the observation, they could be observed in a natural setting. Through this deep insights in the day-to-day life of the club was gained; how members interact and behave among each other, how well visited trainings and seminars are and what everyday trainings look like and how they vary in activities.

The observations are subjective and they do not help determine reasons for certain observed behavior, therefore they are treated only as a complement to my survey and interview.

They are of value to the research because the observations provide additional data on the group-internal dynamics.

4.4 Methodology Public Data

In addition to the interview and observation at trainings, existing public data were reviewed.

The club's public data, that was examined, were their detailed web page, their Facebook profile, Twitter and their YouTube profile.

This inexpensive method of data collection supplied limited data only but provided a valuable insight into how the club presents itself to the broad public and potential customers.

Information Analysis and Techniques

5

In this section a through analysis of the company in question, based on the literature review, is done.

The analysis is structured to grease the wheels for future solutions. By first looking at the company, next identifying the audience and lastly describing the interaction between the two players, the structure seeks to give a clear and logical understanding of the collected data.

5.1 Identifying the Company

5.1.1 History

In 2008 the young Capoeirista Urška founded her own capoeira club; a branch of the international group Nação Capoeira, the club with whom she originally started training back in 2004. Nowadays better known as Nação Capoeira the club is officially called “Športno in Kulturno Društvo Capoeira Slovenija”. All trainings commenced in Slovenia’s capital city, Ljubljana.

Over the course of the next six years Nação Capoeira successfully expanded it’s business over big parts of Slovenia. Nowadays trainings can be enjoyed in seven different Slovenian cities, and separately for not just children and adults but also for experienced and inexperienced capoeiristas. To run this large amount of trainings efficiently and supply quality to trainees, new trainers joined the steadily growing club.

5.1.2 Situational Analysis

<p style="text-align: center;"><u>Strength</u></p> <p>Big amount of trainings offered per week Availability in many cities Effective body strength improvement Variety of skills that can be learned Possibility to train barefoot</p>	<p style="text-align: center;"><u>Weaknesses</u></p> <p>Big groups Quality of trainers Danger of minor injuries Bound to train inside</p>
<p style="text-align: center;"><u>Opportunities</u></p> <p>Slovenian love for sports and other cultures Country size Existing student unions Small variety of school sports</p>	<p style="text-align: center;"><u>Threats</u></p> <p>Lack of governmental support Missing awareness for capoeira Financial crisis Lack of proper training facilities Seasonal sports</p>

Exhibit 2: SWOT Analysis
Source: own adaption

No other Slovenian capoeira club can even vaguely compete with the training availability at different locations in many cities. Whole body workouts with a combination of warm-up stretching, strength and cardio training, intensive capoeira training, fun games and playing instruments and singing are all integral to a standard training session. By mixing the integral units up no training session looks like the one before and everybody becomes fit.

Another perk, which capoeira offers in comparison to other recreational sports is the possibility of exercising barefoot, which eliminates cumbersome activities connected to bringing an extra pair of shoes to trainings.

But practicing capoeira barefoot is simultaneously a weakness because, especially among beginners, this leads to minor sports injuries like blisters.

Another weakness is that trainings take place exclusively inside gyms. One of the reasons for this is that trainings are commenced barefoot. The unpredictable ground outside holds risks for capoeira as it may lead to foot injuries. As previously mentioned, Slovenians love outdoor sports, and when the weather gets better towards summer they prefer to do sports outside. This makes capoeira a less favorable sport for the summer time and has, in the past, already caused the defection of single members.

But a few times a year, during the summer month, in the academy's backyard and at the summer getaway, Kolpa, training does take place outside.

Trainers at Nação Capoeira, compared to other clubs and trainers, are still rather inexperienced. Most students are less experienced than the trainers, which mitigates this point to some extent and trainers do teach trainees a lot. Nevertheless they cannot supply trainees with the expertise and experience a capoeira master could. This may also stop capoeirista from other clubs to join Nação Capoeira, because he or she might get the feeling of not learning anything new.

Because not all trainings take place in gyms, some taking place in school halls, trainings miss proper locker rooms, making changing into and out of the Abada less comfortable for trainees.

Slovenians love to spend their recreational time by doing sports. They also show high interest in other cultures. Capoeira being more than a sport with its singing, dancing and its rich history and tradition naturally arouses Slovenian interest.

Slovenia is a very small country. Distances between cities are so small, that trainers easily train in different cities without enduring big transportation costs.

Capoeira has become more known and popular in Slovenia over the last few years, but it is still a relatively small market with only a handful of clubs offering the sport, creating an opportunity for Nação Capoeira. The club can present itself in different cities to create the demand necessary to commence trainings.

In addition to this many institutions, especially schools, do not provide a big variety of sport activities, which has led to complaints from parents about the poor offer of school sport activities.

One such opportunity has arisen in the city Novo Mesto. In spring Urška will be teaching capoeira lessons for a few hours at an elementary school. If interest grows, a regular capoeira class can grow out of this.

A big threat to Nação Capoeira is the missing support from the government, and the obstacles they place in the club's path. The government wants all instructors who train a sport to have a university degree in sports. Currently the government only has control over Olympic sport disciplines but they wish to control other sports as well.

The awareness for capoeira spreads very slowly across Slovenia. New fit-sports, like Zumba, arrive on the recreational market all the time and steal capoeira's spotlight and target audience.

The financial crisis of 2008 still affects Slovenia; big parts of its population are still not able to afford expensive recreational sport activities and will choose free outdoor activities over capoeira training.

5C Analysis

Company

Nação Capoeira's mission is to "enable safe and systematic capoeira training, to improve one's quality of living and healthy training, and to spur good relationships". The slogan "Capoeira v dobri družbi" means "Capoeira in good company" and emphasizes the spurring of good relationships. The slogan shows that the club positions Nação Capoeira as more than just a sport, but as a group that has fun together.

Its goal is for people to feel good and enjoy, for people to get, for them to develop their body, their social skills and for everybody to do and be equal.

With the objective to improve people's healthy lifestyle, the mission aims at reaching the same goals as the recreational sports industry: the industry, in which Nação Capoeira operates.

The club is always underlining the origins of capoeira, to show that capoeira is more than just a sport but a culture with tradition. For capoeiristas it is extremely important to keep in mind the conditions under which the sport developed.

The club performs well at achieving all these goals. For now the club wants to stay as they are and keep the well-achieved goals running at this level. Apart from that they would like to increase the number of members and expand slightly further, to make it easier for everybody in Slovenia to be in the vicinity of a Nação Capoeira training. Expansion should take place into areas where there is interest. Right now these areas include the Dolenska area, Novo Mesto and Koper in the Istra area of Slovenia (Appendix D: Regional Map). Because of the limited number of trainers, many of which are not situated in these areas, expansion to these places is difficult.

Competitors

Competitors are all those who offer recreational sports, especially martial arts, dance schools, aerobics, acrobatics and of course other capoeira groups.

Within Slovenia, Nação Capoeira is not the oldest capoeira club, but it is by far the biggest. The club offers trainings in cities no other capoeira club has set foot in yet and offers a much bigger amount of trainings per week. In Slovenia there are three other capoeira clubs

1. Capoeira Tradicao Baiana – one of the oldest capoeira clubs in Slovenia and the only one who offers trainings in a town where Nação Capoeira is not present
2. Capoeira Senzala Slovenija - the youngest direct competitor, which has already enjoyed high media presence
3. and Instrutora Ursa – an independent capoeirista holding trainings at a gym and blogging about capoeira

Prominent dance schools and martial arts are strong competition for the organization, too. Dance competition includes clubs like Kazina in the heart of Ljubljana, and popular dances, like Zumba or Salsa. In the field of martial arts especially karate and judo are big competitors as well as being Olympic sports. They are better known and Slovenia's first choice when it comes to martial arts. Many times they are also offered in PE lessons.

In addition to the already mentioned ones, competitors are all other types of recreational sports activities Slovenians love to do in their free time.

During the interview an interesting phenomenon was uncovered. In the upper Carniola region (Kranj) (Appendix D: Regional Map.), in the winter and summer season noticeably, less people show up for trainings because of their very high involvement in outdoor activities (skiing, climbing, etc.). The same phenomenon is visible in the Styria region (Celje and Maribor) during the winter season.

Drawing on Hirschberger's exit theory, we see that because of the vast amount of competitors dissatisfied customers are not bound to voice but can simply exit the club.

Customers

The potential pool of customers is big because Slovenians love sports and are looking to fill their free time with entertaining activities.

A customer's motivation to buy the product includes his or her wish to do sports, the training availability (people can train at so many different places so many times a month) and the possibility of trying something new.

Devoted members come many times a week and will train at different locations. The average member trains about 2 times per week. Devoted members are typically those, who have been training at Nação Capoeira for a while. Although income varies, frequent trainees typically have a steady source of income.

Collaborators

The club collaborates with suppliers, partners, and distributors. Suppliers include the institutions, such as schools, which supply training facilities and organizations that supply the Abadas and the instruments. The club's partners include other capoeira schools, a language school and a yoga instructor. A few times each year, Nação Capoeira teams up with one or two capoeira schools from Italy, Croatia or Austria to host international capoeira seminars. Institutions, which host Nação Capoeira performances, are temporary partners.

Nação Capoeira Slovenija itself is a franchise of the club Nação Capoeira. It collaborates with its Brazilian headquarters to organize different instruments, Abadas and the annual Batizada. Relationships among the club's branches are very good.

Climate

The economic environment of Slovenia is crisis ridden. Many are still affected by the financial crisis. As a culture Slovenians are very open and curious to new cultures.

Technology is developed on a first world country basis, thus the club can and is making use of the internet as a marketing tool, using its own web-page, a Facebook account, e-mails and You-Tube.

5.1.3 The Marketing Mix

Product

Nação Capoeira's main product offering is capoeira training for all ages. By-products include capoeira seminars, Abadas and Roda. The analysis focuses on the main product only.

At capoeira trainings you learn the art of capoeira, get a holistic physical workout, learn how to sing traditional Brazilian capoeira songs and play instruments.

Trainings take place in groups. As a rule participants come in their Abadas. Differing from seminars, training sessions are separated by age, experience and geographic locations. In Ljubljana most of the time adults (13 years and older) train separately from children. The age limit is set at 12 due to consumer needs. When the training takes place on a weekend day, or if the number of adults or children who train is not sufficient to train separately, the age groups are put together.

Once a week in Ljubljana, where trainees are most experienced, trainings are separated by experience. This is done in order for the more experienced capoeiristas to develop their own skills apart from the lower level group, where inexperienced capoeirista usually learn and advance.

On demand, training can also be consumed at an individual level. Individual training looks the same as group trainings but can be better adjusted to individual needs and the trainee benefits from the trainer's undivided attention.

Sometimes, under certain circumstances, even group trainings are individually tailored to a single member's needs. Either the whole training is customized to the individual's needs or only parts of the training are customized. This type of customization is done if the trainee has a minor problem, like a bad headache or a twisted knee, but still wishes to train.

An integral part of the product are the trainers, without whom trainings would not take place. Nação Capoeira Slovenija has five trainers, plus substitute trainers. Substitute trainers come in when no other trainer is available. They get the training schedules they follow from one of the five trainers.

The trainers need to balance their trainings to meet all different demands and at the same time be in line with the experience of the group who show up to the training. A training group made up of beginners cannot be taught moves for which advanced knowledge is required.

Price

At Nação Capoeira a first visit is always free. After that, trainees pay for monthly trainings, membership fee, and Abadas.

Abadas cost 55€ for adults and 45€ for children. The annual membership fee is 25€ and is customarily paid in September as it is valid from September to August of the next year. It is possible not to become a member of Nação Capoeira and still train, but monthly training prices are higher.

Members of the capoeira club enjoy privileges like monthly membership discount. Those who train regularly over a long period of time make great use of the 4 to 6 month discounts and the discounts when paying for seminars. Even though the number of students who train has declined during the crisis student discounts are very popular.

The training price includes the trainer, the facility and the skills you are being taught. The training payment can be split into 2 parts; the monthly training fee and the yearly membership fee.

The monthly payment depends on the frequency at which trainings are consumed and on age. Exhibit 3 shows the current payment rates. Children pay less for trainings than adults. The more often a month you go the relatively less you pay.

Frequency	With Membership		Without Membership	
	Kids	Adults	Kids	Adults
1x	€10.00	€10.00	€15.00	€15.00
1x/week	€20.00	€30.00	€30.00	€40.00
2x/week	€35.00	€50.00		€60.00
unlimited	€35.00	€60.00	€45.00	€70.00

Exhibit 3: Pricing
Source: own adaption

If fees are paid until the 15th of the next month, a 5€ discount applies. This rule provides customers with an incentive to pay on time and works as a safety mechanism for the club to assure a regular revenue stream.

Pricing for individual training is set according to hours and typically more expensive than group lessons. On the market, prices for individual lessons are 35€ and up.

Payments can also be done via online banking. The necessary information for this can be found on Nação Capoeira's web page.

Place

Training can be consumed at 11 different locations in the six Slovenian cities Ljubljana, Maribor, Celje, Kranj, Domžale, and Slovenska Bistrica. In Ljubljana trainings take place eight times a week, including Sundays, for adults and four times a week for children.

The capital city is the only city, which offers three different locations for the eight training sessions; the locations include two elementary school gyms and the Akademija.

In Kranj trainings take place twice a week at a school gym in the city center. Everybody, regardless of age and capoeira experience can join.

In Celje, trainings take place twice a week. Once for adults and once a week for adults and children.

Domžale hosts trainings for children once a week at a school gym in the city center. Because of the missing adult numbers, adult training was suspended in Domžale; those who wish to continue training now go to Ljubljana.

In Maribor adults and children can train 3 times a week at an elementary school in the heart of the city. Once a week adults and children train together.

The elementary school of Slovenska Bistrica hosts capoeira trainings for all ages once a week every Tuesday.

In the past, Grosuplje also offered trainings once a week, but because of the lack of demand trainings were dropped. Those who still wish to train now come to Ljubljana.

During the holiday seasons other training facilities are sought. Because trainee numbers decrease over the holiday seasons, the academy is big enough to host most trainings. For seminars and for the batizada bigger facilities are booked because of the higher numbers of participants. A Batizada for example can have up to 100 participants.

Individual trainings are held at the academy, too. The content of trainings is the same for all locations, but different locations have different trainers.

In special instances training may also be consumed outside the official locations. Because trainers do give advices and suggestions to trainees at performances, strictly speaking, members are being trained. Also when Nação Capoeira's branches in Italy and Brazil offer

seminars or regular training, which students from Nação Capoeira attend, they are enjoying training outside their normal facilities.

The number of training locations grows, in size and in number, with the number of trainees and with the number of instructors.

Promotion

From its initial start the young capoeira club has been avidly engaged in advertisement. Its main goal is to raise awareness for the sport and particularly for its own club.

The operational activities with which Nação Capoeira would reach this goal included handing out flyers, showing bus advertisements, a web-page that is constantly revised, YouTube, Twitter and Facebook presence, bumper stickers on cars, logos on the Abadas, and TV performances.

Flyers were distributed around campuses or in the audience of a capoeira performance. Flyers mainly inform about the club itself, its activities, location and training times, and describe what capoeira is in a few words. Flyers also include coupons with a special price discount for the first month of trainings.

Other promotional activities Nação Capoeira engages in are club-internal prize competitions and bi-monthly raffles. Raffles come about every one to two months and are of different nature. For example, when the web page underwent revision two years ago, the raffles all revolved around finding information on the webpage like the birth date of Mestre Henrique or Nação Capoeira's belt system. The goal was to increase the number of visits to the webpage and familiarize members with it. Increasing the number of visits was important to stay the number one search result when googling "Capoeira Slovenia". In the course of this campaign, members also went through all the online videos of the club, increasing the club's YouTube channel views.

Point-of-sale demonstrations include frequent capoeira performances at public locations and at closed events. The closed events were such that they were tailored to Nação Capoeira's target audience. Spectators can observe a performance of the sport for themselves and/or experience it first hand at the occasional try-out trainings, which follow performances. Participants of the try-out trainings get a voucher for free training lessons, which they can redeem at one of the trainings at any location.

There is a specific dress code for club members who participate in the performances, the club Abada. This serves 3 purposes; the members can be identified as a group, they show the

audience the traditional capoeira outfit and indicate ranks, which are shown by belt and color, and most importantly, because the club's logo is on the Abada, they advertise for the club.

Up till now there has only been a handful of capoeira bumper stickers mainly found on the trainers cars, but some members also have them. The bumper stickers show the web-page address.

For a while a commercial for Nação Capoeira would also run on the entertainment screen of city buses. Because, apart from taxis, buses are the only form of public transport in the capital, this advertisement strategy reached a big audience.

Because the product is consumed right at its source, after sales services would not be necessary. Nevertheless the trainers manage to engage in it by giving advice on how to mitigate possible soar muscles, call up members the day after training to see how they are doing or ask them at the next training how they survived the last one, or give nutrition advices for longer seminars when training lasts all day.

The PR activities capoeira indulges in are of informative nature and are plenty. Nação Capoeira was in different TV shows and had another TV interview in March 2014. They have also appeared on radio and in different newspapers. Two Slovenian online portals publish articles on them and they put up posters in elementary schools, on blackboards, and in shop windows. Once again here it is important to raise awareness all over Slovenia that capoeira exists.

Their goal is to cover all media channels. Along this objective, they are also promotionally present on the Internet. In addition to a popular Facebook page and a YouTube account, Nação Capoeira also has a Twitter account.

The club's owner measures the effectiveness of promotional activities in two ways. From the member application form she learns the reasons people choose capoeira, and where they heard about it. The other is using a tool to count web-page visits. On days where a promotional activity takes place, the club can see whether the number of web-page visitors increased or not.

All the advertising could, nevertheless, never have worked so well if it was not for the overall Slovenian love for sports.

People

People at Nação Capoeira make up the product. First of all there are the trainees who develop through training with one another and with the trainers. And then there are the trainers who train the trainees, train themselves, and are members, too.

With Nação Capoeira's mission to improve interpersonal relationships, people are an integral part to a good atmosphere and good relations between members. For the same reason people are an important marketing tool to the organization.

Trainers, as well as trainees, ought to be friendly, helpful and considerate in the interaction with one another. Everybody who comes to the training, to assure a pleasant training experience, must maintain a good climate. This is particularly hard to achieve because, apart from the instructors, the club cannot order trainees to act in a certain kind of way.

Especially older members show that their mission can be achieved. They act like a "small family"; they know each other, spend capoeira seminars together and, in their free time, organize different activities together. Sometimes members also meet up to practice capoeira together outside training times.

Process

Training sessions follow the same style at all training locations. Trainings last 90 minutes and can be consumed during the official training hours at training locations. They are created in such a way that trainees build up skills and are prepared for the more difficult moves and acrobatics, which are taught when the time is right.

Trainings start with a warm-up, which is followed by the actual capoeira training and ends with a cool-down. The warm up typically consists of cardio exercises and stretching. Once the trainees have warmed up their muscles, the training of capoeira moves, acrobatics and playing sequences, and playing instruments and singing follows to improve the trainees' capoeira skills. In the end a short cool-down, consisting of stretching and a few strength exercises, concludes the training session. Every Friday, training ends in a roda. In this case trainers often pass on useful information about capoeira and behavior in the roda and in the group. Rodas are also a must at birthdays and special events like "welcome-" and "good-bye-roda".

Physical Evidence

Physical evidence is the training facilities, the gyms and the academy, the instruments, the capoeira outfits, the trainers and the trainees themselves but also bruises and blisters from trainings and roda.

5.2. Identifying the Audience

5.2.1 Target Audience

Nação Capoeira's attitude to its customers is: the more diverse the group the better. They do not want to target only a specific age or lifestyle group but sporty, active people who are interested in something different regardless of their age. The youngest Capoeirista at the club is 3 years old; the oldest is 66 and comes to trainings together with her granddaughter.

5.2.2 Describing Members

Members of Nação Capoeira are of every age; there are young children, pupils, students and adults. In the previous years the number of adult members was much higher, usually about 2/3rds of all members. This year, these age groups split into 50/50. Most adults who train are young employed adults with a steady income.

Members are open minded, friendly people who joke around with one another during training sessions. They are looking for non-competitive sports and non-violent martial arts.

5.2.3 Customer Life Cycles

To discuss the buying process of potential Nação Capoeira clients we will be following a customer life cycle model with 6 stages; find, consider, expand, purchase, grow and advocate. Potential customers find out about Nação Capoeira through its promotional activities and ads, or through friends who train the sport. If they know about the club and are looking for a dance or a martial arts to fill their recreational time, they will consider the club and expand their search by going on the web page again to check training times, locations and contact details. They might also come to a first try-out training to deepen their knowledge. If they like it, they will come again and thus purchase club membership and monthly training. As their strength and skills grow, they will become curious to trying more lessons per week, if they find the time. They might also come to seminars and performances other members tell them about. Once satisfied, they will recommend the sport to friends and acquaintances who are looking for a sport to fill their recreational time. Thus the circle is closed.

People start capoeira because of its recreational advantages and looks. They like the way it looks and wish to learn the pretty moves. They start because they want to move, build up

strength or increase their flexibility. They also want to enjoy their free time and relax, make friends and even find a partner.

People stop because they lack the money to pay trainings and prefer to do recreational sports they do not need to pay for, like hiking. They get bored with doing the same sport for too long and look to find another sport to move on to. Some do not see the challenge in capoeira, and for others the intense training is too hard.

For the majority the reasons are the same as giving up the sport all together. In the history of Nação Capoeira Slovenija, there were only two members who left the club to join another one.

Usually those customers, who play capoeira for more than 1 year, will continue training for many years. The highest defection rate occurs during the first few months of training.

Some aspects of customer lifecycle are worth mentioning. The highest dropout rate happens during the few months of training. Those who train capoeira for more than one year are those who will stick to the sport in the long term.

Reasons for defection include:

- Lack of money
- Moving to another place
- Switching clubs
- Injury
- Lack of time
- Looking for another sport
- Not really enjoying it that much and thus changing
- Wanting to do sports outside rather than inside

According to the survey conducted, all of these reasons are equally likely to cause defection, except for moving away. This suggests that less people move to a place where they cannot continue training. Dissatisfied customers are also a reason for the high defection rate during the 1st year of training.

Most Valuable, Most Growable, Below Zeros

Most valuable members are those who train many times a week, who participate in most of the seminars and in other activities. They make use of the best discounts and develop their skills the fastest and generate the highest revenue for the club. These are mainly young adults with a steady income.

Children fall under the most growable segment. As children they do not generate a lot of revenue yet, but if they like the club and continue, they will turn into adults and then become most valuable members, as well. Adults who show a lot of enthusiasm but only show up to trainings are most growable as well, because there is a lot of potential for them to come even more often to trainings and join the seminars.

Below zeros are seasonals. In the upper Carniola and Styria regions, the seasons when only a few members come to trainings and the others do outside sports are seasons in which the club has more costs than revenue. The same goes for the month of December, when everybody first of all spends their money on presents and celebrations until none is left for capoeira training. Members at training sessions are thus rather scanty as well.

5.2.4 Value Creation

Trainees value Nação Capoeira because they perceive it as a recreational activity which gives them the possibility to get fit and simultaneously spend time with friends.

According to the survey on satisfaction and value creation; members most value the possibility to improve their strength, stamina and endurance, and the diversity of training sessions. Training sessions are extremely efficient. They render a whole body workout, which is challenging to both men and women. The combination of stretching, stamina training, muscle training activities and playing games and singing provides a variety of activities that make every training session unique.

Capoeira's unique composition of martial arts' moves, dance rhythms and acrobatic moves gives members the possibility to not just learn a martial art, but acquire the skills of acrobatics, instruments and to improve their singing.

They do, too, believe to benefit from the big selection of trainings on offer and the diversity of training sessions. The organization's availability of trainings offers customers the possibility to choose timing and setting, which best fits into their schedule.

When it comes to creating value for customers, Nação Capoeira does that not only through technical attributes listed above but also through great interpersonal relationships.

The club creates a good training atmosphere by putting effort into their trainees' social skills and interactions. Good relationships exist among all members out of which friendships develop. Trainers also value and build close relationships with their trainees. Interpersonal relationships among members are an essential building block of the club.

Members also value the equality among members. People show very high acceptance for each other and as Urška puts it; "trainees can simply feel good as who they are". Although all age groups and social classes are represented, every newcomer receives a warm welcoming and soon experiences that everybody is treated equally.

5.2.5 Satisfaction

With 80% of respondents choosing very high satisfaction levels in the survey conducted, it can be safely assumed that members are very satisfied with training sessions.

People who come to trainings expect to learn capoeira in a nonviolent, fun manner. Trainees expect to learn something new, to improve their physical health while relaxing at the same time. They expect to have fun, meet new people and spend their free time in a quality way. A few who come, come first and foremost because of the music or because they hope to meet someone, but these are only a handful.

The survey shows that these expectations are to a very big extent fulfilled by the club.

Looking at Exhibit 4 and comparing what people expect (Q6) and what people really get (Q7), some assumptions can be made about their satisfaction.

<i>Comparing means</i>	Mean Q6	Mean Q7
Non- aggressive fair playing style	6.31	6.43
Trainings focused on one element	6.23	5.74
Trainers' proper treatment of members	6.66	6.11
Doable exercises	5.86	6.29
Building strength, stamina and flexibility	6.54	6.60

Exhibit 4: Mean comparison
Source: own adaption

The respondents' average perception is that "non-aggressive fair playing style", "doable exercises" and "building strength, stamina and flexibility" is better implemented than they would have expected from training sessions. For the attribute "Doable exercises" the mean grows most between expectations and implementations. It can be assumed that exercises,

which are easier to do than expected by consumers have a positive influence on their satisfaction level.

“Trainings focused on one element only” and “trainer’s proper treatment of members” each have a lower mean in actual implementation compared to expectations. Members, and former members on average would have expected more from these two attributes. Nevertheless the variation is rather small and in both cases they are above 4, the indifference value. This suggests, people do agree that the attributes are fairly well implemented by the club, just not quite as well as they expected it. Here reasons for dissatisfaction might come up.

These findings propose the conclusion, that expectations are generally met and members are on average satisfied. The conclusion supports the findings in Q5; people are satisfied with training sessions. And it suggests that there is room for improvement for the trainers’ treatment towards members, as well as the activities of training session.

5.2.6 Loyalty

Within Nação Capoeira loyalty is exhibited towards other members, the product, trainings and seminars, and to the brand and the club Nação Capoeira.

Loyalty to other members comes from the great interpersonal relationships among members and the possibility to develop one’s capoeira skills.

Members are loyal to trainings because they enjoy the physical workout and the ability to improve their skills. When staying with the club they learn new moves, improve their skills, and become more flexible and stronger. By developing, members can climb up the belt system. They obtain physical, motivating evidence of their achievements. Changing to another capoeira club, this evidence would get lost and they would have to start over again. This, and all the great experiences they connect to Nação Capoeira, makes them loyal to the club.

On Brand Key’s sports loyalty index, the organization performs in all 4 categories. They offer pure entertainment value; Members enjoy trainings and have fun with newfound friends, they rejoice in the seminars and get to relax in a sporty way. Spending their recreational time with friends is motivation for members to return to trainings.

By valuing and implementing capoeira traditions the club is authentic and provides a strong history to the sport. Fan bonding is created through the strong relationship bonds formed among members.

A technical loyalty attribute is the lack of other capoeira clubs. If you wish to stay loyal to the sport but not Nação Capoeira, there are very few alternatives.

Because loyalty first and foremost grows from personal relations, it is important for the trainers to maintain these with kindness.

5.3. The Interaction-Point between Company and Customer

5.3.1 Programs to strengthen loyalty

To strengthen loyalty Nação Capoeira makes use of two types of frequency programs. Their first frequency program is the discount they offer when paying trainings for three or six months ahead, instead of paying each month at a time. This assures the club you will train for the next three to six months.

The second type of loyalty program is a club membership. If you are planning to train at Nação Capoeira for a long time, you ultimately join the club, because you do not just pay less for monthly trainings, but you are added to the e-mailing list with all the information about current happenings, seminars, presentations, and changes in trainings, and you benefit from discounts.

As previously mentioned, the club-membership costs 25€ per year, but the price pays off greatly already after less than six month.

Nação Capoeira's club membership categorizes as an open club, because everyone who wishes to may enroll. Never the less, it is as efficient at building long-term relationships as a closed club would be. This is because of its relatively (compared to big enterprises for which most of these concepts were developed) small size and the trainers' efforts to interact with the members.

People benefit from the club membership by receiving more information, discounts on trainings and the possibility to participate in internal raffles.

Loyalty is also strengthen through capoeira's belt system, which creates a strong customer lock-in; those who come to trainings regularly, improve their skills and are eligible to receive a new belt at the years end Batizada and Troca de Corda.

The change of belts also builds loyalty because members are motivated to reach the next belt. Receiving each next belt makes you feel proud, proud to show the development of your skillset. Also, if members were to change clubs, they would have to start the belt system from the bottom again.

5.3.2 Complaint Management

The club does not create the perception that complaints are welcome. Trainers are open to complaints, but this attitude is not openly communicated with members. Currently there is no

specific establishment where someone can complain, nor do they encourage members to express their dissatisfaction.

The one time this attitude is communicated is after Batizada and Troca de Corda when members are asked how they liked it and what could be changed next year.

But there is potential for complaint management. Members have reasons to be and are upset with the club every now and then. Unfortunately they tend to express their dissatisfaction by talking about the club rather than talking to the club.

Trainees do complain, but very little. Sometimes members openly express their complaints at the training sessions. Most of the time they express their dissatisfaction by talking about it after the training hours to other trainees. If the dissatisfaction sticks, they do come forth and talk to the trainer in person. Mail and telephone are generally not an option when it comes to making complaints.

Complaints are typically related to training structure and other trainees. Members are dissatisfied with other members who were too aggressive or unmindful, playing capoeira. Trainings are criticized for being too focused on acrobatics or being too focused on technical capoeira moves like kicks. These complaints arise because different members favor different things and thus expect different things. Some prefer the martial art side of capoeira; some only want to learn acrobatics, other want to learn more capoeira songs. Members who train for a long time already know that they will still get what they want, if not at one training than at the next one.

When somebody complains, trainers try to solve the problem at hand. If a trainee complained about another member, the trainer will explain why people act the way they do and will talk to the liable person. If the complaint was related to the training structure, the club will outweigh what is good, what is going wrong and what should or needs to be changed.

The owner reckons as long as people stay at the club she is on the right path. If people start leaving the club she will know something is wrong and needs to be changed.

5.3.3 Personalization through the IDIC Model

Identification

Nação Capoeira identifies their group members by their name, birthdate, phone number and e-mail address. In addition to something they have, after the members' batizada they are identified by something they know; their apelido.

Because of the personal interaction among group members and the small groups, trainers usually know everybody in person. It is easy for them to tell who is a member, and who is not. Especially those who participate in many seminars and performances are well known to the trainers.

If an instructor trains at a different location than he or she usually does, he can identify members by a list. The list depicts all members by name and helps trainers keep track of who showed up to training sessions and calculate every member's monthly payment.

Apart from the member list and the trainers' memory, mailing lists help the club identify members. Mailing lists are viral lists of members used to send regular information about the club to its members. Each city has a separate mailing list, as a lot of information is city specific. If an event is impending which concerns all members, like a seminar, all lists are put together to send out an informative email to everyone.

Lastly, using its Facebook page, the club identifies its members, potential members and people who are interested in the sport. Nação Capoeira uses Facebook mainly for promotional information.

Differentiation

Nação Capoeira differentiates people by age, location and experience. Sometimes at the trainings the members are split up according to skills as well. This usually happens when newcomers show up who need to start from scratch. In this case, they are split from the group after the warm up session and another trainer or an experienced trainee is asked to show them the most basic moves.

Sometimes age differentiation is lifted for children. These children train with adults despite their young age because they are so advanced in their training, that they would not develop any further if they trained with other children.

Location is only a semi-differentiator. It comes naturally as trainees do not usually take the burden of driving for 1 to 2 hours to another city to enjoy trainings but rather train in their own city. For seminars, they do commute between cities.

The club differentiates by experience only in Ljubljana; the only city where there are enough experienced members to form an advanced group.

The reason trainings are different by age and experience is that training sessions are created in such a way that they build up skills and prepare trainees for the more difficult moves and

acrobatics. More experienced trainees will already have reached this level. Newcomers and most children on the other hand must still build up the necessary skillset.

Because of their goal to treat everyone equally, Nação Capoeira differentiate different behaviors or special issues only on demand, but not by themselves. For example, there was a boy, with one leg shorter than the other, who took individual trainings because his parents believed it to be the best for him. The instructor, who taught him, saw no reason why he should not join ordinary practice.

Interaction

When interacting the club makes use of one-way and two-way information flow. One-way information flow includes operations that inform everyone, for example the web page, flyers and other types of advertising. Two-way information flow includes the e-mail service, phone calls, social media like Facebook, and personal interaction.

Nação Capoeira's interaction with the broad masses, potential customers and members can be of transactional or informative nature, it can come in the form of questions, suggestions and complaints. Transactional interaction happens when members pay their training and seminar fees or when they have outstanding debts, which the club kindly reminds them of. Informative actions include informing the broad masses about what capoeira is, letting potential customers know where and when trainings are and what they look like. It also notifies members on current occurrences within the club. Trainers as well as trainees can ask questions. Trainers often ask about their trainees' physical state of being after a training session or show interest in their trainees' personal life. Trainees ask for advice on capoeira or to get more information on recent performances and/or seminars. As a response to questions trainers will give suggestions. They will also give suggestions when observing trainees during training, so members can develop their skillset.

Apart from personal interactions, E-mailing is the clubs first choice of communication with its members. It passes on information to the members on what is happening inside the club.

In person, trainers communicate at the training sessions, at seminars and at all times trainers and trainees get together. Although they interact with every member, trainers tend to communicate more extensively with those members who are closer to them.

Customization

On demand, trainings can be spontaneously customized to your needs if you cannot participate in the normal training because of something like a small ankle injury. This type of behavior strengthens customer loyalty.

Trainings are altered, too, if the actual number of participants greatly exceeds, or falls behind, the expected number.

Prices are customized to training frequency and age. Assuming a month with 4 weeks; 2 weeks you train twice per week, 1 week you only train once, and the last week you train 3 times: the club will still charge you with the 2 times per week fair.

Means to Implement

6

This section's purpose is to present applicable solutions to the company's problems.

Having analyzed all information at hand, the dénouement of the project comes in form of the following three relationship marketing solutions.

6.1 A complaint management system

Nação Capoeira does a very good job at interacting with its customers. Nevertheless they do not have any organ to which complaints can be addressed. And although the trainees do have good relations with their trainers, some might feel uncomfortable to address the complaints directly. For this reason I propose a mutual and anonymous way to complaint; a “mailbox” for complaints, where members can anonymously present their complaint in written form. This “box of complaints” can be in “brick and mortar” form or in viral form.

If it were in brick and mortar form I would be placed at the Akademija. The academy is the headquarters of the club. This makes it easier for complaint collection, storage and evaluation. A “box of complaints” could be mounted next to the academy's front door. Like this trainees can at any time send in a complaint. The academy is only used during training times. If trainees drop off their complaints at any other time they can stay anonymous.

It would also reduce transaction costs for those in charge of the box, because it just stays in one place and does not need to be moved around all the time. In this way all complaints would be in one place and there would be no need to accumulate them anymore before evaluation.

The problem here is, that mainly trainees from Ljubljana could benefit from the “box of complaints”, however there is no doubt that people from other regions will not travel one or two hours just to drop off a complaint.

To be beneficial to all trainees, such a “box of complaints” would need to be at all training facilities. For this a box would need to be developed, which can be placed in the training facilities at the beginning of the trainings and taken away after the training is done. Here the location of the box is important. If placed in the room everybody may see who fills the complaint, thus losing its anonymity. The box could be placed outside the door of the training room, allowing for fewer observers when dropping of a complaint. Each city would need their own box. In this case a way to accumulate all complaints would need to be developed.

One of the benefits of the box is, that it does not include a lot of efforts on the trainers' side. Bringing it to trainings and taking it back home causes little expense to the club. So even if the box is not used every training, the club does not flung itself into huge expenses.

Another aspect to consider is; would the box come with pen and papers or would the trainees have to bring it themselves or write the complaint at home and bring it? Supplying pen and paper gives people all the tools to complain, thus encouraging complains. Furthermore it would allow people to complain spontaneous. Maybe some complaints came up exactly during a specific training, or the trainee remembered something and wants to write it down, before he or she forgets it again.

But if the box of complaints would really come in form of a “mailbox” outside the academy, the paper and pen might be stolen, or fly away if not attached properly. They might also get wet on a rainy day.

If trainees brought the complaint from home, they could refrain from taking a complaint paper and the pen and writing it right there. This process again increases the likelihood of being seen and decreases the anonymity of the complaint. On the other hand when bringing the complaint from home, trainees can just quickly drop off the complaint and it could be written on computer and printed out, so that nobody could recognize the handwriting.

If complaints were to be dropped of on viral form, they would be attached to the e-mails, which only members receive. If it makes no sense to attach it to each e-mail individually the club could send out one e-mail a month with the purpose of encouraging complaints.

Judging from the analysis so far, it would be wise to exclude the idea of a complaint box outside the academy because it does not reach as far as the other two solutions and it might be most costly at initializing, because the box would need to be made of a material, which can survive any kind of weather and this material would need to be attached to the wall. It would not just fail to reach all members but also be very costly.

The other two solutions could even be launched simultaneously, encouraging even more complaints. The viral form has the advantage that all the information could directly be collected online.

6.2 Additionally, complaints should be encouraged

In any case, whether or not a “box of complaints” is installed, the club should encourage complaints more. As already presented in the literature review, dissatisfied customers show their dissatisfaction in two ways; either they voice or, in most cases, they simply leave. If Nação Capoeira Slovenija encourages complaints, they might hear a couple of things that will

not be easy to swallow, but they get the chance stop a big amount of trainees from leaving the club.

Complaint management systems are an important tool for company's to retain their clients and improve internal processes. Whether or not a company has big problems with customer turnover; encouraging complaints can only benefit the company.

Encouraging complaints is especially beneficial to the newbies. They have not yet trained long enough to know the processes and do not know the trainers good enough to feel comfortable sharing their dissatisfaction. If they felt comfortable expressing their concerns and dissatisfaction they could get a better understanding of how things roll and be persuaded to stay. The company would also be given the chance to retain a new client and get an insight into why defection rate is highest in the first four to five months of training.

6.3 Personalized Trainings

Nação Capoeira could do one training session per week where trainees can choose the content of trainings. The training session should be fixed, so that people would be aware of the specific day "training by choice" takes place. It could for example be every Monday.

People would express their wishes of what should be included in the next training of their choice and trainers would tailor the training accordingly.

The process of expressing wishes to tailoring the training accordingly and communicating this should be fairly simple and quick. Wishes could be expressed via e-mail, written down and put in a poll-box, which is present at every training session, or expressed via an online poll. Because every week one training session would be tailored to the customer's wishes, the evaluation of all the wishes would need to be fast and easy and would need to be usable in the long term.

For less confusion and to be more effective customers would have to choose from predetermined options. Choices could be the most dominant attributes in capoeira like:

1. Acrobatics
2. Roda
3. Singing and instruments
4. Capoeira moves

The choice would always have to be determined until two days prior to the personalized training so that one day before, trainers could inform members via e-mail about the weekly choice.

One of the two simplest ways of creating such a process is by using an online public poll program, which evaluates the results by itself and refreshes itself every week.

A second solution would be to bring a printed-paper and a pen to every training session. Because of its simplicity this solution will be elaborated on.

The print-out is a predetermined format and states all the choices. This makes it sustainable in the long run because the form can simply be reprinted every week. The template could look like the example in Appendix E: Personalized Training Template.

Before or after training sessions people can tick their choice. After the week, the trainer can directly see, which choices are the preferred ones and easily read off which one got the most ticks. Members would then be notified about the choice by e-mail.

By bringing it to training sessions, trainers can make sure that only those members who participate in trainings participate in the training selection. Also it enables everybody, even those without Internet access, to determine their training of choice. At the same time it makes sure that only those members who come to trainings choose their personalized training session.

A great aspect of this system is that it can be implemented at minimal cost but bring huge benefits. Customer's urgent training demands are satisfied. Loyalty increases as the consumers see that his or her wishes are respected and implemented. And motivation to come to trainings increases.

The club profits because a bigger number of trainees might be attracted. - A trainee might not plan on coming to the specific training, but when he finds out that his or her favorite attribute will be trained, he or she may have a change of hearts- In addition to this trainers get an idea of who likes to train what the most. These valuable insights can help increase an individual's motivation to come to trainings.

If once a week is too often, the concept can easily be implemented for every fortnight, or even just once per month.

The concept should be tried out for 10 weeks, this gives time for the consumers to get to know the program, and for the program to start running. After this period of time a first control can be done. Based on first observations, in-depth interviews and even a small

questionnaire, information could be obtained on how the members like the idea, whether the program should continue, change or even be terminated.

Conclusion

7

This section concludes the findings of the project.

Nação Capoeira successfully makes use of all relationship-marketing tools. The club does a very good job at interacting with its customers. They create value through the mix of a great workout, the big amount of trainings offered and interpersonal relationships. Members are very satisfied with trainings. Emerging complaints can be directed at trainers but are often discussed among members instead. Loyalty comes mainly from good relationships among members but also through the intrinsic belt system and the small amount of existing capoeira clubs. Nação Capoeira's most valuable customers are members who have a steady income and participate in most trainings and seminars. Children make up the club's most growable section. Trainings are split into age and experience groups, apart from this personalization only occurs under special circumstances.

7.1 Unforeseen findings

The analysis brought up some unexpected findings connected to seasonal participation, customer defection, awareness for the sport and customer value to the company.

7.1.1 Seasonal Participation

During the interview it came to light that Slovenians choosing outdoor sports over indoor-capoeira does not just effect the summer seasons, but it effects the winter season even more.

7.1.2 Customer turnover

In the interview it turned out that many of the members I had originally perceived as defecting, were members who took a break but would continue capoeira after a few years. In the questionnaire it was uncovered that these members paused because of injuries, pregnancy and financial reasons amongst many others (See Appendix C: Evaluation of the Questionnaire).

7.1.3 Awareness

Furthermore awareness for the sport was found to still be lower than expected. More and more people all over Slovenia, and especially in the cities the club is present, know about capoeira. But awareness spreads at a very low speed. New trend sports constantly push capoeira out of the limelight, making raising awareness more difficult. When Nação Capoeira

wants to expand to a new city they are many times the first capoeira club, and must therefore heavily invest in raising awareness.

7.1.4 Customer Value to the Company

Another interesting finding are below zeros. Among members per se there are no below zeros. The below zeros are seasonal and appear in the Slovenian regions closest to the Alps. In the winter time people who live in those areas choose winter sports instead of continuing capoeira training. Therefore trainings are visited so scantily that costs are bigger than revenues. The same goes for the month of December when people choose Christmas shopping over training.

7.2 Limitations

7.2.1 Application limitations

The thesis is a project based on a company and can solely be applied to that specific company. Implications can be made about other small organizations, especially in the sports service sector, but the findings should not be generalized.

The findings of the questionnaire are limited, too. Assumptions can be drawn but to know with certainty, more research on the topic needs to be done. Because the questionnaire was conducted with members and former members of Nação Capoeira only, the assumptions made from it can only be applied to this club. To know with certainty, more research would have to be done on the subject.

7.2.2 Non-technological

Because of the size and budget of the company, proposed solutions cannot be a full-fledged CRM system but are limited to non-technological and simple-technological relationship marketing solutions.

7.3 Next Steps

7.3.1 Raising Awareness

As shown in unforeseen findings, awareness is hard to get by. Therefore for the future further research into solutions to raise awareness for the sport should be conducted. Preferably it

should take the direction of finding easy, inexpensive and very effective solutions to raising awareness.

7.3.3 Differentiated trainings

For the personalization idea all trainers need to be informed about the idea and its execution. A template must be designed. For this categories, which members will be able to choose from, must be decided upon, and the exact starting day for the try-out period needs to be set. After the two and a half months the process a first extensive process controlled should be done to see if the concept is popular and viable.

7.3.4 Testing new-found assumptions

To test the assumptions from the questionnaire and know with certainty, more research would have to be done on the subject. It would be interesting, too, to broaden the population to more sports club, for example all martial arts clubs in Slovenia, or all dance schools.

The questionnaire uncovered satisfaction levels and reasons for defection. As most respondents named "others" as their reasons for defection, further research could be directed at finding the big reasons for defection. This subsequently helps identifying issues that stand in the way of customer retention.

7.4 Concluding the project

I very much enjoyed working on this project and with Nação Capoeira Slovenija. In addition I was positively surprised to see just how well the club is doing and how satisfied members are. To sum up the work it should be said that the club is very successful already. None of the suggestions for further improvement are vital for the club's survival but are excellence booster. In order to keep up Nação Capoeira's success the club should keep up the good work.

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Attachments

Appendix A: Interview Questions

The Company

1. With whom together did you co-find the original club in 2005?
2. Why did you join Nação Capoeira?/ How did you get to this decision?
3. In 2008 did trainings totally move to Ljubljana or did you also still train in Maribor?
4. What kind of legal structure does the club have?
5. What is your/Nação Capoeira's (NC) goal? / Why do you run the club/train? What do you want to achieve? What is your motivation?
6. Do you feel you are achieving your goals?
7. Which year did you expand where to and which year did the trainers become trainers (Mateja)?
8. Why did/do you want to grow Nação Capoeira?
9. As a group, what are your plans for the future? Do you want to expand more?
10. Which trainer trains where?
11. From whom do you get the Abadas and Instruments? (company?)
12. Who do you consider your competitors?
13. Are they strong competitors or weak once?
14. What are potential threats from the outside world?
15. What are opportunities
16. What about the economic environment (crisis) in Ljubljana? Does it affect NC?
17. Do any governmental regulations affect NC?
18. What do individual trainings look like? What about their price? Where do they take place?
19. How many members also use the "by-products" (do yoga with you, go to self-defense trainings, learn Portuguese)
20. Do monthly prices still differ by location?
21. Are the discounts, which come with the membership used often?
22. Do children pay less for seminars and batizada as well? Or only for training?
23. How much does the Abada cost?
24. How much do seminars cost (on average)?
25. On what TV shows and in what newspaper articles was Nação Capoeira present?
26. I know you use your web page, Facebook and YouTube to inform and show photos/videos. Do you use any other social media?
27. What other media do you use for advertising?

28. Do you measure the results of your campaign? Do you notice more people coming to capoeira after a performance/ a new advertising?

The Customer

1. Who is your target audience (with your trainings and especially with your products, who do you want to lure in?)
2. Who are the members? In my opinion its mainly young adults. But I don't know the kids. Are there lots of kids as well?
3. Who are your most valuable, most growable and below zeros?
4. What do you think people like about the capoeira training? (creating value)
5. What can they get from NC what they cannot get anywhere else?
6. Do you know what the trainees expect from you? (satisfaction)
7. Why do you think people are satisfied, dissatisfied with the trainings? (what are the reasons?)
8. Why do people start capoeira (I know you used to ask them where they have heard about it)
9. Why do people stop capoeira?
10. What are reasons for capoeiristas to leave Nação Capoeira?
11. Do you think more people would defect during the 1st year if it wasn't for the annual fee?
12. Why do you think they stay with the club?/ What makes them want to stay?
13. Do you have the feeling that more and more people in Slovenia know about capoeira (know what it is)?

Interaction between the Company and Customers

1. Do trainees complaint?
2. How do they complaint? In person or writing a Mail?
3. What do you do with them? How do you deal with them?
4. Is there a specific way in which you solve complaints?
5. How do you know who is a capoeira member? (Identification)
6. Does anybody/ anything help you identify your customer?
7. You differentiate by age, location and experience. Do you differentiate by anything else?
8. Why do you differentiate by these parameters?
9. Do you do more raffles a year? Or only the one for batizada?
10. Do you reward customers who come to trainings frequently in any other way?

Appendix B: Questionnaire Format

Because I did the questionnaire in Slovenia with Slovenians the questionnaire was in English and Slovenian. The questionnaire was conducted on survey monkey and looked as follows:

Živijo!

Jaz sem članka Nacao Capoeire in trenutno pišem mojo magistersko nalogo o Capoeiru. Prosim pomgate moji magisterski nalogi in mi, ter odgovorite anketa. Rabite samo 7 minutov!

Anketa je o zadovoljitev članov in ustvarjanje vrednosti. Podatki ki se zbirajo bo uporabljeni samo za izobraževalne namene. Vaši odgovori so obravnavane zaupno!

Najlepša Hvala!

Hi there!

I am an old Nação Capoeira member and I am currently writing my master thesis about the club. Please help my master thesis and me by taking 5 minutes of your time and completing this brief survey. What's in it for you? An even better training experience!

The survey is about the member satisfaction and creating value. The collected data will be used for educational purposes and to improve the Nação Capoeira experience. Your answers are treated completely anonymous and confidential.

Thanks a lot!

Demografski Podatki/ Demographic Information

1. Starost/Age

2. Spol/Gender

- moški /Male
- ženski /Female

3. Se vedno trenirate pri Nacao Capoeiri? / Are you still training at Nação Capoeira?

- Ja /Yes
- Ne /No

4. Če ste odgovorili "ne" na vprašanje 3: Zakaj ste prenehali treninga? /If your answer to question 3 was no: Why did you stop training?

- Poškodba/ Injury
- Nosečnost/ Pregnancy
- Selitev/ Moved away
- Finančnih Razlogov/Financial Reasons
- Začeti drugi šport/ Started another Sport instead
- Drugi .../ Other

Zadovoljitev/ Satisfaction

5. Na lestvici od 1 do 7 kako ste zadovoljni s treningem? /On a scale from 1 to 7 how satisfied are you with trainings?

(1 – / Sem zelo nezadovoljen/ I am very dissatisfied, 4 – Mene je vseeno/ I am indifferent, 7 – Sem zelo zadovoljen/ I am super satisfied)

1 2 3 4 5 6 7

6. Na lestvici od 1 do 7 kako močni mislite da naslednji prilastki bi del usposabljanja?/ On a scale from 1 to 7 how much do you think the following attributes should be part of training?

(1 – I do not think so at all, 4 – I am indifferent, 7 – I really strongly think so)

Neagresivno, fer igra/ Non-aggressive, fair playing style

1 2 3 4 5 6 7

Treningi ki ste prefokusirani na samo en prilastek (igranje, petje, akrobatike, brce) /
Trainings too focused on one attribute only (playing, singing, acrobatics, kicks)

1 2 3 4 5 6 7

Treneri ki so fer/ Trainers' proper treatment of members

1 2 3 4 5 6 7

Izvedljive vaje/ Doable exercises

1 2 3 4 5 6 7

Ustanavljati moč, kondicija in gibljivost/ Building strength, stamina and flexibility

1 2 3 4 5 6 7

7. Na lestvici od 1 do 7 kako močni sestrinjate da Nação Capoeira izvaja naslednji prilastki zelo dober?/ On a scale from 1 to 7, how much do you agree that Nação Capoeira implements these attributes well?

(1 – ne se strinjam/ do not agree at all, 4 – mene je vseeno/ I am indifferent, 7 – se strinjam/ fully agree)

Neagresivno, fer igra/ Non-aggressive, fair playing style

1 2 3 4 5 6 7

Treningi ki ste prefokusirani na samo en prilastek (igranje, petje, akrobatike, brce) /
Trainings too focused on one attribute only (playing, singing, acrobatics, kicks)

1 2 3 4 5 6 7

Treneri ki so fer/ Trainers' proper treatment of members

1 2 3 4 5 6 7

Izvedljive vaje/ Doable exercises

1 2 3 4 5 6 7

Ustanavljati moč, kondicija in gibljivost/ Building strength, stamina and flexibility
1 2 3 4 5 6 7

Ustvarjanje Vrednosti/ Value Creation

8. Na lestvici od 1 do 7, prosim navedite kateri od naslednjih atributov mislite imate koristi od, in kateri vi vrednotite/ On a scale from 1 to 7, please state which of the following training attributes you find very beneficial and value a lot. (1 – Od tega nimam koristov/ I don't find this beneficial at all, 4 – Mene je vseeno/ I am indifferent, 7 – Od tega imam koriste/ I find this very beneficial)

Različne veščina ki jih lahko se uciti/ Variety of skills that can be learned
1 2 3 4 5 6 7

Možnost za izboljšanje moč, kondicijo in gibljivost/ Possibility to improve your strength, endurance and flexibility
1 2 3 4 5 6 7

Velika izbira treningov/ razpoložljivost/ Big selection of trainings on offer/availability
1 2 3 4 5 6 7

Različnost treninga/ Diversity of training session
1 2 3 4 5 6 7

Dobri odnosi med člani/ Good relationships among members
1 2 3 4 5 6 7

Enakost med člani/ Equality among members
1 2 3 4 5 6 7

Drugi/ Other
1 2 3 4 5 6 7

9. Navrečite ena ali več ugodnostov ki capoeira ima in zakaj ste odločali za capoeiro in proti drugemu športu/ Name one benefit that capoeira offers you that made you choose capoeira over another recreational sport

Appendix C: Evaluation of the Questionnaire

Out of the sample 41% were men and 59% of respondents were women. Respondents were between 11 and 45 years old. The majority, 43% are in their twenties.

Slightly more than three-quarters of the survey sample (76%) still train capoeira.

Out of the 24% of respondent who stopped training, reasons for their decision vary greatly. About two-thirds quit because of the suggested reasons (injury, pregnancy, moved away, financial reasons, started another sport). The remaining third has other reasons. Here the problem of response bias arises. Although the questionnaire was anonymous, the owner of the club handed it out. Not everybody may feel comfortable stating the true reason they defected and choose to say “other” instead. Nevertheless, this finding would be interesting to in the future investigate further.

Q5: How satisfied are you with trainings?



Graph 1

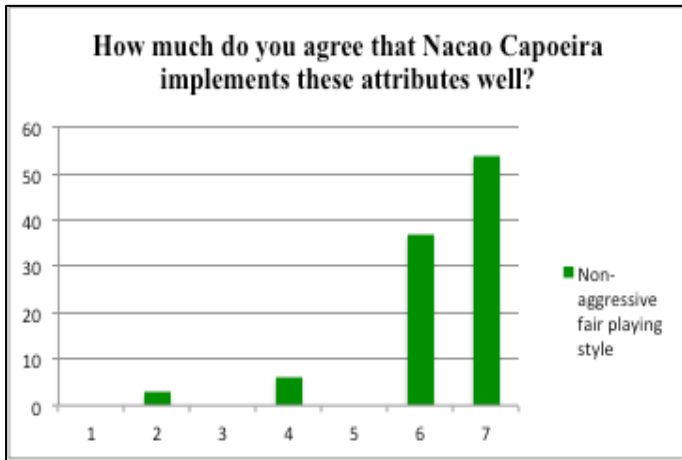
The histogram of how satisfied respondents are with trainings, shows that 80% of all respondents choose 6 or 7 points on the likert scale. This indicates that people are in general very satisfied with trainings.

The results show that H5 holds. Members are generally satisfied with trainings, with few exceptions.

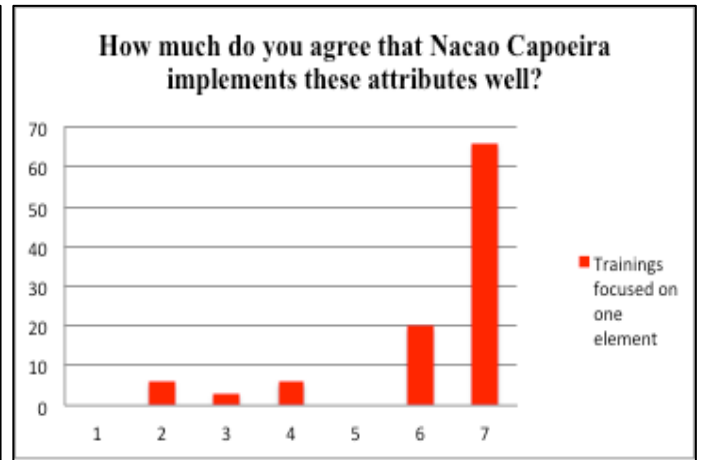
Q6: How much do you think, the following attributes should be part of training?

To best evaluate these questions, lets have a look at each attribute individually.

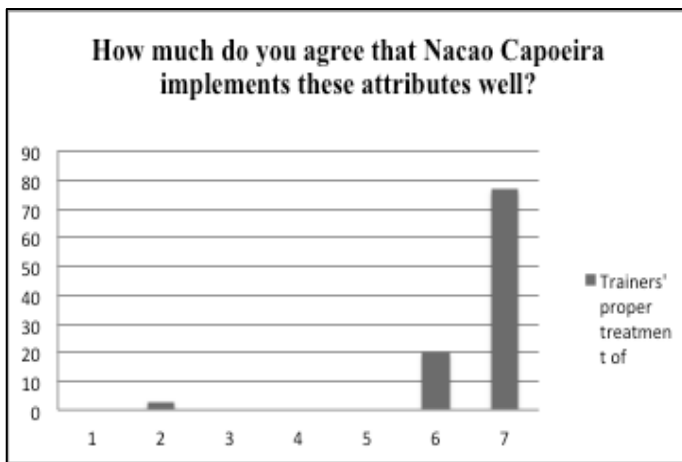
APPLYING RELATIONSHIP MARKETING TO ENHANCE NAÇÃO CAPOEIRA'S MARKET PERFORMANCE



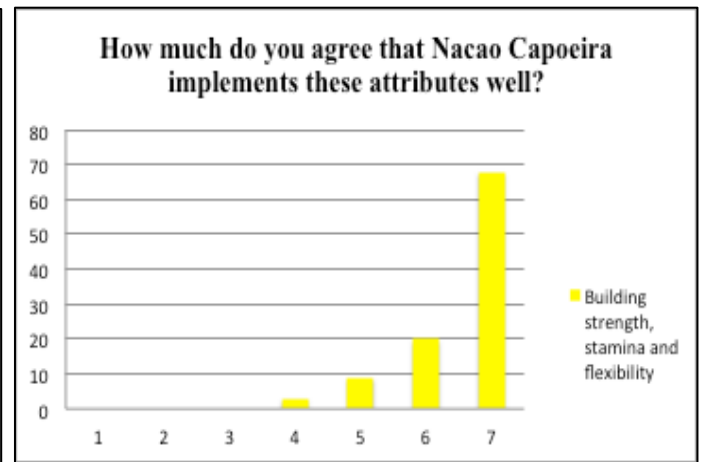
Graph 2



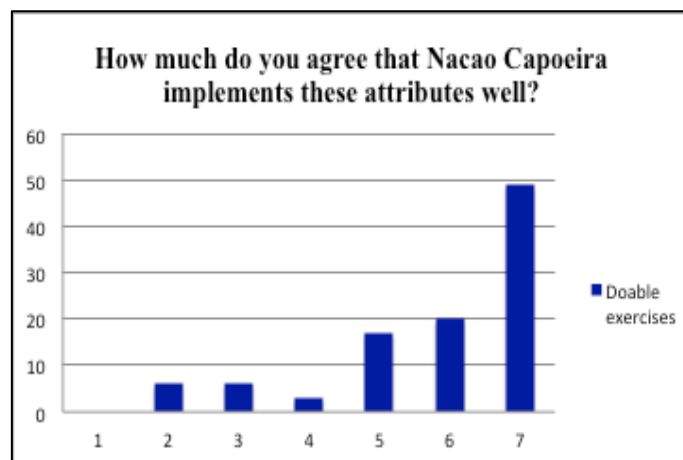
Graph 3



Graph 4



Graph 5



Graph 6

The histogram shows that the big majority of respondents believe non-aggressive fair playing behavior should be part of training sessions.

According to the graph most respondents think that trainings, which are focused on one element should be part of trainings.

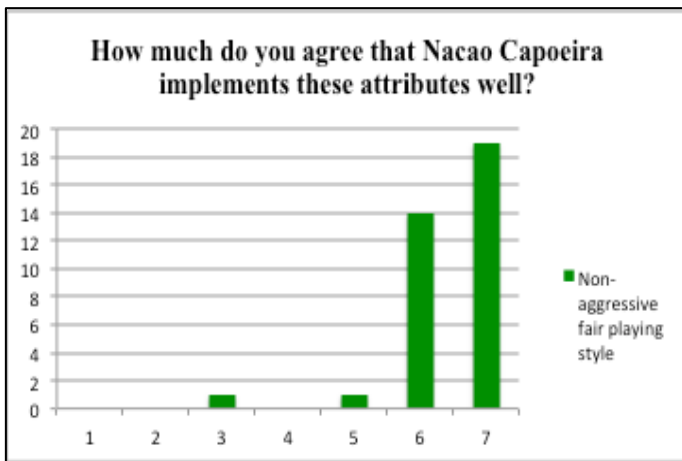
Looking at graph 4 respondents find it very important for trainer's to properly treat their members.

Doable exercises on the other hand are more scattered. Most respondents find it should be part of trainings. About 10 percent do not agree with this statement or are indifferent. Looking at the histogram, building strength, stamina and flexibility is also considered an integral part to trainings.

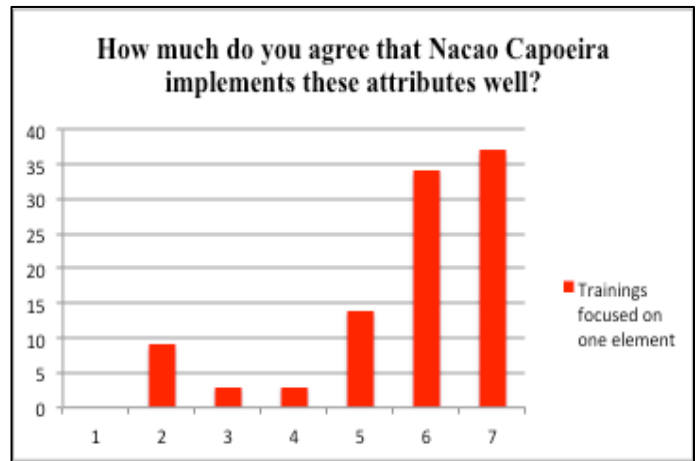
For Q6, all attributes are considered important for trainings; again H6 holds.

Q7: How much do you agree that Nação Capoeira implements these attributes well?

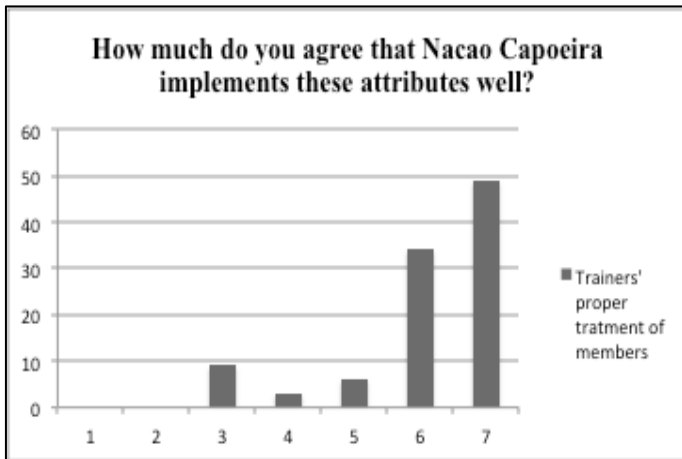
To best evaluate these questions, lets have a look at each attribute individually.



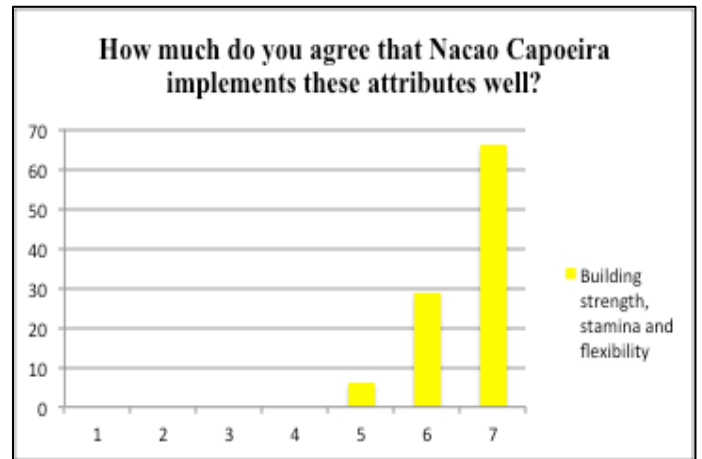
Graph 7



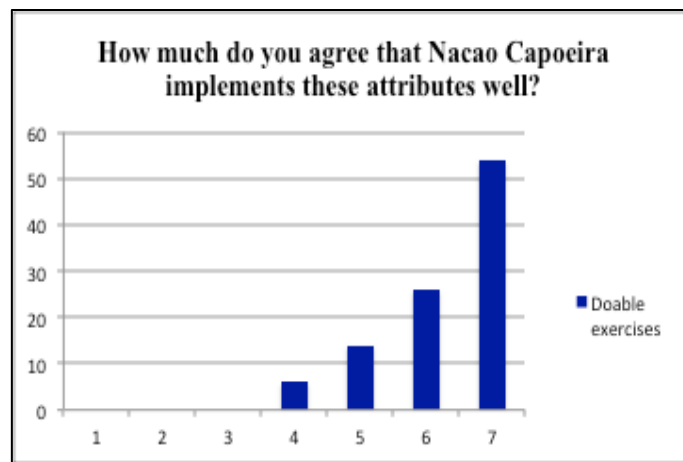
Graph 8



Graph 9



Graph 10



Graph 11

A majority of 97% feels that Nação Capoeira implements non-aggressive fair playing style successfully. Only 3% of respondents do not agree with the statement.

The histogram gets more diverse when it comes to trainings focusing on single attributes. Although the bigger percentile agrees with the statement, every 9th respondent thinks trainings are too focused on single attributes.

Again the majority of respondents agree that Nação Capoeira implements trainer's proper treatment of members well. Only a small minority does not think trainers at Nação Capoeira do not treat their students right.

Apart from the 2% who are indifferent, all respondents believe capoeira to offer "doable" exercises. More than half of the respondents highly agree with this statement.

Absolutely every respondent thinks that Nação Capoeira implements building strength, stamina and flexibility into its training. Two thirds of all respondents even think that the club implements these attributes very successfully. Knowing the training session, this answer does not come as a surprise.

Also for Q7 the hypothesis (H7) holds.

If we now compare the answers of Q6 and Q7, what people expect and what people really get, we can make some assumptions about their satisfaction.

For this we look at and compare the histograms of the different attributes. We see that all attributes, which respondents feel are well implemented by the club, are also the ones respondents expect capoeira to offer.

Next we can compare the means of each attribute in both questions.

<i>Comparing means</i>	Mean Q6	Mean Q7
Non- aggressive fair playing style	6.31	6.43
Trainings focused on one element	6.23	5.74
Trainers' proper treatment of members	6.66	6.11
Doable exercises	5.86	6.29
Building strength, stamina and flexibility	6.54	6.60

Exhibit 4: Mean comparison
Source: own adaption

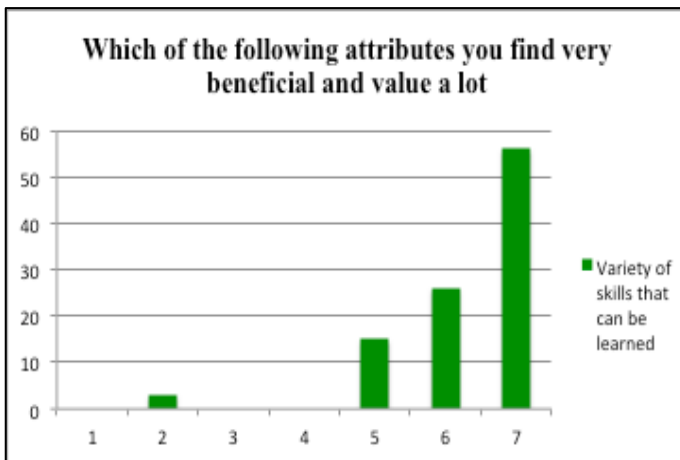
The respondents' average perception is that "non-aggressive fair playing style", "doable exercises" and "building strength, stamina and flexibility" is better implemented than they would have expected from training sessions. The incline in "doable exercises" between expectations and implementations is highest out of all. It can be assumed that exercises, which are easier to do than expected by consumers have a positive influence on their satisfaction level.

"Trainings focused on one element only" and "Trainer's proper treatment of members" each have a lower mean in actual implementation compared to expectations. Members, and former members on average would have expected more from these two attributes. Nevertheless the variation is rather small and in both cases they are above 4. This means, people do agree that the attributes are fairly well implemented by the club, just not quite as well as they expected it.

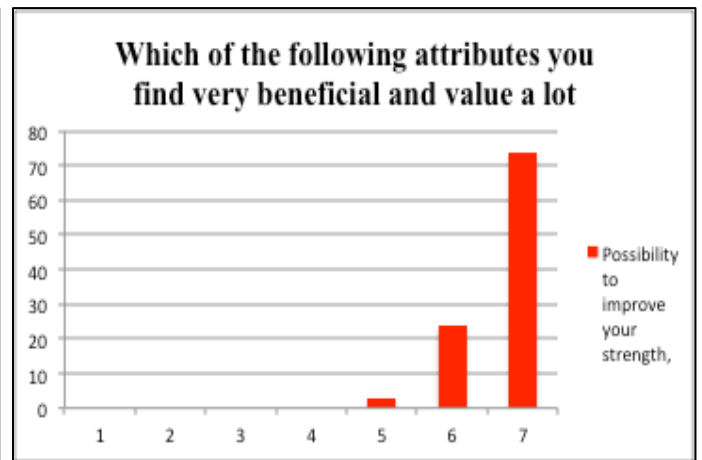
This proposes the conclusion, that expectations are generally met and members are on average satisfied. The conclusion supports the findings in Q5; people are satisfied with training sessions, however it suggests that there is room for improvement for the trainers' treatment towards members, as well as the activities of training session.

Q8: Please state which of the following training attributes you find very beneficial and value a lot

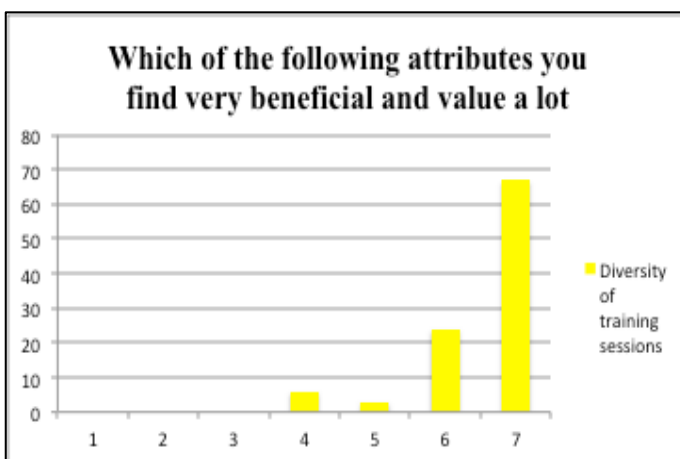
According to the histograms, trainees value the variety of skills that can be learned in capoeira. Even more they value the possibility to improve one's strength, stamina and endurance, and the diversity of training sessions. The big amount of trainings offered is important to them as well, just like good relationships among members. To more than half of the respondents "equality among members" is important as well. Here answers vary more and some respondents do not value equality a lot. 3% even go as far as to say, they do not find equality among members beneficial to them.



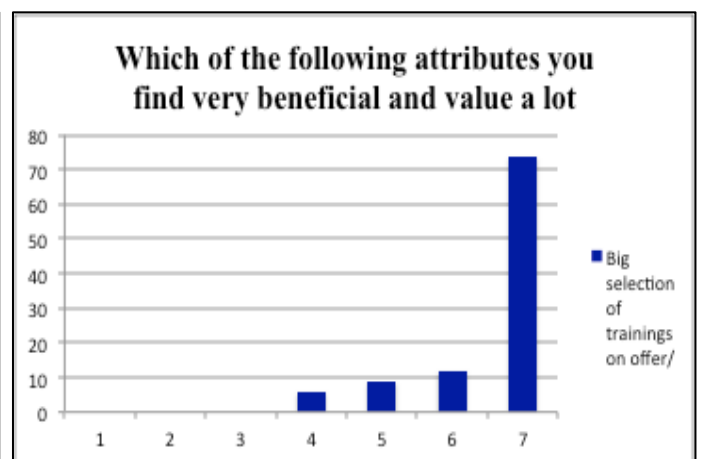
Graph 12



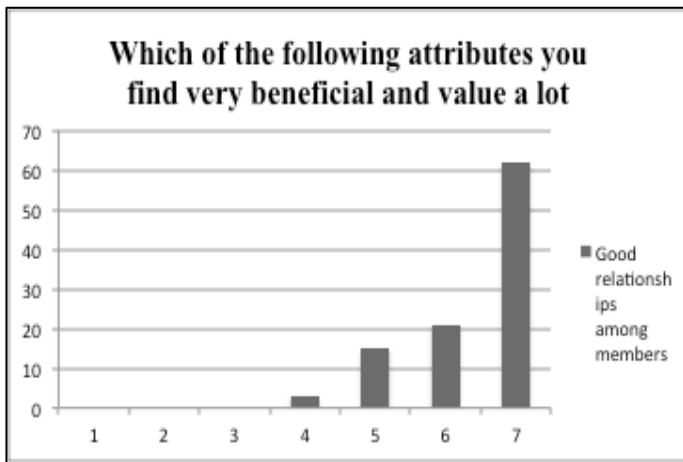
Graph 13



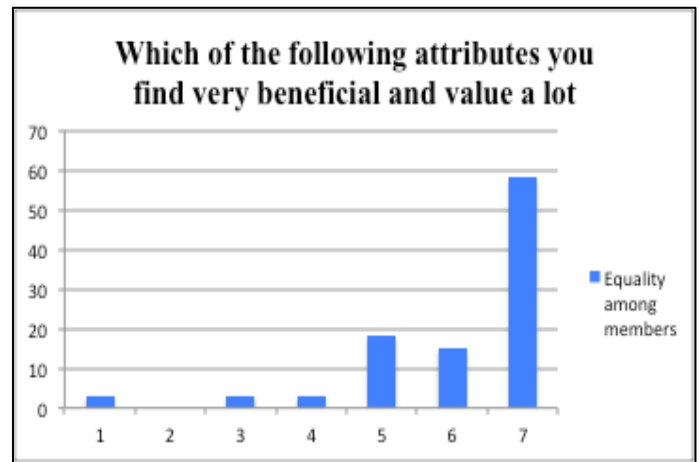
Graph 14



Graph 15



Graph 16



Graph 17

As assumed in H8 the variety of skills offered is not the number one reason people train. With over 70% strongly agreeing to the statement; the possibility to improve once strength is a major benefit people see in capoeira. The big selection of trainings is valued much more than hypothesized, more than 70% value the big offer of trainings a lot. For good relationships the hypothesis holds as well.

Conclusion:

The questionnaire gives us valuable insights. Members are generally very satisfied with trainings and the club meets their expectations.

Above all they value the possibility to build strength, stamina and flexibility. Other values include the amount of training offers, the relationships among members and the diversity of training sessions.

For them capoeira is unique because of its complexity; everybody can find something in capoeira they like, its diversity in movement, the possibility to improve one's coordination, self-image, flexibility, strength, acrobatic skills and stamina. It is unique because it offers relaxation and fun in one, just like it combines martial arts with dancing and singing.

They like that it is dynamic and non-competitive. But when playing or fighting in the roda, people value capoeira because you need to think and be creative in your moves.

And people like how "cool" the sport looks.

Appendix D: Regional Map

The following exhibit, Exhibit 6, depicts the eight different regions of Slovenia.

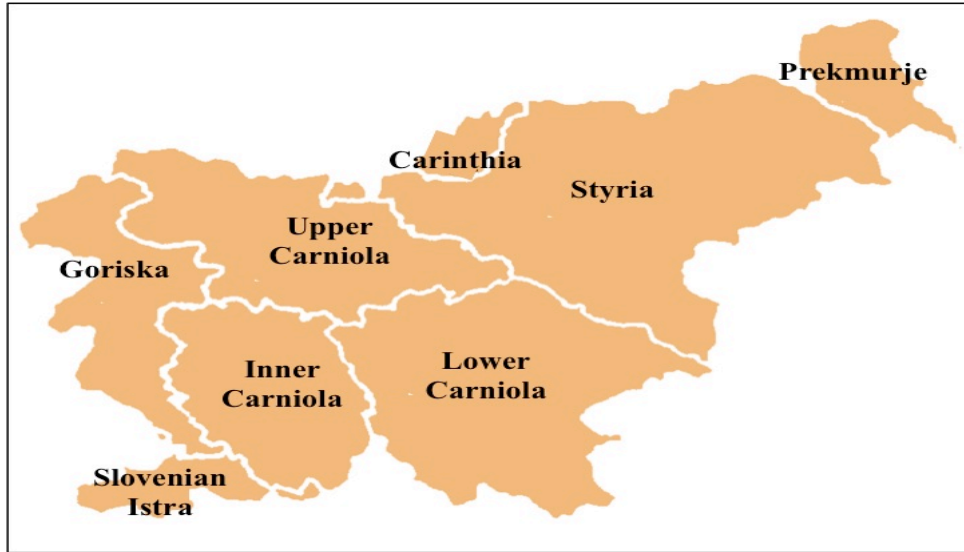


Exhibit 6: Map of Slovenia depicting the different regions **Source:** own adaption

Appendix E: Personalized Training Template

The template for the document where members can tick off their weekly choices could look as follows.

Personalized Training

For Monday the: DD.MM.YYYY



Please tick your choice for next Monday's training. And only pick once ;)

Selection	Your Choice
Roda	
Acrobatics	
Capoeira Moves	
Singing & Playing Instruments	
Dance	

Exhibit 7: personalized training template **Source:** own adaption

Glossary

Abada

The traditional capoeira outfit made up of a pair of stretchy long pants and a shirt. Both are white by tradition but can nowadays be found in all colors. A club's logo is typically imprinted on the Abada, making it group specific.

Agogo

A single or double bell instrument.

Akademija

The official Nação Capoeira Slovenija headquarters and academy, a small gym, which the club owns.

Apelido

The apelido is a nickname that originates from the days capoeira was banned in Brazil but street gangs would still meet up to play to sport. To hide their true identities from the police, capoeiristas would only know one another by their apelido, not by their actual name.

Atabaque

An Afro-Brazilian conga drum used in capoeira.

Bateria

Is the group of instruments that are lined up in the roda and played by capoeirista to underline the play with life music. The bateria is typically made up of three Berimbaus, two to three Pandeiros and a Atabaque. Sometimes an Agogo and a Ganza join these instruments.

Batizada and Troca de Corda

Batizada, meaning baptism, describes the event in which a new Capoeirista receives his or her first belt and his or her nickname. In Slovenia the event is linked to the change of belts of older capoeirista, the so called Troca de Corda.

Berimbau

A string instrument traditional to capoeira.

Capoeira

A sport that originates in Brazil and Africa and which combines martial arts and dance. Forming a "roda" with a "bateria" is the traditional way of playing capoeira, which continues to be practiced in this manner up to today.

Capoeirista

The name given to a person who trains capoeira.

Mestre Henrique

Master in Capoeira and head of Nação Capoeira

Pandeiro

A type of hand frame drum used in capoeira.

Roda

The circle in which capoeira is played. The circle is made up of the bateria and fellow capoeirista who play instruments, sing and clap their hands, while two capoeirista play inside the circle.

Urška Habjan

Founder and owner of Nação Capoeira.